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2008 CORPORATE SOCIAL RESPONSIBILITY REPORT

Cover Images from left to right:

HBO Films' *Life Support*, starring Queen Latifah, is a candid look at the HIV crisis through the eyes of a mother, former addict, and AIDS activist.

People magazine features the "Heroes Among Us" stories about ordinary people making a difference in their communities.

Warner Bros. installed the first photovoltaic system in the entertainment industry, generating approximately 116,000 kilowatt hours (kWh) of clean renewable electricity from sunlight annually.

CNN's "Planet in Peril" is a multimedia investigation into the state of the earth with Dr. Sanjay Gupta and Anderson Cooper.

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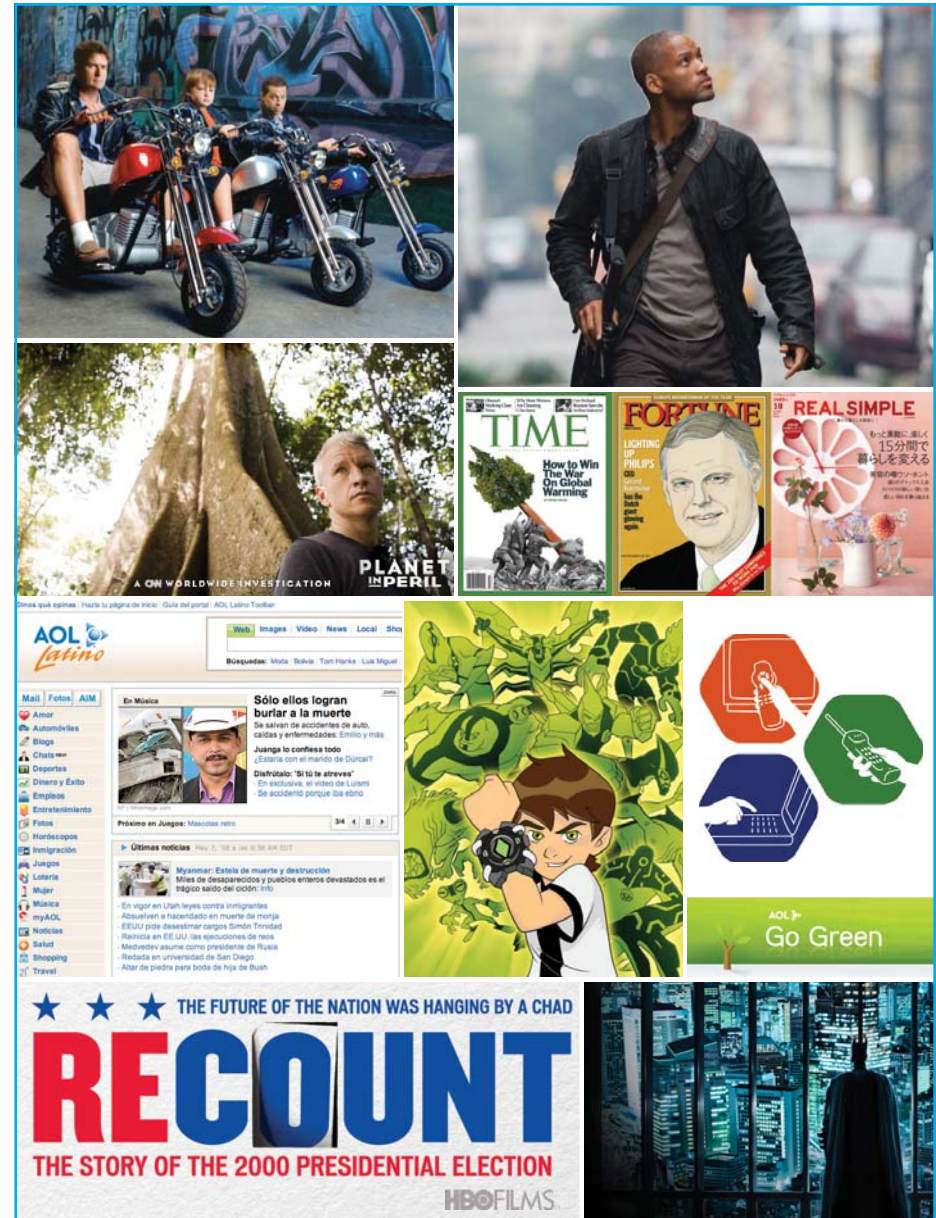
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Time Warner is built on strong brands and businesses. Images from top left to right: Two and a Half Men, I Am Legend, Planet in Peril, TIME, FORTUNE, and Real Simple magazines, AOL Latino, Ben 10, Time Warner Cable's All the Best, GreenDailey.com, Recount, The Dark Knight.



Jeffrey L. Bewkes,
President and
Chief Executive Officer

“Time Warner’s commitment to corporate social responsibility is one of many ways we achieve long-term growth.”

A MESSAGE FROM OUR PRESIDENT AND CEO

Time Warner has a proud tradition of leadership.

Our company helped lead the way in creating the modern media industry. In fact, many aspects of the media industry that we take for granted today – from weekly magazines to DVDs, and from 24-hour news networks to online services – were pioneered by our predecessors at this company.

Our company also has a record of civic leadership, including being the first major U.S.-based media company to issue a comprehensive corporate social responsibility report in 2006. We believe that delivering a superior return to our stockholders goes hand-in-hand with fulfilling our broader role as a corporate citizen. Indeed, many of the principles that support the success of our businesses – journalistic integrity, freedom of expression, access to

information, diversity of viewpoints, and responsibility to community – are also at the heart of our role as a corporate citizen.

We are excited to build on that record of business and civic leadership. As we drive the growth of our businesses through bold digital innovation, international expansion, and serving increasingly diverse populations, we also have a greater opportunity to help create a more connected, well-informed, and better world.

This Corporate Social Responsibility Report will provide you with an overview of our company’s role as a corporate citizen. You’ll see the many ways in which our business and citizenship

goals are aligned – including our commitment to providing high-quality journalism and entertainment, offering forums for diverse viewpoints, reducing our environmental footprint, observing high standards of ethical behavior, providing employees with opportunities for development, and giving back to the communities where we do business.

As the world’s leading media and entertainment company, our goal is to deliver superior returns to our stockholders and exceptional value to our customers in a sustainable and long-term way.

Time Warner’s commitment to corporate social responsibility is one of many ways we achieve long-term growth. I am proud to lead our company in that continuing endeavor.

Jeffrey L. Bewkes
President and Chief Executive Officer

ANNUAL REVENUE (IN MILLIONS)

2007	\$ 46,482
2006	\$ 43,690
2005	\$ 41,835
2004	\$ 40,439
2003	\$ 38,008

ANNUAL REVENUE FOR THE YEAR ENDED DECEMBER 31, 2007 (IN MILLIONS)

AOL	CABLE	FILMED ENTERTAINMENT	NETWORKS	PUBLISHING	TOTAL
\$ 5,181	\$ 15,955	\$ 11,682	\$ 10,270	\$ 4,955	\$ 46,482
(\$ 1,561) INTERSEGMENT ELIMINATIONS					

COMPANY AND REPORT OVERVIEW

TIME WARNER OVERVIEW

Time Warner Inc. is a leading media and entertainment company whose businesses include interactive services, cable systems, filmed entertainment, television networks, and publishing. Our company is home to some of the best-known brands in the industry, from CNN and *TIME* magazine to the *Harry Potter* franchise and HBO.

Ownership

Time Warner is incorporated in Delaware, U.S. and headquartered in New York. Time Warner common stock is traded on the New York Stock Exchange, under the symbol "TWX." As of December 31, 2007, there were 3.593 billion shares of TWX common stock outstanding.

Employees

At December 31, 2007, the company had a total of approximately 86,400 employees.

International Presence

As of December 31, 2007, Time Warner entertainment, networks, programming and interactive services reached more than 200 countries and territories around the world.

Business Segment Profile

AOL: AOL is a leading global ad-supported Web company, with a comprehensive display advertising network in the U.S. and Europe, Platform-A, a leading social media network, and a worldwide audience of approximately 250 million monthly unique visitors as of April 2008. AOL's suite of popular brands and products include AOL.com (available in 27 countries), AIM, Bebo, MapQuest, Moviefone and Truveo. Many of AOL's programming sites are leaders in their categories, including Music, Television, Black Voices and TMZ, according to comScore Media Metrix. AOL also operates one of the largest Internet subscription businesses in the U.S.

Cable: Time Warner Cable Inc. is the second-largest cable operator in the U.S., delivering video, high-speed data, and voice services to customers served by technologically advanced, well-clustered systems located mainly in five geographic areas: New York, the Carolinas, Ohio, southern California, and Texas. As of

December 31, 2007, Time Warner Cable served approximately 14.6 million customers who subscribed to one or more of its services, representing approximately 32.1 million revenue generating units. Among its products and services are RoadRunner High Speed Online and Digital Phone.

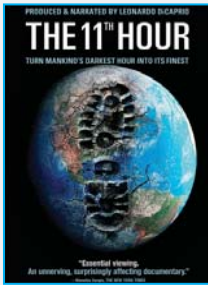
Filmed Entertainment: Warner Bros. Entertainment is a leader in filmed entertainment and related businesses across current and emerging media and platforms. These include feature film, television, home entertainment, comic books, brand licensing, international cinemas, and broadcasting. In 2008, New Line Cinema began to be operated as a unit of Warner Bros.

Networks: The company's Networks business segment consists principally of domestic and international networks and pay television programming services. The networks owned by Turner Broadcasting System include popular and trusted brands such as CNN, TNT, Cartoon Network, TBS, and Turner Classic Movies. Pay television programming consists of the multi-channel HBO and Cinemax pay

television programming services. HBO offers the most-watched premium subscription television services in the U.S. and produces some of the world's most innovative and widely acclaimed programming.

Publishing: Time Inc. is one of the largest content companies in the world, with a portfolio of more than 120 magazines published worldwide. It is the largest consumer magazine publisher in the U.S. and is a leading publisher in the U.K. and Mexico. As of the spring of 2008, one out of every two American adults reads a Time Inc. magazine, and one out of every six who use the Internet visits a Time Inc. website each month. Time Inc. has also extended its most powerful brands – *People*, *Sports Illustrated*, *TIME*, and others – to online, mobile, and other media platforms.

More information about our businesses can be found at www.timewarner.com.



Warner Bros. Independent Pictures; *The 11th Hour*, was a climate-neutral production.



TIME highlights individuals' exceptional contributions to public service.

CHANGING GLOBAL LANDSCAPE

Issues such as climate change, shifts in the global economy, and a new generation of employees with new expectations have contributed to the changing landscape in which every company operates. The media industry faces a unique set of challenges and opportunities, as emerging technologies and changing consumer habits have inspired our businesses to explore new and innovative forms of content and means of global distribution. Technology has enabled us to distribute content more cost-effectively around the world, but it also makes it easier for digital pirates to copy content and sell it illegally. Our businesses also face risks relating to competition for the leisure and entertainment time of audiences, which has intensified in part due to advances in technology.

CITIZENSHIP AT TIME WARNER

While the changing global context presents us with new challenges, meeting those challenges is part of a continuing process that can be traced back to the founding of our company.

With this Report, we have set out to describe the ways in which the foundation of our citizenship strategy – freedom of expression, journalistic integrity, access to information, diversity of viewpoints, and responsibility to community – supports our business strategy.

We recognize that there is a connection among our responsibilities to our employees, customers, communities, and stockholders and that responsible corporate citizenship helps protect the long-term sustainability of our company.

Citizenship Priorities by Business

While some company-wide priorities are driven from the corporate headquarters, each business segment of Time Warner prioritizes citizenship efforts related to its specific industries, operations, and core business activities. Below are some highlights.

AOL

- Protect customer privacy
- Provide accessible online parental controls and child-protection tools
- Advertise responsibly

- Enable global access to information and communication

Cable

- Lead the cable industry in the transition from analog to digital broadcast television
- Implement sustainable environmental efforts
- Deliver high-quality customer service

Filmed Entertainment

- Combat digital piracy
- Reduce the environmental impact of film production and distribution
- Practice ethical sourcing of consumer products
- Minimize and, when appropriate, eliminate depictions of smoking and tobacco products
- Broaden offering of local content for global audiences

Networks

- Practice fair and accurate reporting
- Investigate and report on important issues
- Showcase a diverse range of viewpoints and create opportunities for new voices to be heard

- Develop socially responsible content on television and in games targeted toward youth
- Enable access to content on multiple platforms

Publishing

- Uphold the highest standards of journalistic independence and integrity
- Lead the publishing industry in promoting forestry certification and sustainable forestry practices by paper suppliers
- Nurture diverse viewpoints and coverage

ABOUT THIS REPORT

The Time Warner 2008 CSR Report includes:

- An update on the objectives we set in 2006, plus information regarding the progress we made toward reaching those objectives;
- A discussion of how we support our communities, stockholders, and employees;
- Highlights of our efforts to reduce our environmental impact;
- A report on our efforts to attract and retain employees representing diverse backgrounds and viewpoints; and
- Excerpts from interviews with senior executives

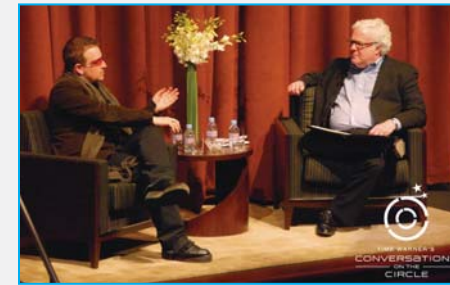
This Report is issued on July 24, 2008.



CNN's iReport enables citizen journalism.



Time Warner Cable is the first cable operator to partner with Common Sense Media to help parents make informed media viewing choices.



Bono and Jim Kelly, Time Inc.'s Managing Editor, during a "Conversation on the Circle," Time Warner's interview sessions with prominent political, social and environmental figures.

You can learn more about Time Warner's corporate citizenship, as well as find more examples and updates concerning the topics discussed in this Report, at www.timewarner.com/citizenship.

BROAD ENGAGEMENT

The role of a publicly held company is to create value for its stockholders. We believe that to serve this mission well, we must listen to our many global stakeholders. First and foremost, we listen to our investors; we also listen to our customers, employees, policymakers, suppliers, and debt holders. Honoring our principle of a diversity of viewpoints means that we engage groups with a variety of opinions. For example, representatives from our Global Public Policy office meet with policymakers on an ongoing basis to listen to and discuss concerns or issues about the media industry. Our businesses utilize customer service programs designed to improve the overall customer experience. Employee Opinion Surveys provide Time Warner's employees with a formal and anonymous mechanism to voice honest feedback about the company.

In addition, over the last three years, we have worked with Ceres, a nonprofit coalition of investors, environmental advocates, and public-interest groups to help us hear some of the voices that comprise our stakeholders.

This team helped Time Warner identify citizenship challenges and opportunities that will strengthen our position as a responsible business and global citizen. These stakeholders have not endorsed or validated Time Warner's 2008 CSR Report, but have provided general guidance on approach and areas covered.

The team is composed of senior-level representatives from organizations including: American Association for People with Disabilities, American Library Association, Calvert Group, Ltd., Catalyst, Center for Democracy and Technology, The Conference Board, Forum for the Future, Gay and Lesbian Alliance Against Defamation (GLAAD), The Heinz Center for Science, Economics, and the Environment, Kaiser Family Foundation, Natural Resources Defense Council, National Recycling Coalition, and World Wildlife Fund.

Below is a list of items identified through our stakeholder discussions, which we have set out to address in this Report.

Identified CSR Opportunities

1. Ethical sourcing: guidelines and monitoring system (Section 7)
2. Energy and climate assessment: baseline data and development of reduction strategy and targets (Section 4)
3. Depiction of tobacco in movies (Section 2)
4. A broad view of diversity, which is inclusive of sexual orientation, disability, and religion (Sections 3 and 6)
5. CSR mission throughout the company (Section 1 and throughout Report)
6. Employee engagement and leveraging their creative strengths to support CSR (throughout Report)

Suggestions for Content Enhancement

1. Clarification of the difference between editorial and entertainment content decisions (Section 2)

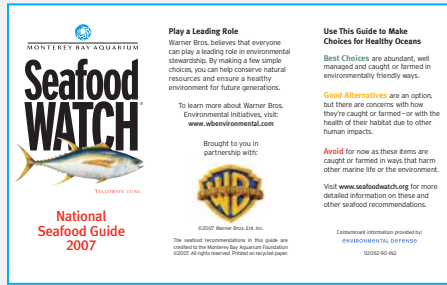
2. A clearer articulation of the company's CSR values and vision; and an explanation of how CSR supports Time Warner's long-term financial success (Section 1 and throughout Report)
3. More international content (throughout Report)
4. Diversity and its connection to Time Warner's business strategy (Sections 2 and 3)

CORPORATE RESPONSIBILITY GOALS AND OBJECTIVES

Below is a summary of our progress on the objectives we outlined in our 2006 CSR Report and a description of our goals for 2008-2009.

2006-2007 Objectives and Progress Update

The following is a high-level update on our progress on the goals we set and the commitments we made in our 2006 Corporate Social Responsibility Report. More information can be found in the specific sections throughout the Report.



Warner Bros. Home Video included a sustainable seafood watch pocket-guide with Happy Feet DVDs distributed in the U.S. and Canada.



SI.com covers important sports stories.



AOL's India portal was launched in April 2007.

Determine our company-wide energy usage and greenhouse gas emissions

In 2006 and 2007, we evaluated our domestic environmental footprint. We conducted an energy assessment initiative to determine Time Warner's energy usage and greenhouse gas emissions.

The purpose of the energy assessment project was to develop a baseline against which we could measure company energy reduction efforts, to share best practices among divisions, and to generate cost savings opportunities.

More information about this effort and its challenges is available in Section 4: Environment.

Enhance ethics and compliance awareness

During 2006, we launched a multimedia campaign at the Corporate level to raise employee awareness around ethics and compliance; the campaign also extended to several of our businesses. We also developed interactive annual training programs to refresh ethics and compliance training for current employees. All regular employees in the U.S. were educated about our Standards of Business Conduct (SBC), and we require

that all new employees receive SBC training when they join the company. More information about our ethics and compliance work is available in Section 5: Ethics, Governance, and Public Policy.

Continue to increase employee satisfaction

We found that overall satisfaction increased from 70% in 2004/2005 to 74% in 2006/2007. More information on our employee and wellness programs is available in Section 6: Employees and Workplace.

Create Ethical Sourcing Guidelines

In early 2007, our Board of Directors approved a set of Ethical Sourcing Guidelines for Time Warner. We developed these Guidelines in consultation with more than 100 internal and external stakeholders. By the end of 2007, we communicated the guidelines to licensees and vendors of consumer products under contract with Time Warner, and began a pilot program to help us select third-party compliance moni-

toring partners. Information about the company's ethical sourcing program is available in Section 7: Supply Chain.

2008-2009 Objectives and Challenges

We are proud of the significant progress we've made and below are several of our citizenship goals for 2008 and 2009.

Reduce our company-wide environmental footprint

We view our work to date as the first phase in a greenhouse gas and environmental impact reduction effort. In 2008 and 2009, we plan to evaluate the feasibility of expanding our carbon footprint analysis, increase employee environmental awareness, and continue reducing energy usage and greenhouse gas emissions in ways that make sense for our businesses. More information about this goal is available in Section 4: Environment.

Support the company's growth in international and U.S.-based multicultural markets

A diverse company helps us to identify the best growth opportunities, deliver the best customer

value, and create the greatest returns for our stockholders. We will continue to recruit and promote the best talent to support the company's growth opportunities. More information about this goal is available in Section 3: Diversity and Section 6: Employees and Workplace.

Enhance ethical sourcing program

We plan in 2008 and 2009 to reinforce our program by rolling out an information management system that will include a preferred supplier database, partnering with industry peers to optimize our efficiency, and expanding partnerships with organizations that can help strengthen our supply chain. More information about this goal is available in Section 7: Supply Chain.

02

CUSTOMERS AND CONTENT

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09 FREEDOM OF EXPRESSION

09 Election 2008 –
The CNN/YouTube Debates

09 RESPONSIBLE CONTENT

09 Telling Important Stories

10 Awareness of Social Concerns

11 Public Service Announcements

12 ACCESS TO INFORMATION

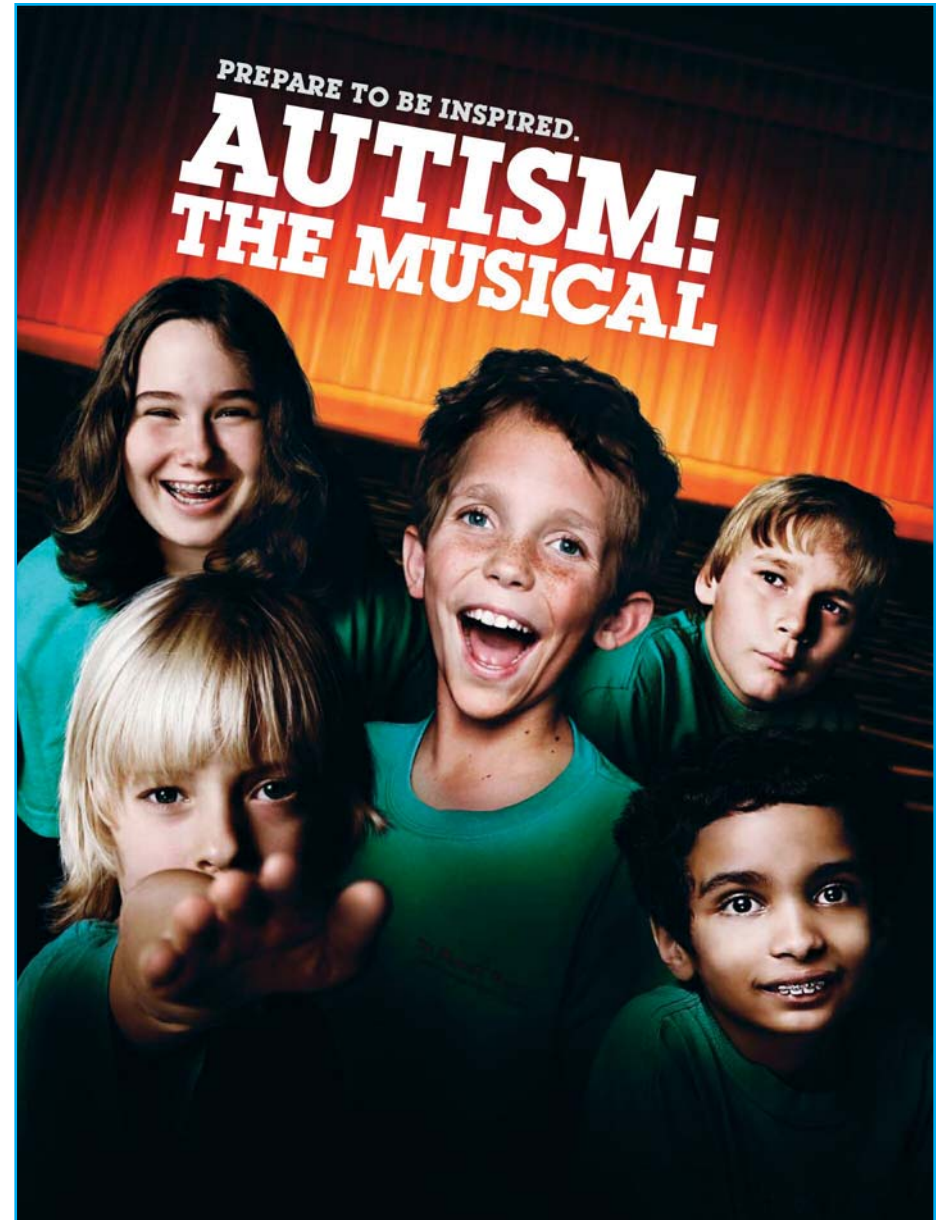
12 Reaching Intended Audiences

12 Parental Controls

13 People with Disabilities

14 Customer Privacy and Online Safety

14 RECOGNITION AND AWARDS



HBO's Autism: the Musical brings attention to a modern-day epidemic while celebrating the value of the human spirit.



CNN reporters travel to the news to bring viewers the breaking stories.



iReporters cover the 2008 U.S. presidential election.



TIME reports on innovative ideas that are shaping the world.

Time Warner creates and distributes content that informs, entertains, and inspires people of all ages and in all walks of life, around the world. It is in this endeavor that we have the greatest impact on society and are guided by the values on which our businesses were founded: journalistic integrity; freedom of expression; responsible content; diversity of viewpoints; and access to information.

JOURNALISTIC INTEGRITY

Whether online, on demand, or on television, we strive to adhere to stringent standards of journalistic integrity and to meet the high expectations of our audiences. We expect our reporters and editors to be fair and honest and to confirm the facts before articles or TV segments are released to the public. At CNN,

integrity and accuracy are of the utmost importance to the brand, and systems are in place to monitor quality control. For example, CNN's policy is that no taped piece goes on air without going through two different approval processes.

Time Inc. has had a long tradition of journalistic integrity dating back to its founding in 1923. Time Inc.'s editorial guidelines cover important aspects of reporting, writing, and editing, including subjects such as privacy concerns and confidentiality. The Managing Editor of Time Inc. holds frequent seminars every few weeks with groups of journalists and editors to discuss the guidelines in detail and how they apply to real life examples. Several hundred employees have already been through the course.

Technology is changing the way that news is delivered and received, and our businesses are applying their standards for journalistic integrity to new formats. For example, CNN.com invites the public to report on events they observe, in the form of iReports. Since CNN launched iReport in August 2006, over 100,000 news-related photos and videos have been submitted from viewers. The pieces that are selected to appear on CNN or CNN.com are subject to the same strict guidelines that CNN applies to traditional reporting. Rather than simply share iReports as they are posted, CNN.com verifies both the information and the identity of the person who submitted it before publicly broadcasting or posting the information online. Thanks to iReport, CNN – and therefore its audiences – has unparalleled access to up-to-the-minute, on-the-spot information from anywhere in the world.

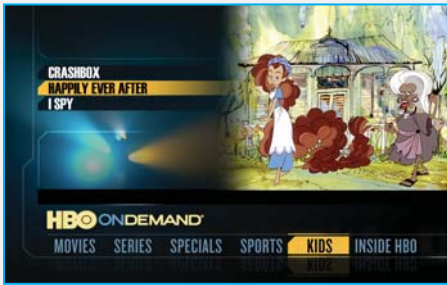
DISCUSSION POINT:

Jim Kelly, Managing Editor, Time Inc.

“Over the last 10 years, it has been interesting to note how popular journalism with a slant has become. For example, if you are conservative or liberal you may be driven to find your news from a source that shares your point of view. At Time Inc., no magazine tries to appeal to a specific political constituency. What we hope to do is produce journalism that is fair, honest and doesn't play favorites. The idea of producing objective journalism, a phrase that is often debated, is not possible in good journalism. Any editor or

reporter brings his or her own life experiences to their story. To be objective is to be a stenographer and even a stenographer doesn't capture all the nuances. What we strive for at Time Inc. is fair journalism. The best kind of journalist is never cynical, but is skeptical in a healthy way. Honest, fair, and straightforward – those are the kinds of journalists we have at Time Inc. We don't just talk about journalistic integrity; we practice it every day in every one of our magazines.”

Similarly, at Time Inc., the editorial expectations are as high for content published on the Web as they are for content published in magazines. Particularly controversial stories that appear on the Web are reviewed by Time Inc.'s Managing Editor or Editor in Chief and are vetted before they are published online.



HBO on Demand delivers children's programming to millions of homes across the U.S.



HBO Documentary Films' *Little Rock Central: 50 Years Later* is a candid look at the Arkansas school that became a symbol of the struggles and hopes of the Civil Rights Movement.



CNN Heroes highlights the extraordinary heroism of ordinary people.

FREEDOM OF EXPRESSION

It could be argued that no freedoms guaranteed are more cherished than those protected by the First Amendment to the U.S. Constitution. As a media and entertainment company, we stand for freedom of expression. Whether it is through our entertainment, networks, publishing, or interactive services, we nurture the creative freedom of our employees, and we provide our

audiences with the platforms they need to share and amplify their own ideas.

We believe in a free and independent press. A fundamental principle of journalism in our networks and publishing businesses is the ability of reporters to seek out and report the facts without interference from government. Our many industry-leading

magazines, news programs, and websites have achieved their popularity by delivering independent, high-quality journalism.

Election 2008 - The CNN/YouTube Debates

Our commitment to freedom of expression and a diversity of viewpoints, coupled with the power of technology, are continuing to provide innovation in journalism. In 2007, CNN partnered with YouTube to create a new kind of political debate that gave ordinary citizens from around the country the opportunity to question the presidential candidates through self-created videos. Approximately 7,900 video questions were submitted to YouTube for the two national debates. The CNN/YouTube debates generated strong interest among voters, particularly younger Americans. The debates broke audience records, with almost 4.4 million viewers tuning in to the Republican debate on television and more than half a million online viewers watching this debate on *CNN.com's* live simulcast, making it the most-watched primary debate in cable news history.

RESPONSIBLE CONTENT

Determining the quality and social responsibility of media, especially entertainment, can be difficult. What constitutes an entertaining night at the movies for one person may be provocative and unsettling for another. To us, delivering high-quality and socially responsible content does not mean limiting the creativity of our film and television producers or the investigative range of our journalists. In fact, it means just the opposite. We encourage our people to bring a multitude of different perspectives to the work they produce by spotlighting important issues, provoking debate, and sometimes simply seeking to provide audiences with some respite from daily life.

Telling Important Stories

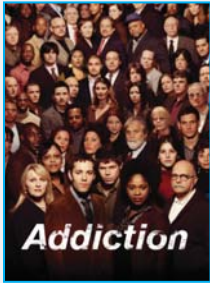
We believe that important stories should be shared across all of our media platforms. Recent examples include two of HBO's Emmy® Award-winning films: *Baghdad ER*, which took viewers into a military emergency room in the capital of Iraq, and *When the Levees Broke: A Requiem in Four Acts*, Spike Lee's probing look at Hurricane Katrina's devastation of New Orleans.

DISCUSSION POINT:

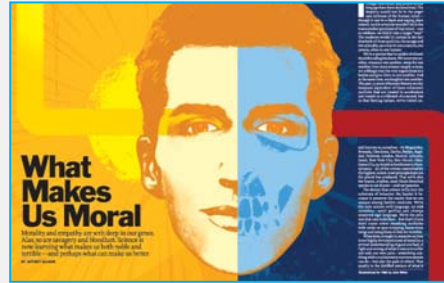
Jim Walton, President, CNN Worldwide

"At CNN, we want to be accurate above all else, timely, and to take our viewers to where the news happens. We want to report the news from all sides, from every angle, without bias. To do this, we need to have a diversity of thought in planning the stories we cover and the questions we ask. We need the positive creative tension that comes as a result of employing journalists and producers from different walks of life and with different experiences.

Citizen journalism enables people to participate in the news and be a part of the process. CNN embraces the changing technology that gives us the tools for us to do our job better - to bring more news to more people. It's not enough for news organizations to report from on high with only one opinion. Balanced, unbiased news is critical in a free society. We are an independent and respected news source, and will continue to do whatever we can to hold on to that spot."



HBO's 14-part series, *Addiction*, brings together the nation's leading experts on drug and alcohol addiction.



TIME reports on the science behind morality.



HBO Documentary Films' *Sand and Sorrow* examines the crisis in Darfur.

Warner Independent Pictures' *11th Hour*, with Leonardo DiCaprio, focused on the perils of global warming. In early 2008, CNN launched "Autism: Unraveling the Mystery," a series of special reports that ran on all CNN platforms. *CNN.com* features an "Impact Your World" section of the website that encourages viewers to take action and create positive change. In addition, CNN produced and launched "Planet in Peril," a multimedia worldwide investigation into the state of the earth with Anderson Cooper and Dr. Sanjay Gupta.

Addiction – A Multimedia Initiative

Our businesses deliver content on multiple platforms. In 2007, HBO's "Addiction" exemplified the ways we are able to deploy our vast media resources to deliver important information about a devastating disease. HBO created "The Addiction Project," which consisted of a 14-part documentary series; a four-disc DVD set; the book "Addiction: Why Can't They Just Stop?"; four independent addiction-themed films; a robust website; and a national 30-city community awareness campaign. HBO also engaged

three of the leading national substance abuse organizations to extend the reach of the content as far as possible into local communities. HBO believed that making the project accessible to as many people as possible by opening its signal, streaming all the content for free on the Web, and making the series available free as podcasts would create a meaningful shift in America's approach to addiction. As a result, the campaign has succeeded in touching tens of millions of Americans, building new awareness of what we know about addiction.

Awareness of Social Concerns

We understand that our entertainment programming also has an impact on culture. Without curtailing artistic freedom, we're sensitive to the implications of the films and television programs we produce.

Tobacco

We have steadily reduced the number of films we produce with tobacco depictions, particularly those intended for younger audiences. Since the enactment of our tobacco policy in 2005, none of the G-rated films we produced have included smoking references of any kind. In 2007, only 27% of films rated PG or PG-13 contained tobacco depictions compared to 32% in 2006 and 48% in 2005. Overall, since Time Warner's policy was enacted, the number of films we produce or distribute in the U.S. that contain tobacco depictions has been reduced by 35%. Our current system of data collection measures whether a film contains tobacco or not.

Time Warner updated its policy on the depiction of tobacco in films in 2007. The policy is available at www.timewarner.com/citizenship.

The policy is now included in the Feature Production Manual for our filmed entertainment division, and for every film that is produced that contains one or more characters smoking, a creative executive has a discussion with the writer/direct-

or/producer about the importance of avoiding the depiction of tobacco unless it meets the criteria set out in our policy.

Beginning with films released in theaters after January 1, 2008, Time Warner companies include an anti-smoking Public Service Announcement (PSA) prior to all films that depict tobacco products for standard definition DVDs that are distributed in North America. In addition, any film

DISCUSSION POINT:
Richard Plepler, Co-President, HBO

"HBO has a long and distinguished tradition of addressing important issues through the various genres of our programming. Civil rights, human rights, AIDS, and race are just a few examples that we have tackled over the years. We're very proud of any small role we play in helping to elevate these issues further into the public dialogue."



CNN's Impact Your World helps viewers take action to make a difference in the world.



"Rescuing Recess" is part of Cartoon Network's effort to promote childhood health.



Turner's Cartoon Network launched "Get Animated" to inspire a healthy lifestyle for kids ages 6-14.

on DVD depicting tobacco will contain the following certification language in the end credits: "No person or entity associated with this film received payment or anything of value, or entered into any agreement, in connection with the depiction of tobacco products."

Childhood Obesity

In light of the increasing rates of childhood obesity, Time Warner companies are responding in three ways: by limiting the use of popular characters from our children's television shows to healthy food and beverage advertising; by launching new initiatives that focus on physical activity as part of overall wellness; and by supporting child-advocacy groups.

In August 2007, Cartoon Network established guidelines concerning how the network's original characters may be licensed to advertise food or beverages. The guidelines state that when Cartoon Network characters are used in messages aimed at children under the age of 12, the products in those advertisements must meet nutritional criteria based on standards issued

by the Institute of Medicine and U.S. Dietary Guidelines. Cartoon Network also pledged to integrate positive messages about nutrition and exercise into its own original programming. As part of this pledge, Cartoon Network added a new dimension to its "Get Animated" initiative, which was launched in 2005 to inspire kids to "get active, get healthy, and get involved."

This new initiative, "Rescuing Recess," was launched in 2006 in partnership with several leading child-advocacy groups. Its mission is to build greater awareness of the value of daily recess in the lives of elementary students – both for personal and social health, and for better classroom performance. "Rescuing Recess" sets out to educate parents, administrators, teachers, and students to become community advocates for healthy physical activity as part of their school wellness policies. It also uses high-visibility campaigns such as "National Recess Week"

to motivate parents and community leaders to become recess monitors for their schools. In under two years, "Rescuing Recess" has received 14 nationally recognized awards for community service, program creativity, and effective communication strategies.

Public Service Announcements

Public Service Announcements (PSAs) are another way that Time Warner is able to help promote awareness about a range of important social issues. Through an array of our businesses' media resources in print, interactive, DVD, and television, Time Warner provides in-kind media support by donating media space to various local and national nonprofit organizations. Many of our donations are made through the Ad Council (www.adcouncil.org). Time Warner's support of the Ad Council dates back to 1946 when Time Inc. provided space in magazines for nonprofit print ads. More recently, Time Warner Cable and Turner Broadcasting have provided TV spots and AOL has provided online space to run interactive PSAs.

In 2007, HBO teamed with the National Basketball Association (NBA), the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria (GBC), and the Kaiser Family Foundation to develop television and radio PSAs that promote HIV testing in the U.S. and abroad. Featuring Queen Latifah and Jamie Foxx, along with leading NBA players, the PSAs aired on media outlets in the U.S., and an international version was distributed throughout Africa, the Caribbean and Asia-Pacific regions.

Total PSA Contributions

Time Warner is dedicated to supporting PSA contributions across the company. Over the last two years, our in-kind media contributions for PSAs have exceeded:

- 2007: \$190,000,000
- 2006: \$250,000,000



POGO is Turner's television channel created exclusively for kids in India.



KOL is AOL's unique site for kids.

ACCESS TO INFORMATION

Just as we support journalistic integrity and freedom of expression, we support – and, indeed, our businesses are built on – access to information.

Changing technologies continue to provide new opportunities to connect audiences and lay the groundwork for a more inclusive global society. When asked about CNN's mission, founder Ted Turner said it was "to provide information to people when it wasn't available before."

At the same time that Time Warner is committed to making our content accessible to a wider audience, we also want to provide customers with the tools they need to make informed viewing decisions and we seek to make sure that our films, television programs, games, and other content offerings reach their intended audiences.

Reaching Intended Audiences

Many of our films, television programs, and documentaries can be enjoyed by people of all ages. In some cases, however, our content is suitable

primarily for adults. To help ensure that our content reaches appropriate audiences, we voluntarily participate in a number of industry-wide rating systems. Ratings enable consumers, parents, and organizations that carry our content to make informed decisions.

The best-known rating system includes the G, PG, PG-13, R and NC-17 ratings developed by the Motion Picture Association of America and used by all of our film production businesses. Warner Bros. takes an additional step and uses its own internal guidelines to further regulate how its adult-oriented films are advertised.

For example, Warner Bros. Pictures does not market R-rated films in print or on television when 35% of the expected target audience is under the age of 17. Furthermore, the studio does not engage in toy-driven promotions for any R-rated films and does not attach trailers for R-rated films to G- or PG-rated films.

Our networks use a similar rating system, which we worked with industry experts to develop. The TV rating system divides shows into eight different categories based on viewer maturity.

Television networks use these TV ratings as guidance to help determine appropriate scheduling times for programming and to determine whether parental advisories should be included before programs begin airing.

Warner Bros. Interactive Entertainment and Turner's GameTap Entertainment submit their video games for ratings by the Entertainment Software Ratings Board (ESRB). This rating system, developed by the entertainment software industry, uses symbols to indicate appropriate age ranges for players and provides standardized content descriptors for game elements, such as violence, that may cause concern for players or parents.

Parental Controls

We provide parents with tools they need to help to safeguard their children and that are easy for our customers to understand and use. To help

parents manage their children's Internet experience, both AOL and Time Warner Cable provide protections that help parents to observe, limit, or otherwise monitor their children's online activities. AOL, for example, offers free parental control software. Available at *parental controls.AOL.com*, the software offers standard age-based access controls, selective controls on AOL instant messaging (AIM) and chat, timers that terminate online access at preset time limits, and email reports on children's online activities.

Parents are not required to use these tools, but AOL actively informs its users that the tools are available and offers various forms of support to parents to help them use the tools effectively. In 2008, AOL intends to make its parental control software even more widely available on the Internet, which we believe will enhance its value to millions of users.



"Autism: Unraveling the Mystery" was a multi-platform CNN event.



Time Warner Cable provides parents with the tools they need to make viewing choices for their family.

Time Warner Cable and AOL have partnered with Common Sense Media, the nation's leading non-partisan organization dedicated to improving the impact of media and entertainment on children and families. Through this partnership, Time Warner Cable and AOL customers receive easy-to-access, point-of-decision reviews, ratings and program information designed to help parents make informed viewing choices about TV and movies. Time Warner Cable has integrated Common Sense Media's extensive reviews and recommendations into its cable television and high speed data services. Time Warner Cable is the first cable operator to partner with Common Sense Media to help parents make the best entertainment choices for their families.

Sports Illustrated Swimsuit Issue

Sports Illustrated recognizes that the annual Swimsuit Issue depicting models in bathing suits may not be appropriate for children. Accordingly, subscribers who do not wish to receive the edition are given the opportunity to skip to the next issue, thereby extending their subscription with no additional charge. Notification of this policy,

which was instituted in 2003, is made across multiple *SI* platforms several weeks in advance of publication.

People with Disabilities

For people with disabilities, the Internet is more than a convenient way to interact with the world. It may be a primary way of expressing choices, handling money and shopping, pursuing personal interests, and being part of a community.

In July 2000, AOL adopted an accessibility policy designed to improve the usability of products and services for people with disabilities.

The policy begins with educating employees and establishing guidelines for product and technology development, and AOL is currently evaluating its performance in these areas. Collaboration with the disability community is also an essential component of AOL's accessibility efforts.

AOL has a contract in place with a vendor that employs people with disabilities to test accessibility support developed for priority products. AOL is also actively engaged in community activities, and regularly sponsors conferences such as the Assistive Technology Industry Association Leadership Forum and the CSUN Technology and Persons with Disabilities Conference, as well as consumer conventions hosted by the National Association of the Deaf, Telecommunications for the Deaf Incorporated, and other organizations.

In early 2008, AOL tested the first real-time instant messaging (IM) feature targeted to deaf and hard-of-hearing users that also offers a natural flowing IM experience for everyone. Built with guidance from Gallaudet University and the Trace Research and Development Center at the University of Wisconsin-Madison, this feature is in the latest beta version 6.8 of the popular AIM software that is available as a free download at <http://beta.aol.com>.

AOL has a history of making its products accessible to a broad and inclusive group of users, and has made great strides on behalf of deaf

and hard-of-hearing people. In 2004, AOL launched AIM Relay Services to allow users to connect with telecommunication relay services right from their AIM Buddy Lists on their desktops or their cell phones. In 2007, AOL released website Basic - Accessible Version, a webmail product that was lauded by the National Federation of the Blind and other leading consumer organizations. Its interface allows users who are blind or have low vision to engage in a robust email experience that is highly compatible with screen reader software without the need for a computer mouse. Users will find it by visiting <http://mail.aol.com> and clicking "Accessible Version" on the footer.

Warner Bros. makes its releases available with open and closed captions for the deaf and hard-of-hearing audience. Warner Bros. DVDs have captioning or subtitles for the deaf and hard-of-hearing, and some titles have a description narration track for the blind. Warner Bros. also



Approximately 25% of TIME.com's traffic comes from outside the U.S.



AOL's online education helps customers better understand internet advising.

provides video description, captioning, and subtitles on the enhanced content (extra features) of the DVDs of all new theatrical releases. In 2006, all 19 Warner Bros. releases were captioned, including *Superman Returns*, *Happy Feet* and *The Departed*; eight were released with video description. In 2007, all 22 releases were captioned and nine were also released with video description. At Turner, TNT carries an average of 26 descriptive video service hours per week and TCM carries video description on approximately 35 theatrical features per month or approximately 70 descriptive video service hours.

Customer Privacy and Online Safety

Time Warner Cable had approximately 7.6 million residential high-speed data subscribers at the end of 2007. As of March 2007, the AOL Network receives approximately 110 million average monthly domestic unique visitors and operates one of the web's best-known portals along with a growing family of related websites that includes MapQuest and Moviefone.

Where our web properties and access services are concerned, we strive to provide more than fast access and optimal usability for our millions of customers. As part of our commitment to media access, we recognize that protecting customer privacy is critical to the success of our business. We therefore offer consumers a high level of privacy protection.

AOL has appointed a Chief Privacy Officer and created a consumer advocacy and privacy team charged with ensuring best practices for protecting consumer privacy. In February 2008, AOL announced its participation (alongside Google, Microsoft, Yahoo! and others) in the Internet Safety Technical Task Force. Led by Harvard's Berkman Center and created in cooperation with 49 state Attorneys General, the task force evaluates a broad range of existing and state-of-the-art online safety technologies, including a review of identity authentication tools to help sites enforce minimum age requirements.

In April 2008, AOL launched an online education campaign to help consumers better understand

how behaviorally targeted advertising works. The campaign includes banner ads featuring an animated penguin that explains targeted advertising quickly and simply, along with more details available at PrivacyGourmet.com, the blog run by AOL's Chief Privacy Officer.

AOL TRUSTe Award

In early 2008, TRUSTe, the leading Internet privacy seal-of-approval, and Ponemon Institute, an independent research firm, named AOL as one of the top three Most Trusted Companies of 2007 for Privacy, following a two-stage survey to gauge the privacy policies and practices of over 200 companies. The 20 companies rated most trusted, in an unaided consumer survey, moved on to the expert review where policies, practices, and execution were tested for consistent care with regard to privacy issues. The review included an evaluation of policies and practices, as well as interaction with support staff.

According to TRUSTe, surveyed companies were judged according to criteria including the readability of privacy statements and notices, the accessibility to account information and the ability to make changes, cookie practices, in-network and out-of-network data sharing practices, choice, regulation, infrastructure, and customer service, among others. AOL consistently met or exceeded expectations on all 14 criteria.

RECOGNITION AND AWARDS

Over the years, Time Warner has been recognized by many notable media and nonprofit organizations. Perhaps the nation's most prestigious honors for achievement and meritorious public service by TV and radio stations, networks, producing organizations, individuals, and the Internet are the George Foster Peabody Awards.

Time Warner received eight Peabody Awards for 2006 and 2007. In 2007 and 2008, our studios and networks received a total of 16 Academy® Awards, in 2006 and 2007 we received a total of 73 Emmy® Awards. In early 2008, CNN's digital news gathering operations garnered its third prestigious honor for innovation at the 59th



Essence magazine covers important topics effecting our communities.

Annual Technology & Engineering Emmy Awards for developing technology that enables journalists to report, edit, and produce news packages from nearly anywhere on the globe. In September 2007, the International Broadcasting Conference, a leading global association guiding content delivery innovations within the broadcast industry, honored CNN with two of its IBC Innovation Awards, including a “Judges’ Prize” for the top innovation of the past year. In addition, *TIME*, *In Style*, *People*, *Entertainment Weekly* and *Sports Illustrated* collectively won eight Magazine Publishers of America (MPA) Digital Awards for 2008; they honor the excellence and innovation of magazine brands on digital platforms. In 2008, the Gay and Lesbian Alliance Against Defamation (GLAAD) recognized *People en Español* for Maria Morales’ article, “RBD enfrenta la verdad” and *Anderson Cooper 360* for the news segment, “The First Casualty.” Time Inc. received two Champion in Diversity awards in 2008 from the National Association of Minority Media Executives.

The GLAAD Media Awards are given for fair, accurate, and inclusive representations of the lesbian, gay, bisexual and transgender community and the issues that affect their lives.

Since the publication of our 2006 CSR Report, many other organizations have also found many of our programs worthy of recognition, including:

- Cable Positive – for AIDS awareness and action in 2006, 2007, and 2008
- EDGE – for entertainment depictions of gun education in 2006
- Environmental Media Awards – for environmental awareness and education in 2006 and 2007

- Family Television Award – for outstanding family television in 2006
- American Women in Radio and Television’s Gracie Allen Awards – for positive portrayals of women in entertainment in 2006 and 2007
- iParenting Media Awards – for outstanding product in television in 2007
- IMAGEN – for positive portrayals of Hispanics in 2006 and 2007
- International Health and Medical Media – for health and medical programs in 2006 and 2007
- Media Access Awards – for positive portrayals of disability in the entertainment industry in 2006 and 2007
- The National Association for Multi-ethnicity in Communications – for outstanding achievements in original, multi-ethnic cable programming in 2006, 2007, and 2008

- The National Council of La Raza – for positive portrayals of Latinos in 2007
- The Native Voice Media Awards – for building bridges to Native American culture through media in 2007
- Sentinel for Health Awards– for promoting choices for healthier and safer lives in 2006
- Women’s Image Network Awards– for positive portrayals of women in 2006

03

DIVERSITY AND INCLUSION

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Time Warner values diversity in front of and behind the camera. Images from top left to right: Harry Potter and the Half-Blood Prince, House of Payne, The Wire, The Situation Room, Hairspray, I am Legend, Class of 3000, People en Español.



Turner's *House of Payne* is cable's #1 ad-supported sitcom telecast of all time.



Essence magazine has delivered quality content to African-American women for 35 years.

DIVERSITY AND INCLUSION

As a leading media and entertainment company, Time Warner helps tell the world's stories to a global audience. Therefore, cultivating diversity – of our content, products, and people – is a business imperative.

In recent years, growth in the media industry has come increasingly from international and U.S.-based multicultural markets. Audiences are becoming more diverse, both in ethnicity and nationality, and are expecting greater diversity in content. We are therefore striving to become more diverse as a company, both in our content and in our workforce. We believe that achieving more diversity in these areas will enable us to identify the best growth opportunities, deliver the best customer value, and create the greatest returns for our stockholders. Accordingly, we are working to continue to foster and promote an internal culture that values diversity of talent and ideas, as well as to identify and aggressively pursue growth opportunities in multicultural and international markets.

MARKETPLACE Domestic Market

Time Warner is a leader in serving diverse audiences in the U.S. and has an established tradition of building brands to reach these audiences. For example, HBO Latino has offered Spanish-language programming since November 2000 and AOL offers the #1 most-visited website for African-Americans, Black Voices, and the #2 most-visited website for Hispanics, AOL Latino. For 35 years, Time Inc.'s *Essence* magazine has been the most respected and established magazine for African-American women. With over 200,000 attendees in 2007, the *Essence* Music Festival is the largest yearly gathering of African-American musical talent in the world. In 2007, the Festival celebrated its 13th anniversary in New Orleans, where a portion of its proceeds went to support the Children's Defense Fund Freedom Schools of New Orleans.

We are also reaching diverse audiences with "mainstream" brands and businesses. For example, *People* magazine reaches one out of every five Hispanics; nearly one third of HBO's subscribers are people of color; over 20% of "Adult Swim's" audience is African-American; and "House of Payne" on TBS is cable's #1 ad-supported sitcom telecast of all time.

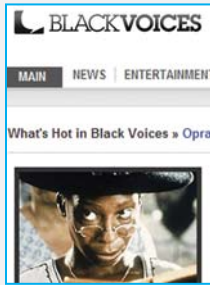
As the demographics in the U.S. continue to change, we know that our products – the content of our

films, television shows, documentaries and magazine articles – will need to change as well. More than 40% of the U.S. population under the age of 35 is from a diverse background and about half the U.S. population growth over the next several years is expected to be in the Hispanic community. We will need to continue to reach even larger diverse audiences with our "mainstream" brands. As a company, we are investing resources in researching and understanding the changing domestic marketplace so that we can continue

DISCUSSION POINT:
Sheryl Hilliard Tucker, Executive Editor, Time Inc.

"Designing content to meet the needs of a broad viewership is important. When we are looking at issues surrounding multicultural content or diversity, it is important that these issues are relevant to a broad readership. We look at our content through a diverse lens to increase our multicultural audience. We also have to appeal to younger people who see their world as diverse. It's important for us to remain on

the cutting edge of trends, news, and big ideas to make sure we are covering topics in ways that are exciting, interesting, and fresh to all of our readers."



AOL Black Voices is the #1 website for African-Americans.



In early 2008, AOL announced the beta launch of www.aol.hk, a dedicated web destination in Hong Kong.



Founded in 1930, FORTUNE magazine is the only business brand with editions in Europe and Asia, including a Chinese-language edition.



People in Español is the #1 magazine brand in the Hispanic market.

to connect with it. In addition to company-wide efforts and research, all of our divisions are exploring how best to connect to their markets in ways that make sense for them. For example, Time Inc. conducts an in-depth Diversity Content Review of its properties every three years to understand how inclusive we are in print and online titles. The review looks at a range of topics including the ways its magazines cover issues from a wide range of communities and the diversity of the celebrities and newsmakers that appear in our content. Time Inc. is also examining ways to encourage journalists to broaden the spectrum of voices in their stories by consciously reaching out to new sources.

International Market

International expansion is another opportunity for growth for our company that is tied to diversity. In pursuing international growth, we seek to form strong local relationships that can help us grow our business.

In launching new ventures or partnering with existing businesses in other cultures, we start by respecting the talent, experience, and track record of our local partners, suppliers and creative collaborators. We also look at a range of CSR-related business issues including the regulatory environment, cultural considerations, and labor issues.

Among our divisions, Warner Bros. has gained considerable experience with this process. Since launching its local-language production initiative in 1999, the studio has released more than 180 such films produced in Europe,

South America, and Asia. While many of our local-language films may never be seen beyond their national borders, we believe they represent not only important opportunities for our business, but also an important contribution to cultural diversity, local economies, and entertainment in their countries. Below are a few more examples of ways in which we are expanding local content to reach new international audiences.

DISCUSSION POINT: Maneesh Dhir, EVP, AOL International

“The key to delivering a differentiated AOL experience in each global market is to provide relevant local services in each country, through local language websites, partnerships with local companies to deliver content relevant to each market, and tailored search solutions. When it comes to locally-tailored solutions, we believe it is important to adapt the presentation and content in a manner that is appealing to consumers in the markets in which we have a pres-

AOL

AOL expects to have a presence in more than 30 countries by the end of 2008, with content specifically designed for local audiences. As of this Report’s publication date, AOL has a presence in 27 countries, including portals in the U.K., Germany, France, Austria, Belgium, The Netherlands, India (Hindi and Tamil language versions), Italy, Spain, Sweden, Switzerland, Poland, Australia, New Zealand, Mexico, Canada, Hong Kong, and Taiwan.

ence. We evaluate each country before we make a decision to enter the market. We have chosen to enter countries that we believe, based on both experience and research, have a significant audience of consumers who will benefit from the range of products, services and content that we offer. The fundamental benefit of the Internet is all about the ability to bring a global community together, so it is both natural and critical for AOL to have a global presence.”



Pan's Labyrinth, produced in Mexico and distributed in the U.S. by Picturehouse, became the highest-grossing Spanish-language film of all time in the U.S.



Waar is Het Paard Van Sinterklaas is a Dutch children's film produced by Warner Bros.



Sports Illustrated China is written in Chinese and covers Chinese and Western sports.

Time Inc.

Time Inc. is well established in international markets. Its IPC Media unit is one of the U.K.'s consumer magazine publishers, and Grupo Editorial Expansión is the third-largest consumer magazine publisher in Mexico. Time Inc. is active in other markets, too.

As of 2008, Time Inc. has over 30 international editions of its magazines under licenses with local publishers, including *FORTUNE*, *Golf*, *Sports Illustrated* in China, and *FORTUNE* and *In Style* in Turkey. When Time Inc. expands internationally, it makes great efforts to select a partner that shares Time Inc.'s values. Time Inc. also reviews and discusses its editorial guidelines with the new partner.

Turner

In 2004, Turner launched its POGO channel for Hindi-language family and children's entertainment in India, and the channel has since flourished. In 2007, POGO produced 150 hours of original programming in India and now ranks second in the country in its viewer segment, behind Cartoon Network, also a Turner property. Also in 2007, Turner formed a joint venture with India's Alva Brothers to launch general entertainment television channels in India. In addition, Turner distributes approximately 50 region-specific versions and local-language feeds of Cartoon Network, Boomerang, Turner Classic Movies, and TNT in over 175 countries around the world.

WORKFORCE AND WORKPLACE

Attracting and retaining a diverse workforce is vital to our success. Time Warner has a broad and inclusive approach to diversity. We believe that people from different cultures, ethnicities, sexual orientations, disability communities, geographic regions, viewpoints, and genders bring important values and qualities to the creation of Time Warner's products.

We actively seek to recruit the most talented and diverse workforce. Over the last four years, the percentage of people of color has increased

throughout the company at all levels and in managerial positions. The representation of women company-wide in the U.S. in 2007 remained close to the percentage of total women in the workforce, according to the U.S. Department of Labor Bureau of Labor Statistics.

We also track and look closely at the representation of women and people of color in the top levels of our company. In an effort to increase opportunity, most slates for open positions at the Vice President level and above must contain a diverse set of applicants including women

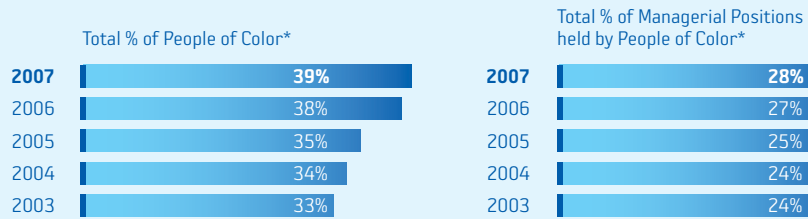
DISCUSSION POINT:

Lisa Quiroz, Senior Vice President, Corporate Responsibility, Time Warner Inc.

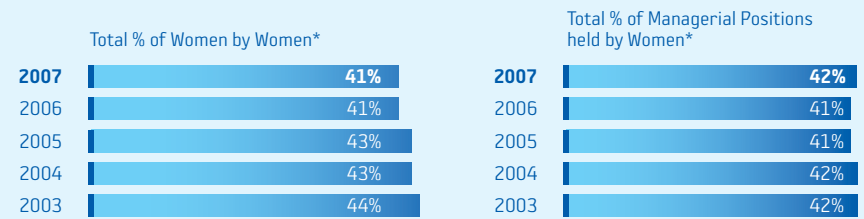
"For us, diversity is composed of three critical areas. First, we focus on attracting, hiring, and developing the best and most talented workforce, and that talent comes from all sectors of our society. Second, we make sure our employees have an inclusive work experience where their thoughts and opinions

are valued. Third, all of our businesses continuously examine emerging and diverse marketplace opportunities in the U.S. and abroad. More importantly, when we think of diversity of people, we don't just think of racial and ethnic designations, we think of gender, geography, people with disabilities, and sexual orientation."

U.S.-BASED REPRESENTATION – PEOPLE OF COLOR



U.S.-BASED REPRESENTATION – WOMEN



*Managerial positions include Top Management, Vice Presidents, Directors, Managers, and Professionals

*Managerial positions include Top Management, Vice Presidents, Directors, Managers, and Professionals

and people of color. Many candidates for top management positions are promoted from within the company, and thus our efforts to hire women and people of color into manager and director positions are a long-term strategy to increase the diversity of our top management.

Finally, we work to make sure that we are not only attracting and hiring the best and most diverse talent, but also are retaining that talent as appropriate by creating an inclusive work environment. As of the end of 2007, all Time Warner divisions include identity, expression, or other legally protected classification in all EEO non-discrimination or anti-harassment policies. In addition, most of our divisions provide financial support to employee-based affinity groups – professional development networks for diverse populations – as one way to cultivate an inclusive work environment. Examples of our affinity groups include OUT@TW (Corporate’s Gay, Lesbian, Bisexual,

and Transsexual network), Alianza (HBO’s Hispanic Employee Networking Resource), BE@T (Black Employees at Time Inc.), APLAWD (AOL People Living and Working with Disabilities) and TWWN (Time Warner Women’s Network). At many divisions, senior executives act as sponsors for these affinity groups where they help provide guidance and act as a senior-level springboard for ideas.

Most of our businesses have also rolled out diversity training and awareness programs that are included as part of the overall training given to newly hired and newly promoted supervisors.

Across all our businesses, our senior executives champion inclusion through communication to employees and customers, and by fostering an environment that encourages healthy debate.

In a global marketplace, we know that diversity is a business imperative. We believe that achieving greater diversity will enable us to identify the best growth opportunities, deliver the best customer value, and create the greatest returns for our stockholders.

Human Rights Campaign’s Corporate Equality Index

Time Warner earned a perfect score of 100 on the Human Rights Campaign’s Corporate Equality Index (CEI) for 2008. The Human Rights Campaign is America’s largest civil rights organization working to achieve gay, lesbian, bisexual, and transgender equality. The CEI rates employers on a scale from 0 to 100 percent based on their treatment of gay, lesbian, bisexual, and transgender employees, consumers, and investors.

Time Warner’s 100 rating represents the fact that the company offers equal benefits and protections for its employees based on gender identity or expression and sexual orientation.

Implementation

Each division has an annual plan for diversity that supports multicultural market expansion, work-force diversity development, and workplace inclusion. Progress toward reaching the goals is considered by Time Warner senior management when assessing the division CEO’s year-end compensation. We hold quarterly meetings of a cross-divisional Diversity Group chaired by Time Warner’s Senior Vice President, Corporate Responsibility to share best practices, lessons learned, and ideas for enhancing diversity and inclusion on a company-wide basis.

04

ENVIRONMENT

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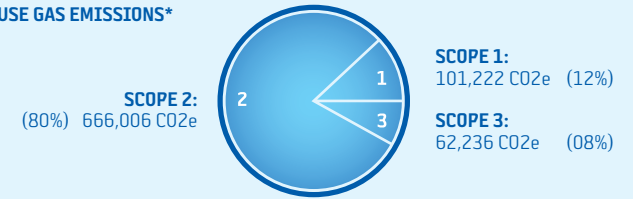


Time Warner is committed to reducing our environmental footprint and to raising employee and customer awareness about environmental issues.

2007 SCOPE OF COMPANY VS. GREENHOUSE GAS EMISSIONS ASSESSMENT

SCOPE	INCLUDED IN TIME WARNER MEASUREMENTS	NOTES
1	Natural gas, fuel oil, refrigerants, company-owned aircraft	Scope 1 and 2 measurements consist of energy usage at U.S.-based owned and leased properties and include a combination of actual data and estimated data. When actual data was not available, estimates were made using a national sample survey of energy data from the U.S. Department of Energy (the Commercial Building Energy Consumption Survey or CBECS). Properties include, but are not limited to, studios, warehouses, office space, server farms, and cable hubsites. Excluded are company-owned or leased vehicles.
2	Purchased electricity and steam	
3	Business travel (originating in the U.S.)	Scope 3 measurements consist of business travel originating in the U.S. and arranged through Time Warner's Travel Departments. Not included are taxi rides, daily employee commuting or supply chain emissions.

2007 GREENHOUSE GAS EMISSIONS*



* Scopes are defined in table to the left.

2006 VS. 2007 EMISSIONS FROM PURCHASED ELECTRICITY AND STEAM* (CO2 IN METRIC TON EQUIVALENTS)

	2006 Scope 2 Data	2007 Scope 2 Data
TOTAL CO2 EQUIVALENT	638,108 CO2e	666,006 CO2e
CO2E PER SQUARE FOOTAGE	.02 CO2e/sq. footage	.02 CO2e/sq. footage
CO2E PER EMPLOYEE**	8.1 CO2e/employee	8.9 CO2e/employee
EQUIVALENT PASSENGER CARS DRIVEN FOR ONE YEAR	388,748 cars	405,754 cars

* Purchased steam was only included in the 2007 inventory and accounted for 121 CO2e.

** Per employee number is calculated using the number of U.S.-based employees as of December 31, 2006 and 2007.

ENVIRONMENT

Environmental issues have become an important topic with nearly every major news outlet providing coverage of issues ranging from the science of climate change to its economic effects. Our publishing and film businesses have produced scores of articles and many movies addressing pertinent environmental issues. Stories about the effects of global warming have even appeared in *FORTUNE* and *Sports Illustrated*.

In addition to addressing climate change and energy efficiency, our company's environmental stewardship activities include our waste reduction initiatives, sustainable forestry and paper practices, and green building design.

CLIMATE CHANGE

As we indicated we would in Time Warner's 2006 CSR Report, we conducted an energy assessment initiative to determine the greenhouse gas (GHG) emissions associated with energy usage at our domestic properties and with select U.S.-originated travel. We also shared best practices for energy reduction among divisions.

A Company-wide Approach

With guidance from ICF International, a global professional services firm, we focused the scope of the energy assessment initiative on U.S.-based owned and leased properties and on select U.S.-based operations. We broke the assessment into three defined scopes (details above).

In 2006, we decided to focus on electricity usage at domestic owned and leased properties, which are a major source of our greenhouse gas emissions and the highest percentage of our energy expenditure. We kept the focus narrowed to electricity usage at domestic owned and leased properties because it allowed us to test our process for gathering the data and measuring the GHG emissions associated with our electricity usage. In 2007, after we had successfully measured the electricity-usage, we expanded the parameters of our measurements to include GHG emissions from other fuel sources, company-owned aircraft, and business travel that is arranged through Time Warner's Travel Departments and originates in the U.S.

Energy Working Group

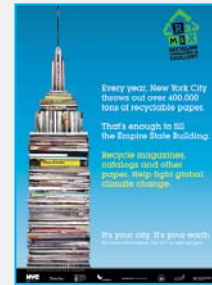
While the effort was led by the company's corporate headquarters, the expertise, experience, and data resides with the company's real estate, environmental, and facilities managers across the U.S. As we embarked on this effort to assess our company-wide domestic energy usage, we created an Energy Working Group. Together, this cross-divisional working group developed our domestic baseline of energy usage and greenhouse gas emissions. As we move forward, this Energy Working Group will continue to meet to share best practices in energy management.

Energy Usage and Greenhouse Gas Reduction: A Local Effort

Many of our businesses have been addressing environmental issues for decades. Much work has already been done at each of our divisions



AOL is a leader in energy efficiency in data centers.



Time Inc. and partners expanded the ReMix program to promote recycling in NYC.



Warner Bros.' Oscar-winning Happy Feet highlights the impacts of over-fishing and marine pollution.

to reduce usage and emissions. In the past two years, our divisions have altered their infrastructures and changed their business processes and procedures, with the goal of reducing energy use.

U.S. EPA's SmartWay Transport Partnership

Time Warner's Corporate Transportation & Logistics group joined the U.S. Environmental Protection Agency's SmartWay Transport Partnership in 2007 to demonstrate our commitment to reducing greenhouse gas emissions and improving the fuel efficiency of freight transportation. As of May 2008, we are the only media and entertainment company participating in the SmartWay Transportation Partnership. As a shipper partner, Time Warner is committed to fuel efficient practices, and supporting SmartWay carrier partners. We do this by encouraging carriers to join the program, promoting air-to-ground mode shift and other fuel saving practices, increasing shipping with SmartWay partner carriers, and encouraging third-party logistics providers to seek out SmartWay carriers for our shipments. We also let transportation vendors know that bidding preference is given to SmartWay partners.

Highlighted here are other examples of the ways in which our divisions have made efforts to examine and reduce their greenhouse gas emissions.

AOL – Energy Usage Reduction at Office Facilities and Data Centers

AOL has implemented energy conservation measures across its Northern Virginia offices that have reduced the energy usage by approximately 22% over 2005 usage data, which represents a 6,300 ton reduction in CO2 emissions, and saves AOL approximately \$300,000 annually in energy costs. Much has been written about "Green IT" with respect to the infrastructure associated with data centers and their round-the-clock computer servers, which require energy to run the systems and to cool the temperature of the equipment.

The energy conservation and efficiency measures at the AOL data centers demonstrate results. Industry experts use metrics called the Power Usage Effectiveness (PUE) to measure the energy efficiency of data centers. Excellent results are

considered a PUE below 2.0. Since early 2002 through early 2008, AOL's remaining data centers have consistently demonstrated an average PUE of below 1.6. In addition, AOL participates in the U.S. EPA's "ENERGY STAR" program. It is estimated that activation of this feature on AOL employee computers prevents 30 tons of CO2 emissions annually.

In April 2008, AOL was a Best-in-Class Implementation Winner for the 2008 Uptime Institute Green Enterprise IT Awards in the category of Facilities Site Physical Infrastructure (power and cooling) Overhead.

Time Inc. – Lifecycle Analysis

Time Inc. was the first publisher to measure the greenhouse gas emissions of the entire supply and disposal chain of two popular magazines, from logging operations to landfills. Through this landmark study, Time Inc. and its partners, Stora Enso, Canfor, Home Depot, and the H. John Heinz Center for Science, Economics and the Environment found that manufacturing pulp and paper uses a significant amount of energy.

After considering what would be both ambitious and practical, Time Inc. became the first U.S. publisher to set targets for producing less greenhouse gas throughout its supply chains. Time Inc. asked the paper companies to reduce carbon emissions 20% from a 2004 base by the year 2012. Some suppliers pointed out that they had already achieved some reductions before 2004 and felt they deserved credit for their leadership role. To accommodate these suppliers, Time Inc. set some alternative but equally challenging goals. Keeping the same target year of 2012, the paper companies have the options of cutting carbon output by 25% from a 2000 base or 30% from a 1996 base.

More information about Time Inc.'s environmental efforts can be found in Time Inc.'s 2007-2008 Sustainability Report at www.timewarner.com/citizenship.



Turner employees in the U.S. and Europe are dedicated to reducing their environmental impact.



Time Inc. was the first publisher to measure the greenhouse-gas emissions of the entire supply and disposal chain of two popular magazines.

Time Warner Cable – Fleet Management

Time Warner Cable installed workforce management systems (WMS) in almost all field divisions in 2007. The WMS is designed to help field technicians improve overall responsiveness to customers while cutting their fuel usage. The WMS achieves these results by adjusting vehicle routes to maximize time available for customer service, minimize miles traveled, reduce average speeds, and even avoid left turns that result in idling time at stoplights.

Time Warner Corporate Headquarters – Energy Conservation

Time Warner occupies approximately one-third of the Time Warner Center building in New York City. The complex, which houses CNN broadcast space, corporate offices, and a conference center, was designed to require 35% less energy than the usage allowed by the New York State energy code. Among multiple environmentally friendly practices, unused lights in the conference center are kept off when an event is not occurring and plasma TVs are turned-off after hours in an effort to conserve energy and reduce greenhouse gas emissions.

Turner Broadcasting - Clean Air Commuter Program

Turner Broadcasting encourages employees at its Atlanta headquarters to find green alternatives to their daily commute by providing employees with a menu of environmentally responsible options. Employees who participate in Turner's Clean Air Commuter Program can select their preferred method of travel from a variety of options. These include a van-pool effort that matches groups of employees by neighborhood and provides van service for group transportation to and from the office; assistance in identifying carpool partners and special parking privileges for carpoolers; access to a Guaranteed Ride Home, a program that provides complimentary transportation if unforeseen circumstances such as working overtime or needing to pick up a sick child from school interfere with planned commute alternatives; and free weekly public transportation passes.

Warner Bros. – Energy Efficiency at the Studio Lot

Since 2002, Warner Bros. has made an ongoing investment in energy efficiency that continues to save the division over 8 million kilowatt-hours of energy and approximately \$1 million annually. Energy efficient conservation retrofits include high efficiency lighting, occupancy sensors and timers, high efficiency HVAC, thermostat controls, and variable speed motors. Warner Independent Pictures' *The 11th Hour* was a climate-neutral production whose emissions were offset by investments in wind energy.

Warner Home Video – DVD Production Carbon Footprint Analysis

In 2007, Warner Bros. Home Video (WHV) conducted a DVD carbon footprint analysis to understand the greenhouse gas impacts of energy use and transportation in the manufacturing and distribution of its DVDs. The analysis, part of WHV's larger commitment to climate change leadership, is intended to change how energy is used within the division and its supply chain. The goal of the analysis is to quantify the amount of carbon emitted as a result of

the production of each DVD, to find efficiencies in WHV and supply chain production processes, and to deepen relationships among suppliers. Warner Bros. has partnered with Wal-Mart to participate in Wal-Mart's carbon scorecard pilot effort.

What's Next:

We view our company-wide environmental work to date as the first phase in a larger effort. As we continue this effort to reduce our greenhouse-gas emissions we are already:

1. Evaluating the feasibility of including international facilities and other emission sources in GHG measurements and reduction efforts
2. Increasing company-wide employee awareness
3. Reducing energy usage and greenhouse gas emissions
4. Piloting reduction programs



Time Warner employees can visit the company intranet to learn about reducing their carbon footprint.



HBO is active in reducing its environmental impact.



Warner Bros. has a 15-year long tradition of leading the industry in environmental efforts.

FORESTRY AND PAPER

Because of the enormous volume of paper required to publish magazines, sustainable forestry and responsible paper use are most relevant for our Time Inc. division. For nearly 20 years, Time Inc. has been a prominent player in global sustainable forestry – the practice of harvesting trees in a way that does not deplete forests, hurt wildlife or damage the landscape. Sustainable forestry helps confront global warming head on and is a good business practice. Through Time Inc.'s Certified Sustainable Forestry program, the division has increased the amount of certified fiber in its magazines from 25% in 2002 to approximately 70% in 2006 with a goal of 80% by 2009.

This was achieved by developing strict standards and working in partnership with governments and landowners who provide the majority of fiber to the U.S. marketplace.

ReMix – Recycling Magazines is Excellent

In recent years, the demand for recycled paper has surged and the supply has not kept up. In 2004, Time Inc. launched a program called Recycling Magazines is Excellent (ReMix) in partnership with Verso Paper and the National Recycling Coalition. ReMix is a national public education campaign aimed at increasing the recycling of magazines and catalogs. In addition to helping meet the global demand for paper, recycling helps curb global warming by limiting the need to harvest trees to produce new paper and by lowering the amount of methane released by decaying paper in landfills. Successful ReMix programs are currently operating in Boston, MA; Prince George's County, MD; Milwaukee, WI; and Portland, OR. ReMix has had a measurable positive impact. Boston, for example, saw an 18% increase in magazine recycling, Prince George's County went up 19%, and even Portland, where citizens are already frequent magazine recyclers, achieved a 3% jump.

In early 2008, Time Inc. launched ReMix in New York City, where residents throw away more than 400,000 tons of recyclable paper each year – enough to fill the Empire State Building. For the New York City campaign, the original partners have been joined by Hearst Corp., Pratt Industries, Time Warner Cable, and the nonprofit Council on the Environment of New York City. Ads to promote the ReMix program in New York City have run on subways, buses, bus shelters, and taxis, as well as in movie theaters and through Time Warner Cable. More information about Time Inc.'s environmental efforts is available in its 2007 – 2008 Sustainability Report which is available at www.time-warner.com/citizenship.

Warner Home Video

In the spring of 2007, Warner Home Video changed to chlorine-free, 30% post-consumer recycled paper for wraps, inserts, slipcases, sleeves,

and other packaging materials. We estimate that these changes can prevent the emission of approximately 1,311,800 pounds of greenhouse gases, conserve approximately 5 million gallons of water, save more than 8 million BTU's of energy, and save more than 12,500 trees annually. Warner Home Video also announced that it would release two titles, *Darfur Now*, and *The 11th Hour*, with 100% certified sustainable packaging that is made in the U.S. without petroleum products. The papers are 100% post-consumer recycled stocks, the inks are soy-based, and the shrink-wrapping is made of biodegradable corn.

In-store displays are also going green. Warner Home Video now designs product displays in ways that conserve natural resources and minimize over-all environmental impact. Initiatives include: redesigning the display pallets to use approximately 25% less corrugated paper; using approximately 35% recycled fiber-fluting and approximately 18-25% recycled content liner board; switching to water-soluble and biodegradable inks with no heavy metals; and eliminating corrugated fillers.



In early 2008, FORTUNE magazine hosted a Brainstorm Green conference for business leaders.



Time Inc.'s publications and websites play a leadership role in alerting the public to the dangers of climate change and helping them understand the action that needs to be taken.

WASTE REDUCTION

In addition to sustainable forestry efforts and recycled paper efforts, our businesses work to reduce their environmental footprint by limiting the resources required for products, packaging, and distribution and by cutting down the amount of waste produced throughout our businesses. Following are a few examples of reduction efforts happening at our divisions.

AOL

Although AOL recycles the usual materials (paper, glass, aluminum cans, plastic bottles, cardboard, cell phones, batteries, CDs, toner cartridges, and shipping pallets), non-recyclable trash remains.

This non-recyclable trash from the AOL facility in Dulles, VA goes to a waste-to-energy-recovery facility where the trash is burned to generate electricity, rather than entering the landfill. AOL also has a computer recycling program, where usable desktop computer systems (CPU, monitor, accessories) are donated to charity, sold at low-cost to employees, or recycled appropriately. In 2007, AOL donated over 3,700 desktop computer systems to charity and recycled over 420 computer systems.

HBO

HBO has a program in place to recycle office supplies and equipment. In 2006, HBO sent 94 PCs and other computer-related equipment to Dell's Asset Recovery Program, through which Dell properly disposes of end-of-life PCs. In 2007, this number doubled. In 2006 and 2007, HBO also donated 673 computers and monitors to the Department of Education in New York City.

HBO works with a kitchen-grease disposal company to recycle 100% the cooking oil used in the network's New York City cafeteria into high-energy fat for use in animal feed or biofuel that can replace fossil fuel in industrial environments. HBO also donates set materials to various nonprofit organizations as part of its recycling program and created an in-house Environmental Awareness Handbook that provides various tips on reducing the environmental impact of HBO productions.

Time Warner Cable – Electronic Billing, Reduced Packaging, and Set Top Boxes

To reduce paper consumption and save money, Time Warner Cable has set out to drive customer enrollment in electronic bill payment to 30% by the end of 2008. The company estimates that the incremental electronic bill payment and paperless billing enrollments could save Time Warner Cable approximately \$6 million per year, reduce late payments, and cut down on customer churn. Time Warner Cable is also working with its vendors to improve recycling of set-top box packing materials. This will support environmental efforts, and reduce the amount of money that Time Warner Cable pays its vendor for the materials. Finally, Time Warner Cable is working with its vendors to improve the energy-efficiency of set-top boxes and develop a policy that restricts the use of environmentally harmful substances in the creation of set-top boxes.

Warner Bros. – Set Materials, Home Video, and the Studio Lot

Warner Bros. reuses materials whenever possible. Warner Bros.' Encore: A Community Reuse Partnership continues to provide local schools and nonprofit organizations with hundreds of tons

of valuable materials from the division's office and production areas. In 2007, donations included set materials from the *Ocean's 13* production to Habitat for Humanity and the Los Angeles Community College District; and thousands of costumes and props to nonprofit organizations and local theater groups. In addition, Warner Bros. facilities recycle 100% of all scrap corrugate, cartons, dunnage, and storage pallets. More information about Warner Bros.' environmental stewardship efforts can be found at www.wbenvironmental.com.

GREEN BUILDING

In 2006 and 2007, Time Warner's divisions used the lens of green building when embarking on new real estate development, retrofitting efforts or retrocommissioning endeavors. For example, HBO improved the efficiency of its New York City offices by completing cost-saving efficiency measures, such as insulating the steam pipes that enter the building and improving cooling efficiency in the data center.



In 2007, Time Inc.'s IPC Media moved into their environmentally friendly headquarters, the Blue Fin Building in London.



Warner Bros.' LEED™ Silver certified green building is the first in the industry.

AOL – LEED Certification

In the U.S., the Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is one benchmark for the design, construction, and operation of high performance green buildings. In 2006 and 2007, AOL built

or renovated four buildings using the LEED design standards as guidance. AOL's new child-care center, which is anticipated to be the first childcare facility in Virginia that is LEED-Silver certified, was completed in November 2007 and AOL's headquarters building in New

York City is also targeted to be certified to LEED-Silver standards. MapQuest buildings in Denver and Pennsylvania reflect green design standards with renewable materials (e.g. bamboo flooring, recycled content countertops), low volatile paints, carpets, and furniture, and energy management systems.

Learn More about Time Warner's Environmental Efforts

You can learn more about Time Warner's environmental efforts, read Time Warner's company-wide environmental statement, and download Time Inc.'s 2007 - 2008 Sustainability Report at www.timewarner.com/citizenship.

DISCUSSION POINT:

Alan Horn, President and Chief Operating Officer, Warner Bros. Entertainment

"Sustainability requires long-term thinking. I'm proud that the studio has joined me in supporting longer-term investments that are now paying off significantly. My favorite is the solar energy project. There's something exciting about being able to harness sunlight and use it to help power our studio facilities. We are already thinking about putting up more panels and taking advantage of our location, climate (sunny California!) and the roof space we have available. The other initiative that I'm very proud of is our LEED Silver building, as well as our integration of green building principles into all of our projects.

Here again, we are utilizing long-term thinking and have proven the cost savings of designing with sustainability in mind. We will always continue to improve our production footprint and hopefully do a better job of explaining to the public what we do; it demonstrates that this is a quality-driven company that also cares. As far as talent goes, many actors are already involved and interested in environmental issues, so working here validates their values and ultimately makes them better spokespeople on these issues. And we all know how powerful that can be."

Warner Bros. – Solar Powered Building

In 2004, Warner Bros. retrofitted the International Television Distribution (ITD) building in Burbank, CA. This retrofit cut energy use in the building by 40% and subsequently earned it a 2006 Green Building of the Year award from the Building Owners and Managers Association (BOMA). In addition, in 2006 Warner Bros. installed a 72-kilowatt solar electrical system, the first in the industry, on the historic Mill Building where skilled craftsmen build sets for the company's film and television shows. This solar system generates enough clean, renewable energy each year to power the equivalent of approximately 25 homes.

To learn more about our green procurement efforts, please go to Section 7: Supply Chain on page 38.

05

ETHICS, GOVERNANCE, AND PUBLIC POLICY

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IF THIS ISN'T AN ETHICS AND COMPLIANCE VIOLATION, WHAT IS?

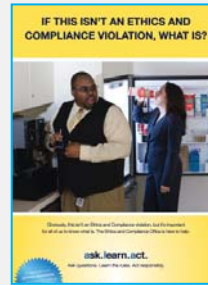


Obviously, this isn't an Ethics and Compliance violation, but it's important for all of us to know what is. The Ethics and Compliance Office is here to help.

ask.learn.act.

Ask questions. Learn the rules. Act responsibly.

An unwavering commitment to ethics is a core value of Time Warner. In 2007, we launched an employee-based awareness campaign, and employees were invited to submit poster ideas to increase involvement.



The winning Ethics and Compliance employee-awareness poster was chosen from over 50 entries.



Information about Time Warner's governance practices is available at www.timewarner.com.

ETHICS, GOVERNANCE, AND PUBLIC POLICY

ETHICS

At Time Warner, we are committed to fostering a business environment where fair, honest, respectful dealings with each other, our customers, stockholders, competitors, suppliers, government agencies, and communities are everyone's responsibility. Our unwavering commitment to the highest ethical standards of business conduct is a core value that is strongly endorsed at every level of management.

Standards of Business Conduct

In 2004, our company's Board of Directors revised and strengthened our Standards of Business Conduct, which applies to corporate employees and serves as a model for similar codes of conduct adopted at each of Time Warner's business units. Our Standards of Business Conduct stress the importance of abiding by the law, being truthful, being transparent in our business dealings, putting the needs of our stockholders,

and customers first, and steering clear of excesses and ethical lapses. The Standards of Business Conduct are available at www.timewarner.com under Corporate Governance.

Since business situations can often be complicated or unclear, and the laws governing ethics and compliance are numerous, a strong compliance environment needs more than codes of conduct. It also requires training, education, and employee trust. To that end, we pledged that by the end of 2006, all regular employees in the U.S. would be trained on the Standards of Business Conduct and we are pleased to report that goal was met. In addition, new hires who are regular domestic employees of Time Warner are required to receive training on the Standards shortly after their arrival at the company, and annual ethics and compliance training is also conducted for existing employees. Ongoing efforts in this area include multimedia training programs, as well as an award-winning awareness campaign, that use a variety of media and print outlets to reach our employees.

We have also provided additional training to those employees involved in conducting international business to support compliance with the Foreign Corrupt Practices Act (FCPA). As we continue to expand our company's international business dealings, training and awareness of the FCPA and anti-corruption laws will continue to be a focus for 2008 and beyond.

We welcome questions and concerns about any conduct that may run counter to our values, and we will not tolerate retaliation for concerns raised or reported in good faith. We want our employees to understand that Time Warner's Ethics and Compliance representatives work not only to safeguard the company's reputation, but also to protect employees from unsafe, unethical or criminal conduct in the workplace. A recent employee survey confirms that our employees know they can report concerns without jeopardizing their status in the company and know who to contact for guidance on ethics and compliance issues.

In 2007, Time Warner was recognized by *Ethisphere Magazine* as one of the world's most ethical companies – one of only two media and entertainment companies awarded this honor. We also devote substantial resources to our system of internal control over financial reporting and compliance programs that are designed to provide that the company's financial statements and disclosures are accurate and complete, and in accordance with the applicable legal requirements in all material respects. As part of this effort, specialized training is provided to financial executives and lawyers to assist them in implementing standards effectively and to provide guidance on abiding by the comprehensive internal controls and compliance procedures we have in place.

Enforcement is also key to an effective ethics policy. A Corporate Compliance Review Committee meets regularly to review individual compliance matters for the entire company. The Audit and Finance Committee of the Board is responsible for reviewing and recommending changes to the



The CNN YouTube debates broke ground with their coverage of the presidential elections.

Standards of Business Conduct and for overseeing the company's Ethics and Compliance program. The Audit and Finance Committee also appoints the company's Chief Ethics and Compliance Officer, who provides the Committee with reports on the company's Ethics and Compliance programs.

GOVERNANCE

Time Warner is committed to strong corporate governance practices that allocate rights and responsibilities among the company's owners, directors, and managers in ways that maximize long-term value for our stockholders. We frequently go beyond regulatory requirements to promote effective oversight and management of our company.

Board Relationship to Corporate Social Responsibility

The Board's role in our corporate citizenship is seen most directly in its involvement in corporate governance, workplace issues, ethics and compliance, as well as through our public policy, philanthropic, and community initiatives.

In 2008, the Board amended the Nominating and Governance Committee's charter to codify its role in overseeing the company's corporate social responsibility programs.

Board Composition

As of June 2008, the Board had 12 members, drawn from distinguished careers in business, finance, academia, and public service. The Board has determined that 10 of those 12 Directors qualify as "independent" under the New York Stock Exchange criteria and the standards established by company's Corporate Governance Policy. When considering new candidates, the Board looks for a number of important qualities, including a demonstrated reputation for integrity, independent judgment, and professional accomplishment. The Board also seeks members who are drawn from a range of backgrounds and an overall composition that reflects diversity in gender, ethnic, and geographic backgrounds.

Board members and candidates stand for election each year at the annual stockholders meeting, and, as of February 2008, the company's By-laws require a majority vote of outstanding shares for a director to be duly elected. In February of 2006, the Board also created the position of Lead Independent Director who, among other things, is responsible for serving as a liaison between the Chief Executive Officer and other Directors.

Committee Structure

Having effective Board committees composed of independent Directors who actively oversee specific areas of responsibility is a key element of the company's corporate governance structure. The Board has three standing committees: Audit and Finance, Compensation and Human Development, and Nominating and Governance.

Among other responsibilities, the Audit and Finance Committee oversees the quality and integrity of our financial statements and accounting practices; appoints our Chief Ethics and Compliance Officer; appoints the independent auditor of the company; and reviews and recommends changes to our Standards of Business Conduct.

The Compensation and Human Development Committee approves compensation for senior executives and oversees compensation and benefits matters for the entire company. The Nominating and Governance Committee oversees CEO succession and performance, governance practices, Director nominations, and Corporate Social Responsibility efforts. The Nominating and Governance Committee also approves "related person transactions" involving related persons and the company. "Related persons" are Directors, Director nominees or executive officers of Time Warner Inc.; significant stockholders; and any of their immediate family members or certain affiliated entities.

Meeting Schedule

The Board of Directors holds regular quarterly meetings and at least four special-purpose meetings each year to review the company's strategy, approve its business plan and budget, act on the company's annual proxy statement, and approve financial filings with the Securities and Exchange Commission (the "SEC").

Time Warner's Global Public Policy team not only seeks to provide policymakers with a trusted source of business and strategic input, but also works to uphold our company's values, including freedom of expression, journalistic integrity, responsible content, and access to information.

The Board of Directors also communicates informally with management on a regular basis. Non-employee Directors, all of whom are independent, also meet by themselves, without management or employee Directors present, at every regularly scheduled Board meeting. Any Director may request additional executive sessions. Additionally, the Audit and Finance Committee meets at least six times a year, and the Compensation and Human Development, and Nominating and Governance committees meet at least four times a year.

Board Compensation

Currently, more than half of the annual compensation paid to non-employee Directors is in the form of equity.

Stock Ownership

All Directors are encouraged to establish and maintain an ownership interest in the company (whether through exercising stock options or purchasing shares). It is expected that within three years of joining the Board, a Director will own at least 5,000 shares of Time Warner common stock.

Responsiveness to Stockholders

In determining the company's corporate governance policies, the Board carefully considers the views expressed by stockholders. In recent years, the Board has taken action in a number of areas in part in response to views expressed either individually or collectively by stockholders, including: adopting Ethical Sourcing Guidelines; amending the company's By-laws to enable stockholders with at least 25% of the combined voting power of the company's outstanding capital stock to request a special meeting of stockholders; amending the By-laws to provide for a majority-vote standard for the election of Directors; eliminating super-majority voting provisions that apply to stockholder votes; and adopting certain policies in the area of executive compensation relating to performance-based compensation, performance-based equity awards, and equity dilution.

Communicating with the Board of Directors

Stockholders wishing to communicate with the Board should address letters to:

Office of the Corporate Secretary
Time Warner Inc.
One Time Warner Center
New York, NY 10019

More Information

For more information about the company's corporate governance, including copies of its By-laws, Corporate Governance Policy, and committee charters, please visit www.timewarner.com/governance.

PUBLIC POLICY

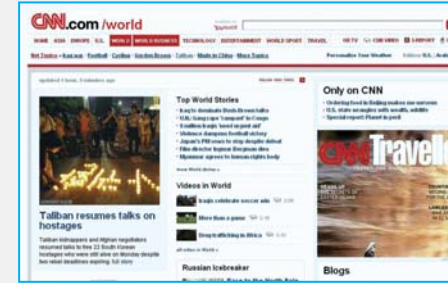
Time Warner's Global Public Policy team not only seeks to provide policymakers with a trusted source of business and strategic input, but also works to uphold our company's values, including freedom of expression, journalistic integrity, responsible content, and access to information.

Freedom of expression goes hand-in-hand with protecting intellectual property. To help ensure that people continue to create the movies, television shows, magazine articles, and Internet content that we all enjoy, it's vital to ensure that those creators are compensated for their efforts. Accordingly, the protection of intellectual property is a key public policy priority for us. We work with both the U.S. government and governments around the world to take action against those who illegally copy and sell our films and television shows, whether online or from street-market stands. In the marketplace, we continue to work with the electronics industries to develop new and secure ways to deliver our rich array of content to consumers on a variety of devices.

Freedom of expression also requires safeguards to protect our journalists. Time Warner takes great pride in the independence and integrity of our print and TV journalists. We are staunch defenders of journalistic freedom and believe it



TIME magazine covers the world's most influential people in the TIME 100 issue.



CNN.com/world covers important global issues.

is an important tool for there to be fair and transparent government. We support protecting reporters from prosecution for refusing to identify confidential sources except in special circumstances.

As part of our agenda to promote responsible content, children's online safety is a top priority for us, and we have led the Internet industry with our multi-pronged approach. Both AOL and Time Warner Cable provide protections that allow parents to manage their children's online activities. The company also works appropriately with law enforcement to combat cyber-crime. Time Warner promotes protecting the security and privacy of customer data, and supports efforts to educate consumers about those protections.

Turning to the workforce and economic issues, Time Warner supports the creation of a federal standard for workplace fairness for gay, lesbian, bisexual, and transgender employees. We also support policies to encourage economic develop-

ment and technological innovation. We believe that technological advances, new investment, and rapid innovation are fundamentally changing the communications and media marketplaces. This infusion of new services and unprecedented competition will continue to benefit consumers. Given this thriving and competitive marketplace, we believe communications and economic regulation should be used only when needed, and it should apply to all service providers on a technology and competitively neutral basis.

Similarly, in the areas of tax and trade, we support fair and transparent regulation. To this end, we are active proponents of free and fair trade and support the negotiation of market opening agreements at the bilateral, regional, and global level. With respect to taxes, we believe that any taxation of our business should be simple and non-discriminatory.

Membership in Associations

Time Warner is a member of several trade associations, including the National Cable and Telecommunications Association (NCTA), the Motion Picture Association of America (MPAA), and the Magazine Publishers of America (MPA).

Time Warner Political Action Committee

The Time Warner Political Action Committee (PAC) is a separate legal entity that is administered by the Time Warner Global Public Policy Office in Washington, D.C. In 2007, Time Warner Cable established the Time Warner Cable Federal PAC, which is also administered by the Time Warner Global Public Policy Office. The Time Warner Cable PAC is affiliated with the Time Warner PAC and therefore both PACs are subject to the same contribution limits as if they were a single PAC. The Time Warner and Time Warner Cable PACs support federal candidates on a bipartisan basis.

Our standards for PAC giving, which apply to both the Time Warner and Time Warner Cable PACs,

are posted on our website at www.timewarner.com/citizenship. The PACs are required to regularly report all activities to the Federal Election Commission, and records of all PAC contributions are available at www.fec.gov.

06

EMPLOYEES AND WORKPLACE

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Kristie Lu Stout anchors CNN International from CNN's Asian headquarters in Hong Kong. As of December 31, 2007, CNN managed 39 news bureaus and editorial operations, of which 10 are located in the U.S. and 29 are located around the world.



*Time Warner executives
at the annual European
Leadership Meeting.*

EMPLOYEES AND WORKPLACE

Time Warner is committed to helping employees feel valued and inspired. We aim to attract, retain, empower, and motivate our employees and to create an inclusive environment where all feel welcome.

LISTENING TO OUR EMPLOYEES

Employee Opinion Survey

In 2007, we completed our third company-wide set of employee opinion surveys. The purpose of this biannual survey is to understand overall employee satisfaction and to identify areas for improvement in categories such as leadership, diversity, innovation, and collaboration. Approximately 60,000 employees worldwide participated in the survey.

The survey provides us with a roadmap for improvements, both within the divisions, and for the company overall, that will help Time Warner remain a great place to work.

Analysis of the 2006 – 2007 survey data yielded a number of positive conclusions. In particular, our employees:

- are more satisfied and more likely to remain with the company than in the 2004-2005 survey;
- identified multiple reasons for their satisfaction and loyalty, particularly the quality of co-workers, confidence in executive and divisional leadership, challenging jobs, and positive work environments;
- give senior leadership high ratings on valuing diversity, setting high-integrity standards, and communicating company strategy and performance; and
- feel strong support from their immediate manager for the Standards of Business Conduct and other ethics and compliance policies.

Our analysis of survey results also yielded guidance on areas for improvement. In particular, we found that: employees desire more support for innovation, including willingness to take risks, and employees desire greater collaboration across functions and departments.

EMPLOYEE GROWTH AND DEVELOPMENT

In a highly competitive environment, it is increasingly important to have a workplace that not only attracts, but also develops and retains talent. We strive to hire the most talented and diverse employees; provide ongoing opportunities for professional training; and create increasing opportunities for internal mobility.

Annual Performance Review

At the most basic level, employees benefit from a formal mechanism for receiving feedback about their performance so that, together with their managers, they can create pathways for career

development. Across Time Warner we have processes in place that foster performance discussions between managers and employees.

Leadership and Development Programs

In 2006 and 2007, our company provided a number of enterprise-wide leadership and development programs that included: Chairman's Leadership to provide the company's senior leaders with an opportunity to build leadership skills and discuss business strategy; Break-through Leadership designed for senior-level female executives; Time4Tomorrow, which focused on high-potential executives based in Europe and Asia; Nonprofit Board Leadership programs that provided employees with training to serve on nonprofit boards of directors; and, at many divisions, Leading for Results, which provided training and development to Vice President-level managers.



An environmental production handbook is referenced by Warner Bros. employees, as well as television and film production teams.



The AOL childcare center in Dulles, VA is anticipated to be the first LEED-Silver certified childcare center in Virginia.

We continue to offer a variety of on going opportunities for thousands of employees to engage in professional development programs throughout the year. These include workshops in management skills, communication and presentation skills, career development, and team-building by organizations such as the American Management Association, the Center for Creative Leadership, and the Cornell Management Program.

EMPLOYEE BENEFITS

We value our employees and provide competitive medical employee benefits programs to support their well-being. Our Total Rewards program includes medical, dental, 401(k) savings, flexible spending accounts for healthcare and dependent care transportation reimbursement accounts, disability management, pension (in some divisions) and life-insurance offerings. We evaluate the company's benefits and compensation practices on an ongoing basis to make sure that we are rewarding our employees fairly for their efforts.

Health Benefits

Full-time employees select healthcare from the same menu of options and quality service that is given to all employees. We also offer specialized programs to employees. For example, in 2007, we developed an initiative to assist the loved ones of Time Warner employees who pass-away while employed by the company. Loved ones are offered third-party assistance to help sort through financial and legal matters that may arise.

Since the publication of our last CSR Report, we introduced a healthcare service for employees and their families who are faced with a serious or chronic medical condition. With just a phone call, employees gain access to third-party medical experts that provide current, comprehensive, and objective information on over 50 different medical conditions to enable individuals to be more knowledgeable in making medical decisions.

In 2007, to further bolster Time Warner's care management offerings, we began a new program for employees and their families called "Personal

Health Support." This program provides support and guidance if an employee or family member is dealing with a major health issue; managing a chronic condition; or has been, or is planning to be, admitted to a hospital.

Access is provided through a personal nurse who is assigned to the employee's family to confidentially answer questions, find available resources, provide assistance in following a treatment plan, and work with the employee's family to help manage symptoms and avoid complications.

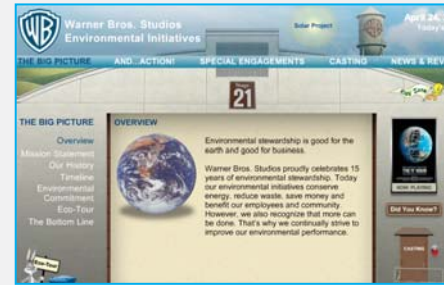
Dependent Care - A Broader Lens

We understand that employees have a range of responsibilities outside of the workplace. Our employee assistance programs, therefore, take an inclusive approach in defining an employee's "dependent" as someone who relies on the employee for financial or emotional well-being, even if this person is not a member

of the employee's immediate family. We provide support for employees when they need to care for any loved one. As part of this inclusive approach, we extend our core benefits offerings to domestic partners, allow employees to purchase long term care insurance for their parents through our company plan, and provide additional paid time off and a stipend of up to \$5,000 to cover child adoption expenses.

Wellness Programs

Time Warner invests in services and education to help keep our employees healthy. Time Warner businesses offer maternity support through access to personal obstetrics nurses (in some locations the nurse assigned to an employee may check in with the new mother at the hospital to confirm that she has the information she needs), employee assistance, and mental health programs. Additionally, some of our businesses offer cash reimbursement for wellness activities, onsite fitness centers, and onsite health services. We also provide information to our employees about health and wellness through seminars, screenings, and awareness campaigns.



Warner Bros. employees and customers can learn about the division's environmental efforts at www.wbenvironmental.com.

Childcare Options

Some divisions of Time Warner provide onsite childcare, and a back-up care center is provided in New York City for employees' use when their regular childcare is unavailable. In addition, all employees can participate in an assistance program that offers referral services for finding day care options and nannies.

Divisions also have programs in place to support new parents. For example, AOL has a Well Baby program open to new parents that is available prior to conception through delivery. AOL also partners with Fatherhood Initiatives, a nonprofit organization that helps engage fathers in raising their children.

Flexible Work Arrangements

At some of our divisions, employees partner with their managers to develop flexible work arrangement schedules. The purpose of these schedules is to enable employees increased flexibility in how, when, and where they get their work done and to increase employee satisfaction and decrease unwanted turnover. For example, one

of our publishing units, Southern Progress, offered a flexible work arrangement program to more than 800 employees. Some participants have chosen to adjust their daily schedule, beginning and ending the workday earlier. Others are electing to telecommute using laptops and Internet-based telephony. At Time Warner's corporate headquarters, we have found that during 2006 and 2007, approximately the same percentage of men and women participated in flexible work arrangements.

Awards

Time Warner companies received acknowledgment for their work/life programs from numerous outside organizations in 2006 and 2007. Examples include the following:

Turner and Time Inc.

In 2007 and 2008, these Time Warner divisions ranked in the Top 100 List of Adoption Friendly Workplaces, Dave Thomas Foundation for Adoption.

Turner Awards:

- In 2006 and 2007, Turner was listed as one of the 100 Best Companies for Working Mothers by *Working Mother* magazine.
- In 2007, Turner ranked in the top five in the Women in Cable Telecommunications (WICT) Foundation PAR Initiative Survey in the following categories: Best Programmers for Women in Cable, Best Companies for Women in Cable – Pay Equity, Advancement Opportunities, and Resources for Work/Life Support.
- In 2006 and 2007, Turner ranked among the Top 50 Companies for Diversity in *Diversity Inc.* magazine.
- In 2006 and 2007, Turner was picked as one of eight Top Companies for Women by *Pink* magazine.

Time Warner Cable:

In 2007, Time Warner Cable ranked in the top four in the Women in Cable Telecommunications (WICT) Foundation PAR Initiative Survey in the following categories: Best Operators for Women in Cable, Best Companies for Women in Cable – Advancement Opportunities, and Resources for Work/Life Support.

HEALTH & SAFETY

Time Warner goes beyond compliance with environmental, workplace, health and safety laws and, in many cases, leads our industry in safety practices. A few examples include:

AOL's Ergonomics Program

In an industry where most employees are at the computer for many hours each day, AOL's ergonomics program has reduced and prevented injuries associated with carpal tunnel syndrome. One-on-one computer workstation evaluations are completed, either in person or via telephone, by a trained ergonomic specialist who evaluates work processes, work habits, work station set-up, and ergonomic tool use, specialty keyboard, mouse and wrist rest. AOL's efforts are reflected in its very low injury rate. Although AOL is exempt from keeping U.S. Occupational Safety and Health Administration injury and illness data due to the low-hazard class of its industry, for those sites where records are kept, AOL has an injury and illness rate of less than half the industry average.



Time Inc. employees bring a diversity of viewpoints to the stories they cover.

Time Warner is committed to helping employees feel valued and inspired. We aim to attract, retain, empower, and motivate our employees and to create an inclusive environment where all feel welcome.

Warner Bros.' Emergency Warden Program

For 20 years, Warner Bros. has run an Emergency Warden Program, and in March 2008, the 212th class graduated from the program. The program consists of a 16 hour curriculum offered in four sessions over a month's time. The curricula include an overview of the various natural, technological, and man-made hazards that can affect the employee at work and at home. American Red Cross CPR/AED/Triage/First Aid Classes, use of a fire extinguisher, Psychological/Stress Issues in emergency/disaster situations, and review of the Warden's emergency procedures.

Once the Warden has graduated from the initial course, he or she can take additional classes in Terrorism, Damage Assessment, Search & Rescue, Mortality Management, Radio and Communications, just to name a few.

Feature and Television Productions Safety Pass Program

Warner Bros.' and Turner Broadcasting's Safety Pass program has changed the safety practices of an entire industry. The program was developed by Warner Bros. through a collaborative effort with dozens of unions, which represent the motion picture and television industry workforce. In the last two years, the Warner Bros. Safety and Environmental Affairs department and Turner Broadcasting's Production Safety and Loss Control department, along with other motion picture and television studios, have participated in the creation, development, and approval of additional safety classes that continue to educate our workforce and provide them with skills to safely make our movies and television shows. Together, the Warner Bros. and Turner teams developed new coursework and training programs that include Make-up Artists Using Airbrush Techniques (to protect talent and artists from equipment and chemicals associated with airbrush makeup), Rigging, Firearms Safety using Blank Ammunition, and Electrical Safety.

Safety Website

Warner Bros. Studio Facilities' Safety and Environmental Affairs department has developed electronic methods of providing safety information to remote feature and television productions through a unique website. The website provides safety information to local California productions and to remote productions that may not have the time to wait for mailing or shipping of hard copies of materials. The website contains division-specific information that includes information about injury and illness prevention programs, written safety programs, management responsibilities, location check lists and accidents reports, and links to other applicable websites. More information is available at <http://wbsafety.com>.

Safety Bulletins

As of spring 2008, Turner Broadcasting and Warner Bros. have updated or newly created 40 safety bulletins to guide the movie and television industry employees in safe workplace activity. The bulletins have been distributed by film production companies in countries all over the world and frequently, are considered to be the industry standard.

Collective Bargaining and Freedom of Association

Time Warner respects the rights of all employees under federal labor law, and the rights of all contract professionals who provide services to Time Warner under collective bargaining relationships. Contract professionals include writers, directors, actors, designers, and others involved in the production of motion pictures and television programs in our Networks and Filmed Entertainment segments.

07

SUPPLY CHAIN

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Diverse suppliers bring a variety of perspectives to the marketplace and help enhance our overall procurement process. Time Warner's Supplier Diversity program is broad and robust. In 2007, Time Warner spent over \$595.6 million with Minority and Women Owned Businesses (MWBs).



The Supplier Diversity website & Database (www.TWSupplierDiversity.com) serves as a resource tool for employees and diverse suppliers.

SUPPLY CHAIN

Time Warner is a global company with a worldwide supply chain. We understand that our sphere of influence extends beyond our immediate customers and employees and that a company of our size and scale affects the global community through our supply chain. We strive to be a responsible corporate citizen in the communities in which we, or our suppliers, do business.

ETHICAL SOURCING

In 2006, we announced our plan to develop a Time Warner ethical sourcing program, and we have made substantial progress in the last two years. As background, Time Warner purchases traditional products and services to run our business, such as office supplies or furniture. Our company also licenses its images, brands and characters to licensees who then use the images on toys, electronics, costumes, and other products that they sell. As we articulated in our 2006 CSR Report, our goal was to develop a set of Ethical Sourcing Guidelines and to begin implementing business process adjustments as needed.

In 2006, we developed a set of Ethical Sourcing Guidelines based on input from more than 100

internal stakeholders comprised of representatives from divisional legal and marketing departments, as well as input from key external stakeholder groups. The Time Warner Board of Directors approved the guidelines in February 2007. By the end of 2007, we communicated the new guidelines to vendors and licensees in consumer products working under current contracts with Time Warner. We then developed a risk assessment methodology that takes into account factors such as country of manufacture, product type, current licensee efforts, and contract size. This enabled us to determine our risk-based priorities for monitoring specific factories and licensees.

After identifying leading candidates to serve as our third-party compliance monitors, we conducted a number of pilot audits to further evaluate their capabilities and refine our own relevant strategies and procedures. Using a risk assessment methodology, we chose factories from a wide cross-section of our licensee's suppliers in order to gain a better understanding of our supply chain. To further expand our knowledge and resources for ethical sourcing, we joined

the Business for Social Responsibility's (BSR) Beyond Monitoring group, which brings together different industry leaders to study and identify the root causes of factory noncompliance. We also joined a newly established supply chain initiative within the media industry, so we can improve ethical sourcing compliance among our suppliers in partnership with other entertainment companies that have a similar sourcing base.

We have taken these actions because we seek to benefit from the success and learning of the pioneers in this area. We understand that while our program is relatively new, much work and innovation has occurred in the last decade within the ethical sourcing arena. Based on this learning, our program is being constructed around strategic monitoring and industry partnerships.

For 2008, we have put a priority on the development and implementation of a multi-platform data management system which we intend to roll out to all of our business partners in the third quarter. This system will allow us to gain a clear understanding of the entire size and breadth

of our supply chain and to work with our business partners to monitor and continuously improve the profile of our supply chain.

As we move forward, we plan to implement business process adjustments as needed. We are also scheduling semiannual check-ins with interested shareholders, non-governmental organizations, and other strategic stakeholders.

GREEN PROCUREMENT

We are expanding efforts to collaborate with suppliers with whom we are already doing business, and with new suppliers, to reduce the environmental impact and costs associated with the use of their products and services. For example, HBO has made an effort to purchase products and establish environmental criteria in its purchasing processes to reduce the impact on the environment. In 2007, 46% of the office supplies purchased by HBO contained recycled content, an increase of 5% from 2006. All copy paper purchased by HBO is 30% post-consumer content, and letterhead is printed on 100% post-



The Time Warner Supplier Diversity team works with MWBE organizations nation-wide.

consumer recycled, non-chlorine bleach paper with the remaining business stationery printed on 35% post-consumer content. In conjunction with Canon Business Solutions, a “Think Green” campaign provides employee training on environmentally responsible and cost effective ways to use multi-functional printers and copiers in the most environmentally efficient manner possible. Since 2006, HBO’s NYC-based janitorial service companies have been using Green Seal cleaning solutions.

SUPPLIER DIVERSITY

Diverse suppliers bring a variety of perspectives to the marketplace and help enhance our overall procurement process. A diverse supplier base is important for business reasons and we have a very broad and robust Supplier Diversity program. The program foundation consists of ten areas of major focus, which we use to implement and manage supplier diversity throughout Time Warner divisions:

- Training & Education
- Business Development
- Communications
- Tracking & Reporting Second Tier
- External Outreach Activities

- Internal Networking Activities
- Goals & Measurements
- Website & Database Management
- Awards & Recognition

In January of 2007, Time Warner launched a program to encourage large corporations doing business with Time Warner to utilize diverse suppliers as subcontractors. This “second tier” program – so-called because it is intended to reach subcontractors – underscores the importance the company places on the inclusion of minority and women-owned businesses (MWBEs) at all levels. The program began as a pilot with 40 primary suppliers in 2007.

Website and Database

The Supplier Diversity website and database (www.TWSupplierDiversity.com) serves as the primary resource tool for employees and diverse suppliers. The website is used both as an external website for suppliers to visit and begin the registration process and as an internal tool for employees to receive updates on the program, new initiatives, and supplier profiles to review when considering bid opportunities.

Through this site, employees can access over 20,000 diverse suppliers to include in their procurement opportunities. We recently completed a platform upgrade, making the website even more user friendly with expanded and faster search capabilities, new reporting features, supplier testimonials, and simpler navigation features. The website averages over one million hits per month.

Awards and Recognition

Each year, our supplier diversity teams work with numerous MWBE organizations locally and nationally, sponsoring and participating in events, activities, and programs geared to support MWBE business development. The company has been recognized by many organizations for its support of minority business development.

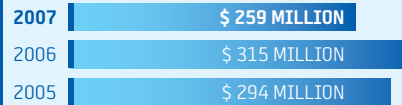
- Time Warner was named by Diversity-Business.com as one of America’s Top 50 Corporations for Multicultural Business Opportunities. This is an award that the company has received over the past four years.

- Turner Broadcasting has won numerous awards in Supplier Diversity. A few of its 2007 recognitions include “Corporate Champion of the Year” award presented by the Asian American Heritage Foundation, and the “Round of Applause” award, presented by the Georgia Governor’s Mentor Protégé Program.
- AOL was named the “2007 Outstanding Corporation of the Year” for the Washington, D.C. region presented by the Women Presidents’ Education Organization (WPEO). This award represents AOL’s second recognition by the WPEO for its outstanding efforts with women-owned businesses.
- Time Warner and its divisions also provide scholarships to MWBE businesses to attend various advanced management and business courses.

Metrics

Through the combined efforts of our business divisions, our MWBE spend continues to grow year over year. In 2007, Time Warner spent over \$595.6 million with MWBEs, representing 4.47% of our total discretionary spending.

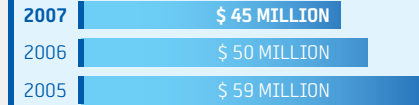
**TOTAL TIME WARNER CONTRIBUTIONS
TO NONPROFIT ORGANIZATIONS**



**TOTAL TIME WARNER IN-KIND CONTRIBUTIONS
TO NONPROFIT ORGANIZATIONS**



**TOTAL TIME WARNER CASH CONTRIBUTIONS
TO NONPROFIT ORGANIZATIONS**



COMMUNITY

Time Warner's community investment is a cornerstone of our company's CSR efforts. Our goal is to focus our resources smartly and strategically so that our philanthropy connects directly to our company and its values, as we support the communities where we live and do business.

As a funder, Time Warner strives to develop thoughtful partnerships with our grantees. Our corporate grantmaking process involves careful evaluation and selection. Our signature initiatives are funded through a request for proposal process that involves research and due diligence; only select organizations are invited to apply. Senior Time Warner executives from across our company are also engaged in the process, providing guidance and recommendations on the proposals. Once awarded, grantee organizations are asked to provide progress reports detailing fund usage.

EDUCATION AND THE ARTS: AT THE CORE OF OUR COMMUNITY INVESTMENT

Time Warner's corporate philanthropy is focused on education and the arts. Thus, we support not-for-profit organizations that are

- Providing opportunity for diverse talent to grow and succeed; and
- Broadening public access to arts experiences.

Our investments reflect our commitment to promoting diversity in Time Warner's workplace and in the communities where we live and do business. As part of this effort, we ask the non-profit organizations that receive Time Warner's financial support to tell us how they address diversity as part of their larger mission - including board membership, programs, and organizational policies and hiring practices.

Providing Opportunity for Diverse Talent to Grow and Succeed

A diversity of opinions and ideas is critical to the future of our business, our country, and the world. Through our grant programs, we nurture diverse talent and enable new voices to be heard.

In the Arts: Diverse Voices in the Arts Initiative

In early 2004, Time Warner launched our Diverse Voices in the Arts Initiative to help nurture emerging storytellers that represent diverse perspectives. Included in this initiative are Time Warner supported programs at three renowned New York City theaters known for their work in cultivating emerging playwrights: Playwrights Horizons, the Public Theater, and Second Stage Theatre. In 2007, in conjunction with the Sundance Institute, we launched the Time Warner Storytelling Advancement Fund, a new program which seeks to cultivate the works of diverse writers so their stories may be brought to the stage or film.

This program was conceived and developed with the input of executives from HBO and Warner Bros.

To help meet the needs of smaller arts organizations, we created the Diverse Voices Small Theater Fund which provides support to community based theater and arts groups in New York City that present or develop work by artists from diverse backgrounds.

Youth Media and Creative Arts Initiative

Through the Youth Media and Arts Fund, Time Warner's youth media and creative art initiative launched in 2005, the company supports high-quality New York City-based after-school programs that engage underserved youth in a variety of arts disciplines - from visual arts to performing arts to filmmaking. These programs work with teens to give them the opportunity to develop and express their voices



Students participate in Prep for Prep, one of the college-readiness nonprofit organizations supported by Time Warner.



A scene from Macbeth performed by Classical Theater of Harlem at Marcus Garvey Park in Harlem as part of City Parks Theaters.

photo by Gary St. Fleur josephmoran.com

while using the arts to help them acquire learning skills that prepare them for success in school, life and work. An independent survey conducted by Policy Studies Associates in 2006 on Time Warner's youth-focused grantees indicated that, as a result of Time Warner funding, 71% of youth arts grantees reported increased self-confidence and self-esteem in their students and 64% of grantees reported improved learning skills of participants. In 2007, annual reports from two Time Warner grantees, Reel Works and Urban Word NYC, stated that 86% of Reel Works alumni are still in high school or higher education and 90% of Urban Word's core students finished high school and went on to college.

In Education:

We believe that the long-term success of our communities and company depends on growing a college-educated workforce that reflects the diversity of the global marketplace.

With this in mind, we continue to support two thriving initiatives dedicated to increasing college access among underserved youth.

Time Warner College Prep Initiative

Since 2005, Time Warner has supported a select number of college preparatory programs in New York City that work to increase the academic performance of under-served middle and high school students and help them make a successful transition to college. These programs include rigorous academic components and communicate high expectations to students. In addition, we strengthened ties between the company's STARS (Students Taking a Right Step) internship program and highly successful college preparatory nonprofit groups with the long-term goal of creating a pipeline of talent into the company.

Time Warner National Scholarship Initiative

The Time Warner National Scholarship Initiative supports the work of several nationally recognized scholarship organizations, including the Hispanic Scholarship Fund (HSF); the Point Foundation, which focuses on Lesbian Gay Bisexual and Transgender (LGBT) youth; UNCF; and the American Indian College Fund.

Broadening Public Access to Arts

Time Warner has a long tradition of supporting the public arts. Our funding is directed toward opportunities that support our company's efforts to reach new and diverse audiences. Two examples:

CityParks Theater

In 2006, Time Warner and the CityParks Foundation developed and launched a pilot program that brought free theater performances to parks in New York City's Harlem and Bedford-Stuyvesant neighborhoods. New locations and additional park performances were added in 2007, and plans are underway to continue growing the program's community appeal in 2008.

Signature Theatre Ticket Initiative

In 2005, Time Warner launched a groundbreaking ticket program in partnership with one of New York City's most respected not-for-profit theatres. Between the end of 2005 and the spring of 2007, the Signature Theatre Ticket Initiative gave more than 50,000 people the chance to see quality theater at an affordable \$15 ticket price, including a trilogy of plays by the late August Wilson. This opportunity was marketed through community groups across New York which helped attract new audiences, many experiencing live theater for the first time. The program received a great deal of press attention and its success is being modeled in other cities as an innovative example of corporate involvement in the arts. In 2007, Time Warner re-committed to another four years of funding for the Signature Theatre Ticket Initiative which will keep tickets for all seats at all performances at \$20 through 2011.



In 2008, Turner U.K. employees visited KwaZulu Natal in South Africa and built two houses for villagers and AIDS orphans.



Our West Coast employees are active in Hollywood Habitat for Humanity.

EMPLOYEE ENGAGEMENT

Our company-wide employee volunteer programs are reflective of the extraordinary talents that comprise the Time Warner workforce. For example, Time Warner's Nonprofit Board Leadership Training and Matching Program prepares executives to serve on the boards of nonprofit organizations. The program's goal is to further develop leaders in the company and enhance the company's reputation in the community. Since the program's creation in 2005, 161 executives have participated and 70% are being or have been matched to serve on nonprofit boards. The program has been offered in New York, Atlanta, and Los Angeles.

Our divisions also support the volunteer efforts of their employees through other ongoing programs. The following are a few examples:

IPC Media (U.K.-based division of Time Inc.)

The Schools' Design Programme is IPC's flagship community project and complements Time Warner's broader community focus on youth and arts education. The program targets art and design students at three schools in Southwark, the London borough where IPC's headquarters is located, who undertake a 10-week afterschool course in graphic design. Each student then completes a week's work experience at IPC, where he or she is hosted by one of IPC's art editors who helps the student put his or her learning into practice and gain experience and understanding of designing magazine spreads.

IPC allows its employees two days' paid leave each calendar year to take part in volunteer activities in the community. Employees can take part in a wide range of charitable activities, with many choosing to use one of their volunteer release days to join with their colleagues and take part in the annual Time Warner Volunteer's Day. IPC has set up a database, on their intranet, of possible volunteering options for people to consider.

HBO

HBO has a volunteer leave policy, which allows eligible employees up to five days' paid leave to perform community service. Employees have used this time to for multiple volunteer efforts, including helping rebuild in the Gulf Coast following Hurricane Katrina and preparing the campsite for Camp Homeward Bound, run by the Coalition for the Homeless through its Youth Services Program. HBO's employee network and affinity groups are key champions of the division's volunteer initiatives. HBO also organizes an annual charity drive, in which employee contributions to nonprofit organizations can be made through payroll deductions, and all employees who donate a day's pay receive a day off of work. In 2008, employee participation in the drive increased by nearly 10%. Contributions from the campaign went to Earth Share, Echoing Green, the Children's Health Fund's Operation Assist, and the Wounded Warrior Project.

Turner

Thousands of Turner employees, family members and friends participate in the division's annual Turner Volunteer Day, which takes place in Turner communities across the world. Now in its 10th year, the day of local service brings together Turner volunteers for a variety of community activities including cleaning parks, painting daycare centers, delivering food and visiting the elderly. The division's intranet offers information on wide-ranging individual and group volunteer opportunities. In 2008, 20 Turner U.K. staff visited the KwaZulu Natal in South Africa and built two houses for villagers and AIDS orphans. In addition to volunteering, the group raised £30,000 to support the South African community. Turner U.S. employees are eligible for up to 40 hours of volunteer release time each year to volunteer during work hours. Participation in the program has increased every year since it launched, with use of Volunteer Release Time increasing 20% in 2007.

2008

TIME WARNER CORPORATE SOCIAL RESPONSIBILITY REPORT

TimeWarner

www.timewarner.com