TIME WARNER INC.
Form 10-K
February 18, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

Commission file number 001-15062

TIME WARNER INC.
(Exact name of Registrant as specified in its charter)

Delaware	**13-4099534**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

One Time Warner Center
New York, NY 10019-8016
(Address of Principal Executive Offices)(Zip Code)

(212) 484-8000

(Registrant s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of the close of business on February 11, 2011, there were 1,092,833,062 shares of the registrant s Common Stock outstanding. The aggregate market value of the registrant s voting and non-voting common equity securities held by non-affiliates of the registrant (based upon the closing price of such shares on the New York Stock Exchange on June 30, 2010) was approximately $31.57 billion.

Documents Incorporated by Reference:

Description of document	Part of the Form 10-K
Portions of the definitive Proxy Statement to be used in connection with the registrant s 2011 Annual Meeting of Stockholders	Part III (Item 10 through Item 14) (Portions of Items 10 and 12 are not incorporated by reference and are provided herein)

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PART I

Item 1. *Business.*

Time Warner Inc. (the Company or Time Warner), a Delaware corporation, is a leading media and entertainment company. The Company classifies its businesses into the following three reporting segments:

Networks, consisting principally of cable television networks that provide programming;

Filmed Entertainment, consisting principally of feature film, television and home video production and distribution; and

Publishing, consisting principally of magazine publishing.

At December 31, 2010, the Company had a total of approximately 31,000 employees.

For convenience, the terms the Company, Time Warner and the Registrant are used in this Annual Report on Form 10-K to refer to both the parent company and collectively to the parent company and the subsidiaries through which its various businesses are conducted, unless the context otherwise requires.

Caution Concerning Forward-Looking Statements and Risk Factors

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management s current expectations and beliefs. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and the Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise. Time Warner s actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors and other factors affecting the operation of Time Warner s businesses. For more detailed information about these factors, and risk factors with respect to the Company s operations, see Item 1A, Risk Factors, and Management s Discussion and Analysis of Results of Operations and Financial Condition Caution Concerning Forward-Looking Statements.

Available Information and Website

The Company s annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the Securities and Exchange Commission (the SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available free of charge on the Company s website at *www.timewarner.com* as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC. The Company is providing the address to its website solely for the information of investors. The Company does not intend the address to be an active link or to incorporate the contents of the website into this report.

NETWORKS

The Company s Networks businesses consist principally of domestic and international networks and premium pay television services. The networks owned by Turner Broadcasting System, Inc. (Turner), which are described below, are collectively referred to as the Turner Networks. Premium pay television services consist of the multi-channel HBO and Cinemax pay television services (collectively, the Home Box Office Services) operated by Home Box Office, Inc. (Home Box Office).

Turner, a wholly-owned subsidiary of the Company, generates revenues principally from providing programming to cable system operators, satellite distribution services, telephone companies and other distributors (known as affiliates) that have contracted to receive and distribute this programming and from the sale of advertising (other than Turner Classic Movies and Boomerang, which sell advertising only in certain international markets). Turner s agreements with its affiliates are typically long-term arrangements that provide for annual service fee increases and have fee arrangements that are generally related to the number of subscribers served by the affiliate and the package of programming provided to the affiliate by each network. Expirations of affiliate agreements are staggered.

Turner s advertising revenues consist of consumer advertising, which is sold primarily on a national basis in the U.S. and on a pan-regional or local-language feed basis outside the U.S. Advertising contracts generally have terms of one year or less. Advertising revenues are generated from a wide variety of advertising categories, including food and beverage, automotive, motion picture, restaurants, pharmaceuticals and medical, financial and business services, retail, telecommunications, insurance and household products. In the U.S., advertising revenues are a function of the size and demographics of the audience delivered, the CPM, which is the cost per thousand viewers delivered, and the number of units of time sold. Units sold and CPMs are influenced by the quantitative and qualitative characteristics of the audience of each network, the perceived quality of the network and of the particular programming, as well as overall advertiser demand in the marketplace and general economic conditions. Outside the U.S., advertising is generally not sold based on audience delivery, but rather is sold at a fixed rate for the unit of time sold, determined by the time of day and network. Turner also operates various websites, including *CNN.com*, *NASCAR.com*, *CartoonNetwork.com*, *SI.com* and *Golf.com*, that generate revenues principally from the sale of advertising.

Home Box Office, a wholly-owned subsidiary of the Company, generates revenues principally from providing programming to cable, satellite and telephone company affiliates that have contracted to receive and distribute such programming to their customers who choose to subscribe to the Home Box Office Services (Subscribers). Home Box Office s agreements with its affiliates are typically long-term arrangements that provide for annual service fee increases and retail promotion activities and have fees that are generally related to the number of Subscribers served by the affiliates. Home Box Office and its affiliates engage in marketing and promotional activities to retain existing Subscribers and acquire new Subscribers. Home Box Office also derives revenues from its original films, mini-series and series through the sale of DVDs and Blu-ray Discs, as well as from the licensing of original programming in syndication and to basic cable channels.

The Company s Networks business has been pursuing international expansion in select areas, and the Company anticipates that international expansion will continue to be an area of focus at the Networks business for the foreseeable future.

Turner Networks

Key contributors to Turner s success are its strong brands and continued investments in high-quality popular programming focused on sports, original and syndicated series, news, network movie premieres and animation to drive audience delivery and revenue growth.

Domestic Networks

Turner s networks in the U.S. consist of entertainment and news networks. Turner s entertainment networks include TBS, TNT, Cartoon Network, truTV, Turner Classic Movies and Boomerang. High Definition (HD) feeds of TBS, TNT, Cartoon Network, truTV, Turner Classic Movies and CNN are made available to affiliates. Programming for these entertainment networks is derived, in part, from the Company s film, made-for-television and animation libraries to which Turner or other divisions of the Company own the copyrights and also includes sports programming and other licensed programming, including syndicated television series and network movie premieres. Turner s news networks include CNN and HLN. The domestic television household numbers (U.S. television households) provided below are as reported by Nielsen Media Research as of December 2010.

TBS reached approximately 101.0 million U.S. television households as of December 2010. TBS is television s very funny network and shows contemporary comedies such as the syndicated series *Family Guy* and *The Office* and late night talk shows *Conan* and *Lopez Tonight*. TBS is also the home of a growing roster of original series, including Tyler Perry s *Meet the Browns*, *Glory Daze* and *Are We There Yet?* for the 2010-2011 season. TBS has the right to produce and telecast a certain number of Major League Baseball regular season and playoff games through the 2013 season. Under an agreement among Turner, CBS Broadcasting, Inc. (CBS) and The National Collegiate

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Athletic Association (the NCAA), starting in 2011 through 2024, the NCAA Division I Men s Basketball Championship tournament games (the NCAA Tournament Games) will be telecast on Turner s TBS, TNT and truTV networks and on the CBS network. Turner and CBS have agreed to work together to produce and distribute the NCAA Tournament Games and related programming and sell advertising on a joint basis. Further, Turner and CBS have agreed to share advertising and sponsorship revenues, the programming rights fee and production costs, subject to annual caps on CBS share of any resulting losses.

TNT reached approximately 100.4 million U.S. television households as of December 2010. TNT focuses on drama and is home to syndicated series such as *Bones*, *Supernatural*, *Las Vegas*, *Law & Order*, *CSI: NY*, *Cold Case* and *Numb3rs*, as well as network premiere movies. For the 2010-2011 season, TNT s original series include *The Closer*, *Rizzoli & Isles*, *Men of a Certain Age, Leverage*, *HawthoRNe* and *Memphis Beat*. TNT also has the right to produce and telecast a certain number of National Basketball Association (NBA) regular season and playoff games through the 2015-2016 season, certain NASCAR Sprint Cup Series races through 2014 and certain Professional Golfers Association (PGA) events through 2019. TNT also will telecast certain NCAA Tournament Games from 2011 through 2024.

Cartoon Network (together with adult swim, its evening and overnight block of programming aimed at young adults) reached approximately 99.3 million U.S. television households as of December 2010. Cartoon Network offers original and syndicated series and movies for youth and families. For the 2010-2011 season, Cartoon Network s original series include *Tower Prep, Adventure Time, Regular Show, Ben 10: Ultimate Alien, MAD, Generator Rex*, *Destroy Build Destroy*, *Hole in the Wall* and *Dude, What Would Happen.* For the 2010-2011 season, adult swim s original series include *Childrens Hospital*, *Robot Chicken*, *Aqua Teen Hunger Force, Venture Brothers*, *Metalocalypse*, *Delocated, Squidbillies, NTSF:SD:SUV::, Mongo Wrestling Alliance* and *Eagleheart*.

truTV reached approximately 92.7 million U.S. television households as of December 2010. truTV tells real-life stories from a first-person perspective. During the daytime, truTV features expert trial coverage under the name IN SESSION. For the 2010-2011 season, truTV s original series include *The Smoking Gun Presents: World s Dumbest...*, *Conspiracy Theory with Jesse Ventura*, *It Only Hurts When I Laugh* and *Operation Repo*. Starting in 2011 through 2024, truTV also will telecast certain NCAA Tournament Games.

Turner Classic Movies is a commercial-free network that presents classic films from some of the largest film libraries in the world. Turner Classic Movies also offers interviews, original documentaries and specials.

Boomerang is a commercial-free network that offers classic animated entertainment such as *Yogi Bear, Tom & Jerry, The Flintstones, Pink Panther* and *The Jetsons.*

CNN, the original cable television news service, reached approximately 100.1 million U.S. television households as of December 2010. As of December 31, 2010, CNN managed 47 news bureaus and editorial operations, of which 15 are located in the U.S. In the fall of 2010, CNN s programs included *American Morning, The Situation Room with Wolf Blitzer*, *John King, USA*, *Parker Spitzer*, *Larry King Live* and *Anderson Cooper 360°. Piers Morgan Tonight* replaced *Larry King Live* in January 2011. In 2010, CNN won the George Polk Award for international reporting, the Hillman Foundation s January Sidney Award for coverage of the Haiti earthquake devastation, the National Headliners Award for journalistic excellence and three Gracie Awards from the American Women in Radio & Television.

HLN, the news and views service, reached approximately 99.8 million U.S. television households as of December 2010. In the fall of 2010, HLN s programs included *Morning Express with Robin Meade*, *Issues with Jane Velez-Mitchell*, *Nancy Grace*, *The Joy Behar Show* and *Showbiz Tonight.* A new program featuring Dr. Drew Pinsky is scheduled to launch in April 2011.

International Networks

Turner s entertainment and news networks are distributed to multiple distribution platforms such as cable and Internet Protocol Television (IPTV) systems, satellite platforms, mobile operators and broadcasters for delivery to households, hotels and other viewers around the world.

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Turner distributes approximately 110 region-specific versions and local-language feeds of Cartoon Network, Boomerang, Turner Classic Movies, TNT, truTV and other entertainment networks in approximately 190 countries around the world. In Latin America, Turner distributes Space, Infinito, I-Sat, Fashion TV, HTV and Much Music, which air movies and series, documentaries, fashion and lifestyle content and music videos. In addition, Turner has the sales representation rights to nine networks that are owned by third parties and operated principally in Latin America. In India and certain other South Asian territories, Turner distributes Pogo, an entertainment network for children. Turner India also distributes and has sales representation rights to HBO in India and the Maldives. In Japan, Turner distributes Mondo TV, an entertainment channel geared toward men, and Tabi, an entertainment channel focused on travel. Turner also distributes WB, an English language entertainment channel in India that features movies and television programming, primarily licensed from Warner Bros.

CNN International, an English language news network, is distributed in more than 190 countries and territories as of the end of 2010. CNN International has network feeds in five separate regions: Europe/Middle East/Africa, Asia Pacific, South Asia, Latin America and North America. HLN is distributed in Canada, the Caribbean, parts of Latin America and the Asia Pacific region. CNN en Español, a separate Spanish language news network, is distributed in Latin America and the U.S.

In a number of regions, Turner has launched local-language versions of its channels through joint ventures or contractual arrangements with local partners. These include CNN Turk, a Turkish language 24-hour news network available in Turkey and the Netherlands; TNT Turkey, a Turkish language channel distributed in Turkey; CNN Chile, a Spanish language 24-hour news network distributed in Chile; CNNj, an English-with-Japanese-translation news service in Japan; Cartoon Network Korea, a local-language 24-hour channel for kids; and BOING, an Italian language 24-hour kids animation network. CNN content is distributed through CNN-IBN, a co-branded, 24-hour, English language general news and current affairs channel in India.

Turner has been pursuing international expansion in select areas. For example, in January 2010, Turner Latin America acquired the sales representation rights to the Warner Bros. channel in Latin America. In February 2010, Turner acquired a majority stake in NDTV Imagine Limited, which owns a Hindi general entertainment channel in India. In April 2010, Turner launched truTV across several countries in Asia. In August 2010, Turner acquired Millennium Media Group, a Sweden-based channel operator with niche television channels targeting Scandinavia, the Baltics, Benelux and Africa. In October 2010, Turner acquired Chilevisión, a television broadcaster in Chile. Also in October 2010, Turner launched Cartoon Network in Arabic in Saudi Arabia. In recent years, Turner has also expanded its presence in Germany, Japan, Korea, Turkey and the United Arab Emirates.

Websites and Digital Applications and Initiatives

Turner operates various websites that generate revenues primarily from the sale of advertising. In 2010, Turner entered into an agreement with the NCAA, pursuant to which Turner will manage and operate the NCAA s digital portfolio, including *NCAA.com*, through 2024. Turner will also manage advertising sales for NCAA digital platforms. Also in 2010, Turner and Time Inc. formed a strategic digital partnership between Turner and *Sports Illustrated*. Under the agreement, Turner manages the *SI.com* and *Golf.com* websites, including selling advertising, product management, marketing and business and technical operations for the websites.

CNN has multiple websites, including *CNN.com* and several localized editions that operate in Turner s international markets. CNN also operates *CNNMoney.com* in partnership with Time Inc. s *Money* and *Fortune* magazines and *CNNMexico.com* pursuant to a joint venture with Time Inc. s Grupo Expansión, a leading Mexican consumer magazine publisher. Turner operates the NASCAR websites *NASCAR.com* and *NASCAR.com en Español* under an agreement with NASCAR that runs through 2014, and the websites of the PGA and PGA Tour, *PGA.com* and *PGATour.com*, respectively, under an agreement with the PGA that runs through 2019 and an agreement with the

PGA Tour that runs through 2011. Effective through the 2015/2016 season, Turner and the NBA jointly manage a portfolio of the NBA s digital businesses, including *NBA.com*. Turner also operates *CartoonNetwork.com*, as well as 61 international websites affiliated with the regional children s services feeds.

Turner also publishes several Apps in Apple Inc. s iTunes App Store and Google Inc. s Android Market App Store, including *CNN Mobile*, which became available internationally in 2010, and the *CNN App for iPad* and *truTV Mobile*, which were launched in 2010.

Turner ended 2010 with TV Everywhere versions of its networks available to four of its largest affiliates. In 2011, Turner intends to continue to partner with affiliates on initiatives to allow subscribers to watch Turner s content on demand and on multiple devices.

Home Box Office

HBO, operated by Home Box Office, is the nation s most widely distributed premium pay television service. At December 31, 2010, Home Box Office had over 81 million worldwide subscribers, which consisted of approximately 39.4 million domestic premium pay subscribers and approximately 42.5 million premium pay and basic cable subscribers in HBO Central Europe and unconsolidated international joint ventures. Both HBO and Cinemax are made available in HD on a number of multiplex channels. Home Box Office also offers HBO and Cinemax On Demand, subscription products that enable Subscribers to view programs at the time they choose.

In 2010, Home Box Office continued to expand the on demand broadband offerings of HBO and Cinemax by rolling out HBO GO and MAX GO with certain affiliates. These offerings provide Subscribers with online access to a wide variety of HBO and Cinemax content from any U.S. location with a broadband connection. Home Box Office expects to launch HBO GO and MAX GO with a number of additional affiliates in 2011.

A major portion of the programming on HBO and Cinemax consists of recently released, uncut and uncensored theatrical motion pictures. Home Box Office s practice has been to negotiate licensing agreements of varying duration with major motion picture studios and independent producers and distributors in order to ensure continued access to such films. These agreements typically grant to Home Box Office the exclusive right to exhibit and distribute recently released and certain older films owned by the particular studio, producer or distributor on a subscription basis (including via broadband networks) in exchange for negotiated fees, which may be a function of, among other things, the box office performances of the films.

HBO is also defined by its award-winning original dramatic and comedy series, such as *True Blood, Boardwalk Empire*, *Entourage*, and *Curb Your Enthusiasm*, as well as movies, mini-series, boxing matches and sports news programs, comedy specials, family programming and documentaries. Among other awards, HBO won 4 Golden Globes the most of any network in 2011 and 25 Primetime Emmys and 9 Sports Emmys in 2010. In addition, in 2010, HBO won three Peabody Awards, including awards for the series *In Treatment* and the documentary *Thrilla in Manila*, and an Academy Award for the documentary *Music by Prudence*.

Home Box Office also generates revenues from the exploitation of its original programming through multiple distribution outlets. HBO Home Entertainment markets a variety of HBO s original programming on DVD and Blu-ray Discs. Home Box Office licenses its original series, such as *The Sopranos*, *Sex and the City*, *Entourage* and *Curb Your Enthusiasm*, to basic cable channels and has also licensed *Entourage* and *Curb Your Enthusiasm* in syndication. The Home Box Office-produced show *Everybody Loves Raymond*, which aired for nine seasons on broadcast television, is currently in syndication as well. Home Box Office content is also distributed by Apple Inc., Amazon and Sony PlayStation through their respective online stores in the U.S. and various international regions, as well as on various mobile telephone platforms.

HBO- and Cinemax-branded premium pay and basic cable services are distributed in more than 50 countries in Latin America, Asia and Central Europe, primarily through various joint ventures. In the first quarter of 2010, Home Box Office acquired the remainder of its partners interests in HBO Central Europe and purchased an additional 21% equity interest in HBO Latin America Group, consisting of HBO Brasil, HBO Olé and HBO Latin America Production Services (collectively, HBO LAG), bringing its interest in HBO LAG to 80%. In addition, Home Box Office expects to acquire an additional 8% equity interest in HBO LAG in the first quarter of 2011. In recent years, Home Box Office also has acquired additional equity interests in HBO Asia, HBO South Asia and HBO LAG.

The CW

Launched at the beginning of the Fall 2006 broadcast season, The CW broadcast network is a 50-50 joint venture between Warner Bros. and CBS Corporation. The CW s schedule includes, among other things, a 5-night, 10-hour primetime lineup with programming such as *Gossip Girl*, *90210*, *One Tree Hill*, *America s Next Top Model*, *The Vampire Diaries*, *Nikita*, *Hellcats*, *Smallville* and *Supernatural*, as well as a five-hour block of animated children s programming on Saturday mornings. As of December 31, 2010, The CW was carried nationally by affiliated television stations covering 95% of U.S. television households. Among the affiliates of The CW are 13 stations owned by Tribune Broadcasting and 8 stations owned by CBS Corporation.

Central Media Enterprises Ltd.

The Company holds an approximately 29.5% interest in Central Media Enterprises Ltd., a publicly-traded broadcasting company that operates leading networks in six Central and Eastern European countries as of December 31, 2010.

Competition

The Networks businesses compete with other television services for marketing and distribution by cable, satellite and other distribution systems. The Turner Networks and websites compete for advertising with other networks and media such as the Internet, print, radio and outdoor display. The Networks businesses also compete for viewers attention and audience share with all other forms of programming provided to viewers, including broadcast networks, local over-the-air television stations, other pay and basic cable television services, motion pictures, home video products and services (including subscription rental and Internet streaming services and rental kiosks), pay-per-view and video-on-demand services, online activities (including Internet streaming and downloading), and other forms of news, information and entertainment. In addition, competition for programming, particularly licensed and sports programming is intense, and the Networks businesses face competition for programming from those same commercial television networks, independent stations, and pay and basic cable television services.

The production divisions in the Networks businesses compete with other production companies for the services of producers, directors, writers, actors and others and for the acquisition of scripts.

FILMED ENTERTAINMENT

The Company s Filmed Entertainment businesses produce and distribute theatrical motion pictures, television shows, animation and other programming and videogames; distribute home video product; and license rights to the Company s feature films, television programming and characters. All of these businesses are principally conducted by various subsidiaries and affiliates of Warner Bros. Entertainment Inc., a wholly owned subsidiary of the Company, that are known collectively as the Warner Bros. Entertainment Group (Warner Bros.).

Feature Films

Warner Bros.

Warner Bros. produces feature films both wholly on its own and under co-financing arrangements with others, and also distributes its films and completed films produced by others. Warner Bros. feature films are produced under the Warner Bros. Pictures, New Line Cinema and Castle Rock banners. The terms of Warner Bros. agreements with independent producers and other entities are separately negotiated and vary depending on the production, the amount and type of financing by Warner Bros., the media and territories covered, the distribution term and other factors.

Warner Bros. feature film strategy focuses on offering a diverse slate of films with a mix of genres, talent and budgets that includes several event movies each year and building and leveraging franchises, such as *Harry Potter*, *Batman* and *The Lord of the Rings*. During 2010, Warner Bros. released 23 original motion pictures for theatrical exhibition, including *Harry Potter and the Deathly Hollows: Part 1*, *Inception*, *Clash of the Titans*, *Sex and the City 2* and

Valentine s Day. Of the original motion pictures for theatrical exhibition released during 2010, five were released in 3D, including *Clash of the Titans* and *Yogi Bear*. During 2009, Warner Bros. released 26 original motion pictures for theatrical exhibition, including *Harry Potter and the Half-Blood Prince*, *The Hangover*, *Sherlock Holmes*, *The Blind Side* and *Invictus*. Warner Bros. released one film in January 2011, and currently plans to release 22 additional original motion pictures for distribution throughout the year, including *Harry Potter and the Deathly Hollows: Part 2*, *Green Lantern*, *Sherlock Holmes 2*, *Happy Feet 2* and *The Hangover 2*. Of the original motion pictures expected to be released during 2011, Warner Bros. expects to release seven in 3D, including *Harry Potter and the Deathly Hollows: Part 2*, *Green Lantern* and *Happy Feet 2*. Release dates for Warner Bros. theatrical films are determined by a number of factors, including competition and the timing of vacation and holiday periods. Films released theatrically in the U.S. can be released in international territories either day-and-date with the domestic release or according to a staggered release schedule.

Warner Bros. incurs significant production, marketing, advertising and distribution costs in connection with the theatrical release of a film. As a result, Warner Bros. typically incurs losses with respect to a particular film prior to and during a film s theatrical exhibition, and a particular film may not produce profit until well after the film s theatrical release. In response to the high cost of producing theatrical films, Warner Bros. has entered into certain film co-financing arrangements with other companies, decreasing its financial risk while in most cases retaining substantially all worldwide distribution rights. Of the total 2010 releases, eight were wholly financed by Warner Bros. and 15 were financed with or by others. Warner Bros. has co-financing arrangements with Village Roadshow Pictures and Legendary Pictures, LLC. Additionally, Warner Bros. has an exclusive distribution arrangement with Alcon Entertainment for distribution of all of Alcon s motion pictures in domestic and certain international territories. Warner Bros. also has an exclusive distribution arrangement with Dark Castle Holdings, LLC for films produced on or before September 30, 2012, under which Warner Bros. has agreed to distribute up to 15 Dark Castle feature films throughout the U.S. and, generally, in all international territories.

Warner Bros. also distributes feature films acquired or produced for theatrical exhibition in more than 125 international territories. In 2010, Warner Bros. released 17 such English-language and 27 such local-language films.

After their theatrical exhibition, Warner Bros. licenses its newly produced films, as well as films from its library, for distribution in various windows on broadcast, cable, satellite and pay television channels both domestically and internationally, including cable and pay television channels affiliated with the Company, and it also distributes its films on DVD and Blu-ray Discs and in digital versions. Each of these windows is discussed in more detail below.

Newly produced films are released in the home entertainment window approximately three to six months following their release to theatrical exhibition, with the actual release date being influenced by seasonality, competitive conditions, film attributes and expected performance. In the U.S. and most major international markets, Warner Bros. generally releases all films simultaneously for DVD and Blu-ray Disc sales, rental through brick and mortar retailers, video on demand (VOD) and electronic sell-through (EST). Beginning in 2010, Warner Bros. began releasing newly produced films to subscription services and discount kiosks 28 days following their release to other home entertainment services. Approximately one year after their theatrical exhibition, Warner Bros. licenses its newly produced films, as well as films from its library, for distribution in various windows on pay and free television channels delivered by cable, satellite and other multi-channel video programming distributors both domestically and internationally, including the Company s networks and premium pay television services.

Warner Bros. has an extensive film library consisting of rights to over 6,000 films previously released by Warner Bros. and other studios.

Television

Warner Bros. Television Group (WBTVG) is one of the world s leading suppliers of television programming, distributing programming in the U.S. as well as in more than 220 international territories and in more than

145 languages. WBTVG both develops and produces new television series, reality-based entertainment shows and animation programs for the Company s networks and third parties. WBTVG licenses such programming for initial telecast and off-network exhibition, VOD and EST. During 2010, the cable off-network rights became available for *Two and a Half Men*. During 2010, WBTVG also renewed licenses with local broadcasters for *Two and a Half Men*, and WBTVG licensed the cable and local off-network rights for *The Big Bang Theory* (available in 2011) and the

off-network cable rights for *The Closer*. WBTVG also licenses programming from the Warner Bros. library for exhibition on various media in the U.S. and internationally. Warner Bros. International Television Distribution Inc. is forming an international group of local television production companies in major territories with a focus on non-scripted programs and formats that can be sold internationally and adapted for sale in the U.S. As part of this initiative, Warner Bros. acquired an approximate 55% interest in Shed Media plc, a leading television producer in the U.K., in October 2010.

WBTVG programming is primarily produced by Warner Bros. Television (WBTV), a division of WB Studio Enterprises Inc. that produces primetime dramatic and comedy programming for the broadcast networks and for cable networks, including the Company s networks; Warner Horizon Television Inc. (Warner Horizon), which specializes in unscripted programming for broadcast networks as well as scripted and unscripted programming for cable networks; and Telepictures Productions Inc. (Telepictures), which specializes in reality-based and talk/variety series for the syndication and daytime markets. For the 2010-11 season, WBTV is producing, among others, *Nikita* and *Gossip Girl* for The CW and *Two and a Half Men*, *The Big Bang Theory*, *The Mentalist*, *Mike & Molly*, *Fringe*, *Chuck* and *The Middle* for other broadcast networks. WBTV also produces original series for cable networks, including *The Closer* for TNT. Warner Horizon produces the primetime reality series *The Bachelor* and other original series for cable networks, including *Rizzoli & Isles* for TNT and *Pretty Little Liars*. Telepictures produces first-run syndication shows such as *Extra, The Ellen DeGeneres Show*, *TMZ* and *Lopez Tonight* for TBS.

Warner Bros. Animation Inc. (WBAI) creates, develops and produces contemporary animated television programming and original made-for-DVD releases, including *Batman: The Brave & The Bold* and *Young Justice* for Cartoon Network and the *Scooby-Doo* series. WBAI also oversees the creative use of, and production of animated programming based on, classic animated characters from Warner Bros., including *Looney Tunes*, and from the Hanna-Barbera and DC Comics libraries.

Warner Bros. television library consists of rights to many television series, reality-based entertainment shows, animation programs and made-for-television movies.

Home Entertainment

Warner Home Video (WHV), a division of Warner Bros. Home Entertainment Inc. (WBHE), distributes DVDs and Blu-ray Discs containing filmed entertainment product and television programming produced or otherwise acquired by the Company s various content-producing subsidiaries and divisions, including Warner Bros. Pictures, Warner Bros. Television, New Line Cinema, Home Box Office and Turner. Significant WHV releases during 2010 of filmed entertainment product included *The Blind Side*, *Inception*, *Sherlock Holmes*, *Clash of the Titans*, *Sex and the City 2*, and *The Book of Eli*. Significant WHV releases during 2009 of filmed entertainment product included *Harry Potter and the Half-Blood Prince*, *The Hangover* and *Gran Torino*. WHV also distributes DVDs and Blu-ray Discs from Warner Bros. extensive library. In addition, WHV distributes other companies product, including DVDs and Blu-ray Discs for BBC, Sesame Street and national sports leagues in the U.S., and has similar distribution relationships with content producers outside the U.S.

WHV sells and licenses DVD and Blu-ray Disc product for resale in the U.S. and in major international territories to retailers and wholesalers through its own sales force, with warehousing and fulfillment handled by third parties. In some countries, WHV s product is distributed through licensees. DVD and Blu-ray Disc product is replicated by third parties under contract with WHV and/or its affiliates in applicable territories. The replication of DVD and Blu-ray Disc product for the U.S., Canada, Europe and Mexico is provided under long-term contracts with two manufacturers, and the replication of DVD and Blu-ray Disc product for Japan is provided under a long-term contract with one manufacturer.

Warner Premiere, a division of Warner Specialty Films Inc., develops and produces feature films and short-form content for home entertainment platforms, including DVD, Blu-ray Disc, VOD and EST. Warner Premiere produced 10 direct-to-home-entertainment movies in 2010, including *Scooby Doo: Curse of the Lake Monster*. In addition, in 2010, Warner Premiere Digital produced two short form series for debut on broadband platforms: *Jonah Hex Motion Comics*, a series of animated stories based on the classic *Jonah Hex* comics, and *Aim High*, a live-action science fiction series.

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Interactive Videogames

Warner Bros. Interactive Entertainment (WBIE), a division of WBHE, develops, publishes and licenses interactive videogames for a variety of platforms based on Warner Bros. and DC Comics properties, as well as original game properties. In 2010, WBIE continued to expand its games publishing business through acquisitions, including the acquisition of Turbine Inc., the developer of *The Lord of the Rings Online*, and a majority stake in Rocksteady Studios, the developer of *Batman*: *Arkham Asylum*, as well as increasing its development capabilities, entering into new videogame distribution agreements and further leveraging WBHE s global distribution infrastructure. Significant releases in 2010 included *LEGO Harry Potter: Years 1 4*, *The Lord of the Rings: Aragorn s Quest*, and *Super Scribblenauts*. WBIE has entered into an agreement for the co-financing of certain of its interactive videogames with Imagenation Abu Dhabi, a subsidiary of Abu Dhabi Media Company.

Digital Media

Warner Bros. Digital Distribution (WBDD), a division of WBHE, enters into domestic and international licensing arrangements for distribution of Warner Bros. film and television content as well as acquired content through VOD and EST transactions via cable, IPTV systems, satellite and online services for delivery to consumers worldwide. WBDD licenses film and television content for both VOD and EST to affiliates such as Comcast, Time Warner Cable, DirecTV, DISH Network and Verizon, as well as broadband customers including Apple s iTunes Store, Amazon s Video on Demand, Microsoft s Xbox 360 and Sony s Playstation 3. WBDD has also licensed movies, as well as a slate of catalog television shows, including *Nip/Tuck* and several television series with a limited number of episodes, to various subscription on demand streaming services. In 2010, WBDD continued its content release strategy of making its films available, both domestically and in 30 international territories, in VOD and EST on the same date as their release on DVD and Blu-ray Discs.

WBDD has arrangements with a number of mobile handset and PC manufacturers, including Nokia, Samsung and Dell, to pre-load films onto their devices to be marketed to consumers. WBDD also entered into content licensing deals for online and mobile interactive videogames involving DC Comics properties and *Harry Potter*. In addition to its content licensing activities, as of December 31, 2010, WBDD had published 12 Apps in Apple s iTunes App Store, including *Lego Harry Potter: Years 1-4*; *Harry Potter: Spells*, *Lego Batman* and *Sherlock Holmes Mysteries*. In partnership with WBIE, WBDD expanded its digital distribution strategy to include the online distribution of interactive videogames on multiple platforms including PC, Microsoft s Xbox 360, Sony s Playstation 3, and handheld devices including Sony s PSP device and Apple s iPhone and iPod Touch. WBDD also continued to test delivery of content through digital kiosk locations in 2010.

WBDD manages Warner Bros. direct-to-consumer retail website, *wbshop.com*, which includes the Warner Archive Collection manufacturing-on-demand offering, with 786 film titles and television series available as of December 31, 2010, many of which were never before released on DVD.

WBDD also makes digital copies of movies available to consumers who purchase specially marked DVDs and Blu-ray Discs, either by entering a code included in the product packaging that allows consumers to download a file containing the film or by placing an electronic copy of the film directly on the DVD or Blu-ray Disc that the consumer can unlock. In 2010, digital copies were offered to purchasers of DVDs and Blu-ray Discs on 74 titles in the United States, and digital copy offers were also made available for certain titles in 50 international territories.

WBTVG s online destination, *TMZ.com* is one of the leading entertainment news brands in the U.S. across online, TV and mobile. WBTVG operates websites for many of its syndicated television properties, including *The Ellen DeGeneres Show* and *Extra*. The destination site *TheWB.com* is an online video site featuring programs from the Warner Bros. library and new original production, and its *KidsWB.com* is a casual game and video online destination site with a target audience of kids, ages 6-12. In addition, WBTVG partnered with Time Inc. s Essence Communications Inc. on the launch and operation of the online destination *Essence.com*, which was launched in conjunction with Time Inc. s *Essence* magazine, a leading lifestyle magazine for African-American women in the U.S. WBTVG s digital production venture, Studio 2.0, creates original programming for worldwide online and wireless distribution.

Many of WBTVG s current on-air television series are available on demand via broadband and wireless streaming and downloading and cable on demand platforms under agreements entered into with the broadcast and cable networks exhibiting the series. Under those agreements, the networks have the right to offer each series episode on demand for a limited period of time after the episode airs and WBTVG retains the right to offer current episodes in EST during the same timeframe, and, increasingly, WBTVG has the right to offer online streaming of current series episodes at the end of a broadcast year. WBTVG also selectively licenses certain off-air or library television series for exhibition online in the U.S. to broadcast licensees and third party video exhibition sites. Internationally, WBTVG has a number of Warner Bros. branded on-demand program services, which, as of December 31, 2010, included eight services in the U.K., five in each of China and Japan, four in Germany, three in France, two in each of Austria and Italy, and one in each of the Netherlands, Finland, Canada, Greece/Cyprus, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, Korea, Australia and New Zealand. In addition, WBTVG operates linear Warner Bros. branded general entertainment channels in Latin America and Asia, and supplies programming to a linear Warner Bros. branded general entertainment channel in India.

Other Entertainment Assets

Warner Bros. Consumer Products Inc. licenses rights to licensees, manufacturers, publishers, retailers and theme park operators in both domestic and international markets to the names, likenesses, images, logos and other representations of characters and copyrighted material from the films and television series produced or distributed by Warner Bros., including the superhero characters of DC Comics, Hanna-Barbera characters, classic films and *Looney Tunes*.

DC Entertainment, which is wholly owned by the Company, is responsible for bringing the DC Comics business, brand and characters from comics into other content and distribution businesses, including feature films, television programming, interactive videogames, direct-to-consumer platforms, and consumer products. DC Comics, also wholly owned by the Company, published on average 95 comic books and 28 graphic novels per month in 2010, featuring such popular characters as *Superman, Batman, Green Lantern, Wonder Woman* and *The Sandman*. DC Entertainment is the operating name of E.C. Publications, Inc., which also publishes *MAD* magazine.

Warner Bros. and CBS Corporation each have a 50% interest in The CW, a broadcast network launched at the beginning of the Fall 2006 broadcast season. For additional information, see Networks, above.

Warner Bros. International Cinemas Inc. holds interests through joint ventures in 67 multi-screen cinema complexes, with over 550 screens in Japan and the U.S. as of December 31, 2010.

In 2007, Warner Bros. entered into a multi-faceted strategic alliance with ALDAR Properties PJSC, an Abu Dhabi real estate development company, and Abu Dhabi Media Company, a media company owned by the Abu Dhabi government. As of December 31, 2010, the strategic alliance relates to the creation of a theme park branded with Warner Bros. intellectual property and an agreement for the co-financing and distribution of interactive videogames.

Competition

The production and distribution of theatrical motion pictures, television, videogame and animation product are highly competitive businesses. These businesses compete with each other, as well as with other forms of entertainment, including Internet streaming and downloading, websites providing social networking and user-generated content, interactive games and other online activities, sports, print media, live events and radio broadcasts for consumers entertainment and leisure time and spending. The number and quality of motion pictures, home entertainment titles or videogames released in any given period may create over-supply in the market and increase competition for consumers attention, and, in the case of the theatrical release of 3D motion pictures, many compete for a limited number of available 3D screens. Furthermore, there is intense competition in the television industry evidenced by the increasing number and variety of networks now available. Despite this increasing number of networks, access to primetime and syndicated television slots has actually tightened as networks and owned and operated stations increasingly source programming from content producers aligned with or owned by their parent

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companies. There is active competition among all production companies in these industries for the services of producers, directors, writers, actors and others and for the acquisition of literary properties. With respect to the distribution of television product, there is significant competition from independent distributors as well as major studios. The competitive position of a producer or distributor of theatrical motion pictures, television, videogame and animation product is also greatly affected by the quality of, and public response to, the entertainment product it makes available to the marketplace.

Warner Bros. also competes in its character merchandising and other licensing activities with other licensors of characters, brands and celebrity names.

PUBLISHING

The Company s publishing business is conducted primarily by Time Inc., a wholly owned subsidiary of the Company. Time Inc. is the largest magazine publisher in the U.S. based on advertising revenues, as measured by Publishers Information Bureau (PIB). In addition to publishing magazines, Time Inc. also operates or has editorial responsibility for a number of websites, as well as certain direct-marketing and marketing services businesses.

Publishing

As of December 31, 2010, Time Inc. published 22 magazines in the U.S., including *People*, *Sports Illustrated*, *Time, InStyle*, *Real Simple*, *Southern Living*, *Entertainment Weekly* and *Fortune*, and over 70 magazines outside the U.S., primarily through IPC Media (IPC) in the U.K. and Grupo Expansión (GEX) in Mexico. In addition, Time Inc. operates or has editorial responsibility for over 45 magazine websites, such as *CNNMoney.com*, *People.com*, *and Time.com*, that collectively had average monthly unique visitors of over 50 million in the U.S., the U.K., Mexico and other countries during the fourth quarter of 2010, according to comScore Media Metrix. Time Inc. also publishes magazine content on digital devices. As of December 31, 2010, individual issues of *People*, *Sports Illustrated*, *Time* and *Fortune* were available through Apple s iTunes App Store for download on the iPad.

Until recently, Time Inc. s U.S. magazines and companion websites were organized into three business units, each under a single management team: Style and Entertainment, News and Lifestyle. This structure has enabled Time Inc. to reduce its costs by bringing together under centralized management products that have a common appeal in the marketplace. In December 2010, Time Inc. split the News unit into two separate units, News and Sports, in order to build on their strengths, including in the digital and international arenas. In addition, across Time Inc. s four U.S. business units, magazine consumer marketing and production and distribution activities are generally centralized, and subscription fulfillment activities for Time Inc. s U.S. magazines are primarily administered from a centralized facility in Tampa, Florida.

In July 2010, Time Inc. and Turner announced the formation of a strategic digital partnership between Turner Sports and *Sports Illustrated*. The partnership combines *Sports Illustrated* s and *Golf* s content with Turner s digital media and sales expertise. Under the agreement, Turner manages the *SI.com* and *Golf.com* websites and, since the fourth quarter of 2010, sells all advertising for the websites. Accordingly, Turner now receives all advertising revenues generated from the websites, and Time Inc. receives a license fee from Turner and reimbursement for certain website editorial and other costs.

In December 2009, Time Inc., together with four other leading publishers, announced the formation of Next Issue Media, an independent venture to develop a new digital storefront and related technology that will allow consumers to enjoy media content on portable digital devices. Next Issue Media s initial digital storefront is expected to launch in 2011.

In 2009, Time Inc. implemented cost-saving initiatives, particularly at its News business unit, and executed a restructuring initiative, primarily relating to headcount reductions, which benefitted Time Inc. s performance in 2010. Time Inc. continues on an ongoing basis to look for opportunities to implement cost-savings initiatives.

Style and Entertainment

People is a weekly magazine that reports on celebrities and other newsworthy individuals. *People* magazine generated approximately 20% of Time Inc. s revenues in 2010. The *People* franchise also includes: *People StyleWatch,* a monthly magazine aimed at U.S. style-conscious younger readers; *People en Españ ol,* a monthly Spanish-language magazine aimed primarily at U.S. Hispanic readers; *People Country*, a magazine published six times in 2010, aimed at U.S. country music fans; *People.com*, a leading website for celebrity news, photos and entertainment coverage; and *PeopleEnEspañol.com*, a bilingual website aimed primarily at the U.S. Hispanic audience.

InStyle, a monthly magazine, and *InStyle.com*, a related website, focus on celebrity, lifestyle, beauty and fashion. StyleFeeder, a personal shopping engine, was acquired by a subsidiary of Time Inc. in January 2010. Using Stylefeeder s technology, the publishers of *InStyle* launched *Stylefind.com*, an e-commerce shopping channel, in November 2010. Time Inc. also publishes *InStyle* in the U.K. through IPC and in Mexico through GEX.

Entertainment Weekly, a weekly magazine, and *EW.com*, a related entertainment news website, feature reviews and reports on movies, DVDs, video, television, music and books.

Essence Communications Inc. (ECI) publishes *Essence*, a leading lifestyle magazine for African-American women in the U.S., and, with its partner Warner Bros., *Essence.com,* a related website. ECI and Warner Bros. have also expanded the brand s content into television and home entertainment. ECI also produces the annual Essence Music Festival.

Lifestyle

Real Simple, a monthly magazine, and *RealSimple.com*, a related website, focus on life, home, body and soul and provide practical solutions to make women s lives easier.

Southern Living, a monthly regional magazine, and *SouthernLiving.com*, a related website, focus on lifestyles in the southern part of the U.S.

Cooking Light, a monthly epicurean magazine, and *CookingLight.com*, a related website, focus on cooking healthy and great tasting meals.

Sunset, a monthly magazine, and *Sunset.com*, a related website, focus on western lifestyle in the U.S.

All You, a monthly magazine, and *AllYou.com*, a related website, focus on lifestyle and service for value conscious women.

Health, a monthly magazine for women, and *Health.com*, a related website, focus on information about health and wellness.

This Old House, a magazine published 10 times per year, and *ThisOldHouse.com*, a related website, focus on home improvement. Through subsidiaries, Time Inc. also produces two television series, *This Old House* and *Ask This Old House,* which focus on home improvement.

Coastal Living, a monthly shelter and lifestyle magazine, and *CoastalLiving.com*, a related website, focus on home design and lifestyles in coastal areas of the U.S.

MyRecipes.com, a recipes website, and *MyHomeIdeas.com*, a shelter website, both feature original content and content from other Time Inc. Lifestyle brands.

News

Time is a weekly newsmagazine that summarizes the news and interprets the week s events, both national and international. *Time* also has three English-language weekly editions that circulate outside the U.S. *TIME.com,* a related website, provides breaking news and analysis, giving its readers access to its 24-hour global news gathering operation and its vast archive. *Time for Kids* is a weekly current events newsmagazine for children ages five to 13.

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Fortune is a magazine published 18 times per year that reports on worldwide economic and business developments and compiles the annual Fortune 500 list of the largest U.S. corporations. Time Inc. also publishes *Money,* a monthly magazine that reports primarily on personal finance. Both of these magazines combine their resources on the *CNNMoney.com* website, a leading financial news and personal finance website that is operated in partnership with CNN.

Life.com is an unconsolidated joint venture between Time Inc. and Getty Images, Inc. It is one of the largest collections of professional photography online with more than 10 million photos, a combination of the legendary *Life* magazine archives and Getty s extensive collection of images.

Sports

Sports Illustrated is a weekly magazine that covers sports. *Sports Illustrated for Kids* is a monthly sports magazine intended primarily for pre-teenagers. Time Inc. also has editorial responsibility for *SI.com*, a leading sports news website that provides up-to-the-minute scores and sports news 24/7, as well as statistics and analysis of domestic and international professional sports and college and high school sports.

Golf is a leading monthly golf magazine. Time Inc. also has editorial responsibility for *Golf.com*, a website that features user-friendly content designed to help readers play their best golf and maximize their golfing experience.

Other Publishing Operations

Time Inc. also has responsibility under a management contract for the American Express Publishing Corporation s publishing operations, including its travel and epicurean magazines *Travel & Leisure*, *Food & Wine* and *Departures* and their related websites.

International

IPC, a leading U.K. consumer magazine publisher, publishes approximately 55 magazines as well as numerous special issues. IPC is organized into three operating divisions, Connect, Inspire and SouthBank, which are aligned with its three core audience groups of mass-market women, men and upscale women. This structure is intended to facilitate the delivery of highly targeted audiences to IPC s advertisers and bring focus and efficiency to IPC s operations. IPC s magazines include (i) in the Connect division, *What s On TV* and *TV Times*, television listing magazines, *Chat*, *Woman* and *Woman s Own*, magazines focused on women s lifestyle, and *Now*, a celebrity magazine; (ii) in the Inspire division, *Country Life* and *Horse & Hound*, magazines focused on leisure, and *Nuts*, a men s lifestyle magazine; and (iii) in the SouthBank division, *Woman & Home*, *Ideal Home* and *Homes & Gardens*, magazines focused on homes and gardens.

In addition, IPC publishes four magazines through three unconsolidated joint ventures with Groupe Marie Claire. IPC websites include ShopStyle, a shopping portal on *instyle.co.uk*; video channels on *nme.com*, *nuts.co.uk*, *trustedreviews.com* and *golfmonthly.co.uk*, among other websites; *Mousebreaker.com*, a U.K. free-to-play game site; and *goodtoknow.co.uk*, an advice website for women.

In 2010, IPC sold 20 of its magazines that targeted niche audiences.

GEX, a leading Mexican consumer magazine publisher, publishes 13 magazines in Mexico including: *Quién*, a celebrity and personality magazine; *Expansión*, a business magazine; *IDC*, a tax and accounting bulletin; *InStyle Mexico*, a fashion and lifestyle magazine for women; and *Chilango*, a Mexico City listing guide. In addition, GEX publishes two magazines through an unconsolidated joint venture with Hachette Filipacchi Presse S.A. GEX has licensing agreements with Mexicana Airlines to publish *Vuelo* and Click Airlines to publish *Loop*, two in-flight magazines, but their publication is on hiatus due to the airlines suspension of operations. GEX also owns and operates *MedioTiempo.com*, a leading sports website in Mexico, *MetrosCúbicos.com*, a leading website for classified real estate listings in Mexico, *CNNExpansíon.com*, a leading business website in Mexico, and *Quien.com*, a leading celebrity site. In addition, GEX and Turner formed a joint venture to launch *CNNMexico.com*, a Spanish-language news site that provides local, national and international news from a Mexican perspective, in February 2010.

Time Inc. licenses approximately 50 editions of its magazines for print publication outside the U.S. to publishers in over 20 countries. In addition, Time Inc. has been expanding its licensing to digital platforms outside the U.S. and has licenses in approximately 10 countries.

Advertising

Time Inc. derives approximately half of its revenues from the sale of advertising, primarily from its print magazines with a smaller amount of advertising revenues from its websites and digital magazines for tablets. Advertising carried in Time Inc. s magazines and on its websites is predominantly consumer advertising, including toiletries and cosmetics, food, drugs, automobiles, financial services and insurance, travel and home, media and movies, retail and department stores, computers and telecommunications, and apparel and accessories.

In 2010, Time Inc. s U.S. magazines accounted for 20.7% (compared to 20.0% in 2009) of the total U.S. advertising revenues in consumer magazines, excluding newspaper supplements, as measured by PIB. *People*, *Sports Illustrated* and *Time* were ranked 1, 3 and 7, respectively, in terms of PIB-measured advertising revenues in 2010, and Time Inc. had six of the top 25 leading magazines based on the same measure.

Pursuant to the digital partnership between Turner and *Sports Illustrated*, beginning in the fourth quarter of 2010, Turner receives all advertising revenues generated from the *SI.com* and *Golf.com* websites, and Time Inc. receives a license fee from Turner and reimbursement for certain website editorial and other costs.

Circulation

Through the sale of magazines to consumers, circulation generates significant revenues for Time Inc. In addition, circulation is an important component in determining Time Inc. s print advertising revenues because advertising page rates are based on circulation and audience. Most of Time Inc. s U.S. magazines are sold primarily by subscription and delivered to subscribers through the mail. Subscribers to the print version of *People* magazine may also download the digital version of *People* through Apple s iTunes App Store for no additional fee. Subscriptions are sold primarily through direct mail and online solicitation, subscription sales agents, marketing agreements with other companies and insert cards in Time Inc. magazines and other publications. Most of Time Inc. s international magazines are sold primarily at newsstands.

Time Inc. s Synapse Group, Inc. (Synapse) is a leading seller of domestic magazine subscriptions to Time Inc. magazines and magazines of other U.S. publishers. Synapse sells magazine subscriptions principally through marketing relationships with commercial airlines that have frequent flier programs, retailers, Internet businesses, consumer catalog companies, and credit card issuers.

Time Inc. s school and youth group fundraising company business, QSP, offers fundraising programs that help schools and youth groups raise money through the sale of subscriptions to Time Inc. magazines and magazines of other publishers, among other products.

Newsstand sales of magazines, which are reported as a component of Subscription revenues, are sold through traditional newsstands as well as other retail outlets such as Wal-Mart, supermarkets and convenience and drug stores, and may or may not result in repeat purchases. Time/Warner Retail Sales & Marketing Inc. distributes and markets copies of Time Inc. magazines and books and certain other publishers   magazines and books through third-party wholesalers primarily in the U.S. and Canada. Wholesalers, in turn, sell Time Inc. magazines and books to retailers. A small number of wholesalers are responsible for a substantial portion of Time Inc. s newsstand sales of magazines and books. IPC s Marketforce (U.K.) Limited distributes and markets copies of all IPC magazines, some international editions of Time Inc. s U.S. magazines and certain other publishers   magazines outside of the U.S. through third-party wholesalers to retail outlets. Individual issues of *People*, *Sports Illustrated*, *Time* and *Fortune* are also sold through Apple s iTunes App Store for download on the iPad.

Paper and Printing

Paper constitutes a significant component of physical costs in the production of magazines. During 2010, Time Inc. purchased over 275,000 tons of paper for magazines and other printed products principally from three independent manufacturers.

Printing and binding for Time Inc. magazines are performed primarily by major domestic and international independent printing concerns in multiple locations in the U.S. and in other countries. Magazine printing contracts are typically fixed-term at fixed prices with, in some cases, adjustments based on inflation.

Marketing Services

Through subsidiaries, Time Inc. conducts marketing services businesses. The marketing services include providing customer relationship marketing programs, custom client publications and other platforms that enable clients to create and sustain profitable relationships with their customers. The marketing services also include advertising services for magazines that are customized, on multiple platforms, and targeted based on demographics and geography.

Direct-Marketing and Books

Through subsidiaries, Time Inc. conducts direct-marketing businesses as well as certain niche book publishing. In addition to magazine subscription fundraising programs, QSP offers fundraising programs that help schools and youth groups to raise money through the sale of chocolate, cookie dough and other products. Time Inc. s book publishing business consists of Time Home Entertainment Inc. and Oxmoor House Inc., which publish how-to, lifestyle and special commemorative books and books on other topics through retail and direct mail channels under TIME books, LIFE books, Oxmoor House, Sunset and other imprints.

In 2009, Time Inc. sold Southern Living At Home, its direct selling division that sold home décor products through independent consultants.

Postal Rates

Postal costs represent a significant operating expense for Time Inc. s magazine publishing and direct-marketing activities. In 2010, Time Inc. spent over $250 million for services provided by the U.S. Postal Service. The U.S. Postal Service did not increase postal rates in 2010 for services used by Time Inc., but is expected to increase such rates in 2011. Time Inc. does not expect to directly pass on any increased costs due to postal rate increases to magazine subscribers. Time Inc. strives to minimize postal expense through the use of certain cost-saving activities with respect to address quality, mail preparation and delivery of products to postal facilities.

Competition

Time Inc. faces significant competition from several direct competitors and other media, including the Internet. Time Inc. s magazine and website operations compete with numerous other magazine and website publishers and other media for circulation and audience and for advertising directed at the general public and at more focused demographic groups. The publishing business presents few barriers to entry and many new magazines and websites are launched annually. Time Inc. has also recently begun creating digital versions of its magazines, primarily targeting consumers reading on mobile digital devices such as tablets. The use of these digital devices as distribution platforms for magazine products may lower the barriers to entry for launching digital magazine products that could compete with Time Inc. s businesses.

Competition for magazine and website advertising revenues is primarily based on advertising rates, the nature and size of the audience (including the circulation and readership of magazines and the number of unique visitors to and page views on websites), audience response to advertisers products and services and the effectiveness of sales teams. Other competitive factors in publishing include product positioning, editorial quality, price and customer service, which impact audience, circulation revenue and advertising revenue. New digital platforms for publishing may impact the way in which Time Inc. competes for consumers with other forms of media. In addition, competition for magazine advertising revenue has intensified in recent years due to challenging economic conditions and the increasing shift in advertising dollars from traditional print to digital media.

Time Inc. s marketing services businesses and direct-marketing businesses compete with other marketing services businesses and direct-marketing businesses through all media, including the Internet.

INTELLECTUAL PROPERTY

Time Warner is one of the world s leading creators, owners and distributors of intellectual property. The Company s vast intellectual property assets include copyrights in motion pictures, television programs, magazines, software and books; trademarks in names, logos and characters; patents or patent applications for inventions related to its products and services; and licenses of intellectual property rights of various kinds. The Company derives value from these assets through a range of business models, including the theatrical release of films, the licensing of its films and television programming to multiple domestic and international television and cable networks, pay television services, VOD and streaming, the sale of products such as DVDs, Blu-ray Discs, magazines and videogames and the operation of websites. It also derives revenues related to its intellectual property through advertising in its magazines, networks and online properties and from various types of licensing activities, including licensing of its trademarks and characters. To protect these assets, the Company relies on a combination of copyright, trademark, unfair competition, patent and trade secret laws and contract provisions. The duration of the protection afforded to the Company s intellectual property depends on the type of property in question and the laws and regulations of the relevant jurisdiction.

The Company vigorously pursues all appropriate avenues of protection for its intellectual property. However, there can be no assurance of the degree to which these measures will be successful in any given case. Policing unauthorized use of the Company s intellectual property is often difficult and costly and the steps taken may not in every case prevent misappropriation. Piracy, particularly in the digital environment, continues to present a threat to revenues from products and services based on intellectual property. The Company seeks to limit that threat through a combination of approaches, including offering legitimate market alternatives, applying technical protection measures, pursuing legal sanctions for infringement, promoting appropriate legislative initiatives, and enhancing public awareness of the meaning and value of intellectual property. The Company works with various cross-industry groups and trade associations, as well as with strategic partners to develop and implement technological solutions to control digital piracy.

Third parties may bring intellectual property infringement claims or challenge the validity or scope of the Company s intellectual property from time to time, and such challenges could result in the limitation or loss of intellectual property rights. In addition, domestic and international laws, statutes and regulations are constantly changing, and the Company s assets may be either adversely or beneficially affected by such changes. Moreover, intellectual property protections may be insufficient or insufficiently enforced in certain foreign territories. The Company therefore generally engages in efforts to strengthen and update intellectual property protection around the world, including efforts to ensure effective and appropriately tailored remedies for infringement.

REGULATORY MATTERS

The Company s businesses are subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities, and the Company s international operations are subject to laws and regulations of local countries and international bodies such as the European Union. The Company s U.S. cable networks and original programming businesses are subject to regulation by the Federal Communications Commission (the FCC). The Company s U.S. magazine subscription and other direct marketing activities are subject to regulation by the Federal Trade Commission (the FTC). The laws, regulations, rules, policies and procedures affecting the Company s businesses are subject to change. The following descriptions of significant federal, state, local and international laws and regulations and current regulatory agency inquiries and rulemaking proceedings should be read in conjunction with the texts of the respective laws, regulations, inquiries and rulemaking proceedings.

Network Regulation

Under the Communications Act of 1934, as amended, and its implementing regulations, U.S. cable networks are subject to certain direct and, through their distribution partners, indirect obligations that, among other things, require closed captioning of programming for the hearing impaired, limit the amount and content of commercial matter that may be shown during programming aimed primarily at an audience of children 12 and under, and require the identification of (or the maintenance of lists of) sponsors of political advertising. Various other federal laws also contain provisions that place restrictions on violent and sexually explicit programming and provisions relating to the voluntary promulgation of ratings by the industry.

In December 2010, the FCC adopted net neutrality rules requiring Internet service providers (ISPs) to follow certain principles with respect to broadband Internet access service provided to consumers. These principles, with certain exceptions (particularly for wireless ISPs), prohibit ISPs from blocking lawful content, applications, services, or non-harmful devices, and also prohibit unreasonable discrimination in the transmission of lawful network traffic. The FCC has indicated that agreements between an ISP and a third party to favor some network traffic over other network traffic in the Internet access service connection to a subscriber (i.e., pay for priority) may constitute unreasonable discrimination. It is not clear what impact these regulations will have on the increasing use of the Internet to deliver and receive video content. Lawsuits challenging the FCC s authority to adopt these rules have been filed, and additional lawsuits are expected to be filed.

From time to time, the FCC and other federal agencies conduct inquiries and rulemaking proceedings, including the following, which could lead to additional regulations that could have a material effect on the Company and its businesses:

Smart Video Devices: The FCC initiated an inquiry in April 2010 to study potential options to spur development of smart video devices that are compatible with all multichannel video programming distributor (MVPD) services and that would be available for consumers to purchase in retail outlets. Under one proposed option, MVPD services would be sent to a universal adapter in a consumer s home. The adaptor would enable the consumer to view the content from the MVPD service on a connected smart video device, such as a television or portable device. The FCC is expected to initiate a rulemaking proceeding in this area in 2011.

Bundling and Carriage Agreements: In October 2007, the FCC initiated a rulemaking proceeding to examine the use of bundling practices in carriage agreements for both broadcast and satellite cable programming. As of February 15, 2011, it is unclear what, if any, action the FCC will take in this matter.

Children s Media: In 2009, the FCC initiated an inquiry to broadly survey the state of children s media across multiple platforms and seek comment on existing ratings, advertising, and media literacy efforts. As of February 15, 2011, it is unclear what, if any, action the FCC will take in this matter. The FTC is also studying food and beverage marketing to children, and an interagency task force is expected to seek comment in 2011 on a proposed voluntary nutrition standard for marketing aimed at children 2-17 years old.

Disability Access: The FCC is expected to initiate several rulemaking proceedings in 2011 to implement the 21st Century Communications and Video Accessibility Act of 2010. This law extends closed captioning requirements to television programming distributed via the Internet after it is initially aired on a broadcast or cable network and reinstitutes the FCC s video description rules for the sight impaired for the top five cable networks with more than 50 hours of non-exempt programming per quarter, which may include one or more of the Company s U.S. cable networks. The FCC is also considering changes to its closed captioning rules, including the adoption of quality standards and either eliminating or changing existing exemptions to such rules.

In addition, in international territories in which the Company s Networks businesses operate, laws and regulations have been instituted or proposed that, among other things, place limitations on the amount of advertising cable networks are entitled to air, impose local content quotas, require closed-captioning of programming, limit the kind and nature of advertising aimed at children, require operators of pay television packages to include a specified number of local channels based on the number of international channels that are carried by the operator and expand laws and regulations regarding content delivered via the Internet.

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Marketing Regulation

Time Inc. s U.S. magazine subscription and direct marketing activities, as well as marketing activities by other divisions of the Company, are subject to regulation by the FTC and each of the states under general consumer protection statutes prohibiting unfair or deceptive acts or practices. Certain areas of marketing activity are also subject to specific federal statutes and rules, such as the Telephone Consumer Protection Act, the Children s Online Privacy Protection Act, the Gramm-Leach-Bliley Act (relating to financial privacy) and the FTC Mail or Telephone Order Merchandise Rule. Other statutes and rules also regulate conduct in areas such as privacy, data security, product safety and telemarketing. Time Inc. regularly receives and resolves routine inquiries from state Attorneys General and is subject to agreements with state Attorneys General addressing some of Time Inc. s marketing activities.

In connection with their international activities, Time Inc. and the Company s other divisions are subject to local laws and regulations relating to data privacy and electronic marketing, especially across Europe and the Asia Pacific region. In the European Union, these local laws and regulations include the European Data Protection Directive and the European Directive on Privacy and Electronic Communications. In addition, a combination of codes, directives, regulations and legislation covering consumer protection, electronic commerce and audiovisual media regulate the Company s conduct of marketing and advertising activities in numerous individual territories internationally.

FINANCIAL INFORMATION ABOUT SEGMENTS, GEOGRAPHIC AREAS AND BACKLOG

Financial and other information by segment and revenues by geographic area for each year in the three-year period ended December 31, 2010 is set forth in Note 15 to the Company s consolidated financial statements, Segment Information. Information with respect to the Company s backlog, representing future revenue not yet recorded from cash contracts for the licensing of theatrical and television product, at December 31, 2010 and December 31, 2009, is set forth in Note 16 to the Company s consolidated financial statements, Commitments and Contingencies Commitments Programming Licensing Backlog.

Item 1A. ***Risk Factors.***

RISKS RELATING TO TIME WARNER GENERALLY

The Company must respond to recent and future changes in technology, services, standards and consumer behavior to remain competitive and continue to increase its revenues. Technology, particularly digital technology used in the entertainment and media industry, continues to evolve rapidly, and advances in that technology have led to alternative methods for the distribution, storage and consumption of digital content. These technological changes have driven and reinforced changes in consumer behavior as consumers increasingly seek control over when, where and how they consume content digitally. For example, consumer electronic innovations have enabled consumers to view Internet-delivered content, including films, television programming and magazines, on televisions, computers, tablets, phones and other portable electronic devices. These changes in technology and consumer behavior have resulted in a number of challenges and risks for content owners and aggregators, such as the Company. For example, the growing number of content aggregators increases competition for programming and consumers leisure and entertainment time and discretionary spending, and the increased availability of programming online from content aggregators may diminish the perceived value of such programming in other distribution windows and negatively affect consumers decisions to purchase such programming. The Company s failure to adapt to emerging technologies and changes in consumer behavior could have a significant adverse effect on the Company s competitive position and its businesses and results of operations.

Technological developments also pose other challenges for the Company that could adversely affect its revenues and competitive position. For example, the Company may not have the right, or be able to secure the right, to distribute content it licenses from others digitally or across new delivery platforms or devices that are developed. Furthermore, advances in technology or changes in competitors   product and service offerings may require the Company to make additional research and development expenditures or offer products or services in a digital format

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without charge or at a lower price than offered in other formats. New technology or business initiatives supported by the Company may not be embraced by consumers or advertisers, and therefore may not develop into profitable business models, which could have a significant adverse effect on the Company s competitive position and its businesses and results of operations. In addition, new delivery platforms could lead to the loss of distribution control and the loss of direct relationships with consumers.

The Company faces risks relating to competition for the leisure and entertainment time and discretionary spending of consumers, which has intensified in part due to advances in technology and changes in consumer behavior. The Company s businesses are subject to risks relating to increasing competition for the leisure and entertainment time and discretionary spending of consumers. The Company s businesses compete with each other and all other sources of entertainment, news and other information, including broadcast television, films, the Internet, home video products, interactive videogames, social networking, sports, print media, live events and radio broadcasts, for consumers leisure and entertainment time and discretionary spending. Technological advancements, such as tablets and other portable electronic devices, video-on-demand, new video formats and Internet streaming and downloading, have increased the number of media and entertainment choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of leisure and entertainment choices available to consumers, including low-cost or free choices, could negatively affect consumer demand for the Company s products and services, the prices content aggregators are willing to pay to license the Company s content and advertisers willingness to purchase advertising from the Company s businesses, which could reduce the Company s revenues and could also result in the Company incurring additional marketing expenses.

The popularity of the Company s content is difficult to predict and could lead to fluctuations in the Company s revenues, and low public acceptance of the Company s content may adversely affect its results of operations. The production and distribution of television programming, films, interactive videogames, magazines and other content are inherently risky businesses, largely because the revenues derived from the production, distribution and licensing of such content depend primarily on its acceptance by the public, which is difficult to predict. As more cable networks and premium pay television services produce and acquire more original programming, the Networks segment faces increasing pressure to produce and acquire more new compelling programming. With the scheduled theatrical release of the final Harry Potter film in 2011, the Filmed Entertainment segment faces increasing pressure to develop new franchises or extend current franchises. Public acceptance of new original television programming and new theatrical films and interactive videogames is particularly difficult to predict, which heightens the risks associated with such content. The public acceptance of the Company s content depends on many factors, only some of which are within the Company s control. Examples include the quality and acceptance of competing content, including locally produced content, available or released at or near the same time, the availability of alternative forms of leisure and entertainment time activities, the adequacy of efforts to limit piracy, the Company s ability to develop strong brand awareness and target key audience demographics, the Company s ability to anticipate and adapt to changes in consumer tastes and behavior on a timely basis and general economic conditions. If the Company is not able to create and distribute content, products and services that earn consumer acceptance, the Company s revenues and its results of operations could be adversely affected.

The popularity of the Company s content is reflected in (1) the theatrical performance of the Filmed Entertainment segment s films, (2) the ratings for the television programming produced by the Filmed Entertainment segment and the syndicated, licensed and original programming of the Networks segment, (3) the Publishing segment s magazine circulation and (4) the number of unique visitors to the Company s many websites. Historically, there has been a correlation between a theatrical film s domestic box office success and international box office success, as well as a correlation between box office success and success in subsequent distribution channels. Consequently, the underperformance of a film, particularly an event film (which typically has high production and marketing costs) or a film that is part of a franchise, can have an adverse impact on the Company s results of operations in both the year of release and in the future. A film s underperformance may also adversely affect revenues from other distribution channels, such as home entertainment and pay television services, and sales of interactive videogames and licensed consumer products based on such film. In addition, due to the decline in the sales of DVDs, the success of a theatrical film is much more dependent on public acceptance at the box office. A decline in the ratings or audience delivery of the television programming produced by the Filmed

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Entertainment segment or shown by Turner can negatively affect license fees, syndication results, advertising demand and rates, affiliate fees and a network s distribution potential. For Home Box Office, a decline in the popularity of its television programming can negatively affect license fees, syndication results, affiliate fees and the distribution potential of its premium pay television services. For the Publishing segment, a decrease in magazine circulation or the number of unique visitors for its websites can lead to lower advertising demand and rates.

The Company s businesses operate in highly competitive industries. The businesses in the Networks and Filmed Entertainment segments face intense competition from many different sources, and the ability of these businesses to compete successfully depends on many factors, including their ability to provide high-quality, popular content, adapt to new technologies and distribution platforms, respond to changes in consumer behavior and achieve widespread distribution. Consolidation in the U.S. and international entertainment and media industry also has resulted in increased competition for the Company. In addition, the Networks and Filmed Entertainment segments competitors include industry participants with interests in other multiple media businesses that are vertically integrated.

The Publishing segment faces significant competition from several direct competitors and other media, including the Internet. Moreover, additional competitors may enter the digital publishing business and further intensify competition, which could have an adverse impact on the segment s revenues.

There can be no assurance that the Company and its businesses will be able to compete successfully in the future against existing or potential competitors. The failure to compete successfully may have an adverse effect on the Company s businesses or results of operations.

The Company has been in the recent past, and may continue to be, adversely affected by weak economic and market conditions. The Company s businesses have been, and in the future will continue to be, affected by economic and market conditions, including factors such as the rate of unemployment, the level of consumer confidence, changes in consumer spending habits, and interest rates. Because many of the Company s products and services are largely discretionary items, the deterioration of the economy in the U.S. or key international markets could diminish demand for the Company s products and services and adversely affect the Company s subscription and content revenues. In addition, expenditures by advertisers tend to be cyclical, reflecting general economic conditions. The deterioration of these conditions could adversely affect the Company s revenues since the Networks and Publishing segments derive a substantial portion of their revenues from the sale of advertising on a variety of platforms. Although the print advertising market has improved in 2010, there continues to be a risk that the print advertising market will not continue to improve, or it may take several years for any further improvement to occur. Declines in consumer spending due to weak economic conditions could also indirectly impact the Company s advertising revenues by causing downward pricing pressure on advertising because advertisers may not perceive as much value from advertising if consumers are purchasing fewer of their products or services.

The Company derives a significant portion of its advertising revenues from companies in certain sectors of the economy, including food and beverage, financial/business services and insurance, automotive, motion picture, pharmaceuticals and medical, apparel, fashion and retail, toiletries and cosmetics, telecommunications, and household products and travel. Any economic, political, social, technological or legal or regulatory change (including change due to pressure from public interest groups) resulting in a significant reduction in the advertising spending of these sectors could further adversely affect the Company s advertising revenues or its ability to maintain or increase such revenues.

The Company also faces risks associated with the impact of economic and market conditions on third parties, such as advertisers, suppliers, retailers, insurers and other parties with which it does business. If these parties file for reorganization under bankruptcy laws or otherwise experience negative effects on their businesses due to the market and economic conditions, it could reduce the number of outlets for the Company s DVD, Blu-ray Disc and magazine products and otherwise negatively affect the Company s businesses or operating results.

The Company faces risks relating to doing business internationally that could adversely affect its businesses and operating results. The Company s businesses operate and serve customers worldwide. There are risks inherent in doing business internationally, including:

economic volatility;
inflationary pressures;

- the requirements of local laws, regulations, industry practices and customs relating to the publication and distribution of content and the display and sale of advertising;
- risks related to government regulation, including import or export restrictions and changes in trade regulations;
- issues related to occupational safety and adherence to diverse local labor laws and regulations;
- potentially adverse tax developments;
- longer payment cycles;
- political or social unrest;
- the existence in some countries of statutory shareholder minority rights and restrictions on foreign direct ownership;
- the presence of corruption in certain countries; and
- higher than anticipated costs of entry.

One or more of these factors could harm the Company s international operations and its operating results.

In addition, certain of the Company s operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, the Company is exposed to exchange rate fluctuations, which have in the past had, and could in the future have, an adverse effect on its results of operations in a given period. The Company s international businesses are also subject to exchange control regulations, and the Company cannot predict the extent to which such controls may affect its ability to convert a foreign currency to U.S. dollars and remit U.S. dollars from abroad.

Further, the Company could be at a competitive disadvantage in the long term if its businesses are not able to strengthen their positions and capitalize on international opportunities. However, international expansion involves significant investments, and investments in some regions can take a long period to generate an adequate return. Also, in some countries, there may not be a developed or efficient legal system to protect foreign investment or intellectual property rights. Further, if the Company expands into new international regions, some of its businesses will have only limited experience in operating and marketing their products and services in such regions and could be at a disadvantage compared to competitors with more experience in such regions.

Piracy of the Company s content may decrease the revenues received from the exploitation of its content and adversely affect its businesses and profitability. The piracy of the Company s content, products and other intellectual property in the U.S. and internationally poses significant challenges for the Company s businesses. Technological advances have made it easier to create, transmit and distribute high quality unauthorized copies of content in unprotected digital formats. The proliferation of unauthorized copies and piracy of the Company s content and products or the products it licenses from third parties could result in a reduction of the revenues that the Company receives from the legitimate sale and distribution of its content and products. The Company devotes substantial resources to protecting its intellectual property, but there can be no assurance that the Company s efforts to enforce its rights and combat piracy will be successful.

The Company s businesses may suffer if it cannot continue to license or enforce the intellectual property rights on which its businesses depend. The Company relies on patent, copyright, trademark and trade secret laws and licenses and other agreements with its employees, customers, suppliers and other parties to establish and maintain its intellectual property rights in content, technology and products and services used to conduct its businesses. However, the Company s intellectual property rights could be challenged or invalidated, it could have difficulty obtaining such rights or the rights may not be sufficient to permit it to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. Further, the laws of certain countries do not protect the Company s proprietary rights or such laws may not be strictly enforced, and the Company may be unable to protect its intellectual property adequately against unauthorized copying or use in certain countries.

The Company has been, and may be in the future, subject to claims of intellectual property infringement, which could have an adverse impact on the Company s businesses or operating results. From time to time, the Company receives notices from others claiming that it infringes their intellectual property rights. Such claims and lawsuits could require the Company to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question. This could require the Company to change its business practices and limit its ability to compete effectively. If the Company is required to take any of these actions, it could have an adverse impact on the Company s businesses or operating results. Even if the Company believes that the claims are without merit, defending against the claims can be time-consuming and costly and divert management s attention and resources away from its businesses.

The Company is exposed to risks associated with disruption in the financial markets. The Company is exposed to risks associated with disruptions in the financial markets, which can make it more difficult and more expensive to obtain financing. For example, the adoption of new statutes and regulations, the implementation of recently enacted laws or new interpretations or the enforcement of older laws and regulations applicable to the financial markets or the financial services industry could result in a reduction in the amount of available credit or an increase in the cost of credit. In addition, disruptions in the financial markets can adversely affect the Company s lenders, insurers, customers and counterparties, including vendors, retailers and film co-financing partners. For instance, the inability of the Company s counterparties to obtain capital on acceptable terms could impair their ability to perform under their agreements with the Company and lead to various negative effects on the Company, including business disruption, decreased revenues, increases in bad debt write-offs and, in the case of film co-financing partners, greater risk with respect to the performance of the Company s films.

The Company s businesses are subject to labor interruption. The Company and certain of its suppliers retain the services of writers, directors, actors, athletes, technicians, trade employees and others involved in the development and production of motion pictures, television programming and magazines who are covered by collective bargaining agreements. If the Company or its suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions could take actions in the form of strikes, work slowdowns or work stoppages. Such actions or the possibility of such actions, including attempts to unionize, could cause delays in the production or the release dates of the Company s feature films, television programming and magazines. The Company could also incur higher costs from such actions, new collective bargaining agreements or if collective bargaining agreements are renewed on less favorable terms. In addition, union or labor disputes or player lock-outs relating to professional sports leagues could have a negative impact on the Networks segment s subscription and advertising revenues.

The Company s businesses rely heavily on network and information systems or other technology, and a disruption or failure of such networks, systems or technology as a result of computer viruses, misappropriation of data or other malfeasance, as well as outages, natural disasters, accidental releases of information or similar events, may disrupt the Company s businesses, damage its reputation or have a negative impact on its revenues. Because network and information systems and other technologies are critical to many of the Company s operating activities, network or information system shutdowns or service disruptions pose increasing risks. Such disruptions may be caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters, failures or impairments of communication satellites or on-ground uplinks or downlinks used to transmit programming, terrorist attacks and similar events. Such events could have an adverse impact on the Company and its customers, including degradation or disruption of service and damage to equipment and data. Significant incidents could result in a disruption of the Company s operations, customer dissatisfaction, or a loss of customers or revenues. Furthermore, the operating activities of the Company s various businesses could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in the information technology systems and networks of the Company and third party vendors, including personnel, customer and vendor data. The Company could be exposed to significant costs if such risks were to materialize, and such events could result in violations of data privacy laws and regulations and damage the reputation and credibility of the Company and its businesses and have a negative impact on its revenues. The Company also could be required to expend significant money and other resources to remedy any such security breach or to repair or replace networks or information systems.

The Company s businesses are subject to regulation in the U.S. and internationally, which could cause the Company to incur additional costs or liabilities or disrupt its business practices. The Company s businesses are subject to a variety of U.S. and international laws and regulations. Television networks (including those operated by the Networks segment) in the U.S. are regulated by U.S. federal laws and regulations issued and administered by

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various federal agencies, including the FCC. The Publishing segment s U.S. magazine subscription and direct marketing activities are subject to regulation by the FTC and the states under general consumer protection statutes prohibiting unfair or deceptive acts or practices, and certain areas of marketing activity are also subject to specific federal statutes and rules. In addition, the rules of the Audit Bureau of Circulations govern the Publishing segment s U.S. magazine subscription activities. The Company s digital properties and activities are subject to a variety of laws and regulations, including those relating to privacy, consumer protection, data retention and protection, content regulation and the use of software that allows for audience targeting and tracking of performance metrics, among others. See Item 1, Business Regulation for a description of current significant federal, state, local and international laws, regulations inquiries and regulatory proceedings affecting the growth and operation of the Company s businesses.

The Company could incur substantial costs necessary to comply with new laws, regulations or policies or substantial penalties or other liabilities if it fails to comply with them. Compliance with new laws, regulations or policies also could cause the Company to change or limit its business practices in a manner that is adverse to its businesses. In addition, if there are changes in laws that provide protections that the Company relies on in conducting its business, it would subject the Company to greater risk of liability and could increase its costs of compliance or limit its ability to operate certain lines of business.

If the AOL Separation or the TWC Separation is determined to be taxable for income tax purposes, Time Warner and/or Time Warner s stockholders who received shares of AOL or TWC in connection with the spin-offs could incur significant income tax liabilities. In connection with the legal and structural separation of AOL Inc. (AOL) from the Company in December 2009 (the AOL Separation), Time Warner received an opinion of counsel confirming that the AOL Separation will not result in the recognition, for U.S. Federal income tax purposes, of gain or loss to Time Warner or its stockholders, except to the extent of cash received in lieu of fractional shares. In connection with the legal and structural separation of Time Warner Cable Inc. (TWC) from the Company in March 2009 (the TWC Separation), Time Warner received a private letter ruling from the Internal Revenue Service (IRS) and opinions of counsel confirming that the TWC Separation should not result in the recognition, for U.S. Federal income tax purposes, of gain or loss to Time Warner or its stockholders, except to the extent of cash received in lieu of fractional shares. The IRS ruling and the opinions received in connection with these transactions were based on, among other things, certain facts, assumptions, representations and undertakings made by Time Warner and by AOL or TWC, as applicable. If any of these facts, assumptions, representations or undertakings is incorrect or not otherwise satisfied, Time Warner and its stockholders may not be able to rely on the relevant IRS ruling or opinion and could be subject to significant tax liabilities. Furthermore, opinions of counsel are not binding on the IRS or state or local tax authorities or the courts, and a tax authority or court could determine that the AOL Separation or the TWC Separation should be treated as a taxable transaction. Under the tax matters agreement that Time Warner entered into with AOL, Time Warner is entitled to indemnification from AOL for taxes resulting from the failure of the AOL Separation to qualify as tax-free (AOL Transaction Taxes) as a result of (i) certain actions or failures to act by AOL or (ii) the failure of certain representations made by AOL to be true. Similarly, under the tax matters agreement that Time Warner entered into with TWC, Time Warner is entitled to indemnification from TWC for taxes resulting from the failure of the TWC Separation to qualify as tax-free (TWC Transaction Taxes and, together with the AOL Transaction Taxes, the Transaction Taxes) as a result of (i) certain actions or failures to act by TWC or (ii) the failure of certain representations made by TWC to be true. However, under these tax matters agreements, if Transaction Taxes are incurred for any other reason, Time Warner would not be entitled to indemnification.

RISKS RELATING TO TIME WARNER S NETWORKS BUSINESSES

The failure to renew affiliate agreements on favorable terms or the inability to renew affiliate agreements could cause the revenues of the Networks segment to decline in any given period, and further consolidation of multichannel video programming distributors could adversely affect the segment. The Networks segment depends on affiliate agreements with cable system operators, satellite distribution services, telephone companies and other customers (known as affiliates) for the distribution of its networks and services, and there can be no assurance that these affiliate agreements will be renewed in the future on terms that are acceptable to the Networks segment. The inability to renew affiliate agreements or the renewal of affiliate agreements on less favorable terms may adversely affect the segment s results of operations. In addition, the loss of carriage on the most widely penetrated programming tiers, including as a result of an affiliate s creation of lower-priced video packages or tiers that do not include the segment s cable networks, could reduce the distribution of the segment s programming and adversely affect its advertising and subscription revenues. Further, the reduction of any affiliate marketing of the Network segment s premium pay television services could negatively affect the segment s subscription revenues. In addition, further consolidation among affiliates has provided them greater negotiating power, and increased vertical integration of such affiliates could adversely affect the segment s ability to maintain or obtain distribution and/or marketing for its networks and services on commercially reasonable terms, or at all.

The inability of the Networks segment to license rights to popular programming on acceptable terms could adversely affect the segment s operating results. Turner obtains a significant portion of its programming, such as motion pictures, television series and sports events, from movie studios, television production companies and sports organizations. In addition, Home Box Office has agreements with certain movie studios that provide it with the exclusive rights to exhibit the studios original theatrical films during specified periods. Competition for popular programming is intense, and the businesses in the segment may be outbid by their competitors for the rights to programming or in connection with the renewal of programming they currently license and the cost to license such programming may increase due to such competition. There can be no assurance that the Networks segment will be able to enter into new agreements or renew existing agreements for programming on acceptable terms. If it is unable to obtain such new agreements or renewals on acceptable terms, the results of operations of the Networks segment may be adversely affected. In addition, the Networks segment may not be able to obtain the rights to distribute the content it licenses from others over new distribution platforms on acceptable terms.

Increases in the costs to produce programming may adversely affect the gross margins at the Networks segment. The Networks segment produces programming and it incurs costs for creative talent, including actors, writers and producers, as well as costs relating to development and marketing. The segment also incurs additional significant costs, such as production and newsgathering costs. The Networks segment s failure to generate sufficient revenues to offset increases in the costs of creative talent or in development, marketing, production or newsgathering costs may lead to decreased profits at the Networks segment.

The loss of subscribers could adversely affect the results of operations and future revenue growth at the Networks segment. The Networks segment faces increased competition from services that distribute movies, television shows and other video programming directly to consumers, including by means of online services that offer video streaming or other means of distribution. If consumers elect to utilize these services as an alternative to video services provided by affiliates, the networks in the segment may experience a decline in subscribers. Further, if video services rates charged by affiliates continue to increase or economic conditions deteriorate, consumers may cancel their video service subscriptions, reduce the number of services they subscribe to or elect to subscribe to a lower-priced tier that may not include all of the Company s networks. In addition, if affiliates reduce their promotional efforts associated with the Company s premium pay television services, the number of subscribers to such services could decline. A decrease in the number of subscribers to the Networks segment s networks and services could result in a decrease in affiliate fees and advertising revenues.

RISKS RELATING TO TIME WARNER S FILMED ENTERTAINMENT BUSINESSES

Sales of DVDs have been declining, which may adversely affect Warner Bros. growth prospects and results of operations. Several factors are contributing to an industry-wide decline in DVD sales both domestically and internationally, which has had an adverse effect on Warner Bros. results of operations. These factors include challenging economic conditions, the maturation of the standard definition DVD format, piracy, intense competition for consumer discretionary spending and leisure and entertainment time and the declining popularity of catalog titles. Subscription rental (including subscription streaming services) and discount rental kiosks, which generate significantly less revenue for Warner Bros. than DVD sales, have been capturing an increasing share of consumer transactions and consumer discretionary spending, which has adversely affected DVD prices and sales and could adversely affect Warner Bros. ability to increase revenues from the electronic delivery of its films and television programming.

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A decrease in demand for television programming could adversely affect Warner Bros. revenues. Warner Bros. is a leading supplier of television programming. If there is a decrease in the demand for Warner Bros. television product, it could lead to the launch of fewer new television series and a reduction in the number of original programs ordered by the networks, the per-episode license fees generated by Warner Bros. in the near term and the syndication revenues generated by Warner Bros. in the future. Various factors may increase the risk of such a decrease in demand, including station group consolidation and vertical integration of station groups and broadcast networks, as well as the vertical integration of television production studios and broadcast networks. Vertically integrated networks could increase the amount of programming they purchase from production companies with which they are affiliated, driven in part by their desire to have more control over digital rights. In addition, the failure of ratings for the programming to meet expectations and the shift of viewers and advertisers away from network television to other entertainment and information outlets could adversely affect the amount and type (e.g., scripted drama) of original programming ordered by networks and the amount they are willing to pay for such programming or could result in a network s cancellation of a program. Local television stations may face loss of viewership and an accompanying loss of advertising revenues as viewers move to other entertainment outlets, which may negatively affect the segment s ability to obtain the per-episode license fees in syndication that it has received in the past. Finally, the increasing popularity of local television content in international regions also could result in decreased demand, fewer available broadcast slots, and lower licensing and syndication revenues for U.S. television content in international regions.

If the costs of producing and marketing feature films increase in the future, it may be more difficult for a film to generate a profit. The production and marketing of feature films is very expensive and has been increasing in recent years. The increasing popularity of 3D films and the trend toward producing event and franchise films (which often entail higher talent costs for films later in the series) could result in even higher production costs. If production and marketing costs continue to increase in the future, it may make it more difficult for the segment s films to generate a profit. Also, if film production incentives, such as subsidies and rebates, currently offered in certain U.S. states and international territories (particularly the United Kingdom) are reduced or discontinued, Warner Bros. capital requirements for production would increase.

Changes in estimates of future revenues from feature films could result in the write-off or the acceleration of the amortization of production costs. Warner Bros. is required to amortize capitalized film production costs over the expected revenue streams as it recognizes revenues from the associated films. The amount of film production costs that will be amortized each quarter depends on how much future revenue Warner Bros. expects to receive from each film. Unamortized film production costs are evaluated for impairment each reporting period on a film-by-film basis. If the estimated remaining revenue is not sufficient to recover the unamortized film production costs plus expected but unincurred marketing costs, the unamortized film production costs are written down to fair value. In any given quarter, if Warner Bros. lowers its forecast with respect to total anticipated revenue from any individual feature film, it would be required to accelerate amortization of related film costs. Such a write-down or accelerated amortization could adversely affect Warner Bros. operating results in a given period.

RISKS RELATING TO TIME WARNER S PUBLISHING BUSINESS

The Publishing segment could face increased costs and business disruption resulting from instability in the U.S. wholesaler distribution channel. The Publishing segment operates a national distribution business that relies on wholesalers to distribute its magazines to newsstands and other retail outlets. A small number of wholesalers are responsible for a substantial percentage of the wholesale magazine distribution business in the U.S. There is the possibility of consolidation among these major wholesalers and insolvency of or non-payment by one or more of these wholesalers, especially in light of the economic climate and its impact on retailers. Distribution channel disruptions can temporarily impede the Publishing segment s ability to distribute magazines to the retail marketplace, which could, among other things, negatively affect the ability of certain magazines to meet the rate base established with advertisers. Continued disruption in the wholesaler channel, an increase in wholesaler costs or the failure of wholesalers to pay amounts due could adversely affect the Publishing segment s operating income or cash flow.

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Item 1B. *Unresolved Staff Comments.*

Not applicable.

Item 2. *Properties.*

Time Warner s headquarters are located in New York City at One Time Warner Center. The Company also owns or leases offices, studios, production and warehouse spaces, satellite transmission facilities and data centers in numerous locations in the United States and around the world for its businesses. The Company considers its properties adequate for its present needs. The following table sets forth information as of December 31, 2010 with respect to the Company s principal properties:

Location	Principal Use	Approximate Square Feet Floor Space	Type of Ownership; Expiration Date of Lease
New York, NY One Time Warner Center	Executive and administrative offices, studio and technical space (Corporate HQ and Turner)	1,007,500	Owned by the Company. Approx. 130,000 sq. ft. is leased to an unaffiliated third-party tenant.
New York, NY 75 Rockefeller Plaza Rockefeller Center	Sublet to unaffiliated third-party tenants by Corporate	582,400	Leased by the Company. Lease expires in 2014. Entire building is sublet by the Company to unaffiliated third-party tenants.
Hong Kong 979 King s Rd. Oxford House	Executive and administrative offices (Corporate, Turner, Warner Bros. and Time Inc.)	133,000	Leased by the Company. Lease expires in 2012.
Atlanta, GA One CNN Center	Executive and administrative offices, studios, technical space and retail (Turner)	1,280,000	Owned by the Company. Approx. 48,000 sq. ft. is leased to unaffiliated third-party tenants.
Atlanta, GA 1050 Techwood Dr.	Business offices and studios (Turner)	1,170,000	Owned by the Company.
Santiago, Chile Pedro Montt 2354	Business offices and studios (Turner)	592,000	Owned by the Company.
Santiago, Chile Ines Matte Urrejola #0890 Provencia Central	Business offices and studios (Turner)	108,000	Owned by the Company.
London, England 16 Great Marlborough St. Turner House	Executive and administrative offices (Turner)	100,000	Leased by the Company. Lease expires in 2014.
Buenos Aires, Argentina 599 & 533 Defensa St.	Executive and administrative offices, studios and technical space (Turner)	113,000	Owned by the Company.

Washington, DC 820 First St.	Executive and administrative offices, studios and technical space (Turner)	102,000	Leased by the Company. Lease expires in 2020.
Los Angeles, CA 6430 Sunset Blvd.	Executive and administrative offices, studios and technical space (Turner)	37,000	Leased by the Company. Lease expires in 2022.
New York, NY 1100 and 1114 Ave. of the Americas	Executive and business offices (HBO)	673,100	Leased by the Company under two leases expiring in 2018. Approx. 24,200 sq. ft. is sublet to unaffiliated third-party tenants.
New York, NY 120A East 23rd Street	Business and administrative offices, production studios and technical space (HBO)	81,100	Leased by the Company under two leases expiring in 2018.

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Location	Principal Use	Approximate Square Feet Floor Space	Type of Ownership; Expiration Date of Lease
Hauppauge, NY 300 New Highway	Communications center and production facility (HBO)	110,000	Owned by the Company.
Burbank, CA The Warner Bros. Studio	Executive and administrative offices, sound stages, administrative, technical and dressing room structures, screening theaters, machinery and equipment facilities, back lot and parking lot/structures and other Burbank properties (Warner Bros.)	4,677,000[(a)]	Owned by the Company.
Leavesden, UK Leavesden Studios	Sound stages, administrative, technical and dressing room structures, machinery and equipment facilities, back lot and parking lots (Warner Bros.)	489,000	Owned by the Company.
Burbank, CA 3400 Riverside Dr.	Executive and administrative offices (Warner Bros.)	421,000	Leased by the Company. Lease expires in 2019.
Burbank, CA 3300 W. Olive Ave.	Executive and administrative offices (Warner Bros.)	231,000	Leased by the Company. Lease expires in 2021.
London, England 98 Theobald Rd.	Executive and administrative offices (Warner Bros.)	133,000	Leased by the Company. Lease expires in 2014.
New York, NY Time & Life Building Rockefeller Center	Executive, business and editorial offices (Time Inc.)	2,200,000	Leased by the Company. Lease expires in 2017. Approx. 372,000 sq. ft. is sublet to unaffiliated third-party tenants.
London, England Blue Fin Building 110 Southwark St.	Executive and administrative offices (Time Inc.)	499,000	Owned by the Company. Approx. 96,000 sq. ft. is leased to unaffiliated third-party tenants.
Birmingham, AL 2100 Lakeshore Dr.	Executive and administrative offices (Time Inc.)	398,000	Owned by the Company.
New York, NY 135 West 50th Street	Business and editorial offices (Time Inc.)	240,000	Leased by the Company. Lease expires in 2017.

			Approximately 5,000 sq. ft. is sublet to unaffiliated third-party tenants.
Tampa, FL 3000 University Center Drive	Business offices (Time Inc.)	133,000	Leased by the Company. Lease expires in 2020.
Parsippany, NJ 260 Cherry Hill Road	Business offices (Corporate and Time Inc.)	132,000	Owned by the Company.
Tampa, FL One North Dale Mabry Highway	Business offices (Time Inc.)	69,900	Leased by the Company. Lease expires in 2020.

(a) Represents 4,677,000 sq. ft. of improved space on 158 acres. Ten acres consist of various parcels adjoining The Warner Bros. Studio with mixed commercial and office uses.

Item 3. ***Legal Proceedings.***

On October 8, 2004, certain heirs of Jerome Siegel, one of the creators of the Superman character, filed suit against the Company, DC Comics and Warner Bros. Entertainment Inc. in the U.S. District Court for the Central District of California. Plaintiffs complaint seeks an accounting and demands up to one-half of the profits made on Superman since the alleged April 16, 1999 termination by plaintiffs of Siegel s grants of one-half of the rights to the Superman character to DC Comics predecessor-in-interest. Plaintiffs have also asserted various Lanham Act and unfair competition claims and alleging wasting of the Superman property by DC Comics, and the Company has filed counterclaims. On March 26, 2008, the court entered an order of summary judgment finding, among other things, that plaintiffs notices of termination were valid and that plaintiffs had thereby recaptured, as of April 16, 1999, their rights to a one-half interest in the Superman story material, as first published, but that the accounting for profits would not include profits attributable to foreign exploitation, republication of pre-termination works and trademark exploitation. On October 6, 2008, the court dismissed plaintiffs Lanham Act and wasting claims with prejudice, and subsequently determined that the remaining claims in the case will be subject to phased non-jury trials. On July 8, 2009, the court issued a decision in the first phase trial in favor of the defendants on the issue of whether the terms of various license agreements between DC Comics and Warner Bros. Entertainment Inc. were at fair market value or constituted sweetheart deals. The parties are awaiting a new date for the commencement of the second phase trial.

On October 22, 2004, the same Siegel heirs filed a related lawsuit against the same defendants, as well as Warner Communications Inc. and Warner Bros. Television Production Inc. in the U.S. District Court for the Central District of California. Plaintiffs claim that Siegel was the sole creator of the character Superboy and, as such, DC Comics has had no right to create new Superboy works since the alleged October 17, 2004 termination by plaintiffs of Siegel s grants of rights to the Superboy character to DC Comics predecessor-in-interest. This lawsuit seeks a declaration regarding the validity of the alleged termination and an injunction against future use of the Superboy character. On March 23, 2006, the court granted plaintiffs motion for partial summary judgment on termination, denied the Company s motion for summary judgment and held that further proceedings are necessary to determine whether the Company s *Smallville* television series may infringe on plaintiffs rights to the Superboy character. On July 27, 2007, upon the Company s motion for reconsideration, the court reversed the bulk of its March 23, 2006 ruling, and requested additional briefing on certain issues, on which a decision remains pending.

On May 14, 2010, DC Comics filed a related lawsuit in the U.S. District Court for the Central District of California against the heirs of Superman co-creator Joseph Shuster, the Siegel heirs, their attorney Marc Toberoff and certain companies that Mr. Toberoff controls. The lawsuit asserts a claim for declaratory relief concerning the validity and scope of the copyright termination notice served by the Shuster heirs, which, together with the termination notices served by the Siegel heirs described above, purports to preclude DC Comics from creating new Superman and/or Superboy works for distribution and sale in the United States after October 26, 2013. The lawsuit also seeks declaratory relief with respect to, inter alia, the validity of various agreements between Mr. Toberoff, his companies and the Shuster and Siegel heirs, and asserts claims for intentional interference by Mr. Toberoff with DC Comics contracts and prospective economic advantage with the Shuster and Siegel heirs, for which DC Comics seeks monetary damages. On September 3, 2010, DC Comics filed an amended complaint and on September 20, 2010, defendants filed motions to strike certain causes of action and dismiss the amended complaint under California and federal laws.

On September 20, 2007, *Brantley, et al. v. NBC Universal, Inc., et al.* was filed in the U.S. District Court for the Central District of California against the Company and several other programming content providers (collectively, the programmer defendants) as well as cable and satellite providers (collectively, the distributor defendants), alleging violations of the federal antitrust laws. Among other things, the complaint alleged coordination between and among the programmer defendants to sell and/or license programming on a bundled basis to the distributor defendants, who in turn purportedly offer that programming to subscribers in packaged tiers, rather than on a per channel (or à la carte) basis. In an order dated October 15, 2009, the court dismissed the third amended complaint with prejudice. On October 30, 2009, plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Ninth Circuit.

On April 4, 2007, the National Labor Relations Board (NLRB) issued a complaint against CNN America Inc. (CNN America) and Team Video Services, LLC (Team Video). This administrative proceeding relates to CNN America s December 2003 and January 2004 terminations of its contractual relationships with Team Video, under which Team Video had provided electronic newsgathering services in Washington, DC and New York, NY. The National Association of Broadcast Employees and Technicians, under which Team Video s employees were unionized, initially filed charges of unfair labor practices with the NLRB in February 2004, alleging that CNN America and Team Video were joint employers, that CNN America was a successor employer to Team Video, and/or that CNN America discriminated in its hiring practices to avoid becoming a successor employer or due to specific individuals union affiliation or activities. The NLRB complaint seeks, among other things, the reinstatement of certain union members and monetary damages. On November 19, 2008, the presiding NLRB Administrative Law Judge issued a non-binding recommended decision, finding CNN America liable. On February 17, 2009, CNN America filed exceptions to this decision with the NLRB.

On March 10, 2009, Anderson News L.L.C. and Anderson Services L.L.C. (collectively, Anderson News) filed an antitrust lawsuit in the U.S. District Court for the Southern District of New York against several magazine publishers, distributors and wholesalers, including Time Inc. and one of its subsidiaries, Time/Warner Retail Sales & Marketing, Inc. Plaintiffs allege that defendants violated Section 1 of the Sherman Antitrust Act by engaging in an antitrust conspiracy against Anderson News, as well as other related state law claims. Plaintiffs are seeking unspecified monetary damages. On August 2, 2010, the court granted defendants motions to dismiss the complaint with prejudice, and on October 25, 2010, the court denied Anderson News motion for reconsideration of that dismissal. On November 8, 2010, Anderson News filed a notice of appeal with the U.S. Court of Appeals for the Second Circuit.

The Company intends to defend against or prosecute, as applicable, the lawsuits and proceedings described above vigorously, but is unable to predict the outcome of these matters or to reasonably estimate the possible loss or range of loss arising from the claims against the Company.

From time to time, the Company receives notices from third parties claiming that it infringes their intellectual property rights. Claims of intellectual property infringement could require Time Warner to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question. In addition, certain agreements entered into by the Company may require the Company to indemnify the other party for certain third-party intellectual property infringement claims, which could increase the Company s damages and its costs of defending against such claims. Even if the claims are without merit, defending against the claims can be time-consuming and costly.

The costs and other effects of pending or future litigation, governmental investigations, legal and administrative cases and proceedings (whether civil or criminal), settlements, judgments and investigations, claims and changes in those matters (including those matters described above), and developments or assertions by or against the Company relating to intellectual property rights and intellectual property licenses, could have a material adverse effect on the Company s business, financial condition and operating results.

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EXECUTIVE OFFICERS OF THE COMPANY

Pursuant to General Instruction G(3) to Form 10-K, the information regarding the Company s executive officers required by Item 401(b) of Regulation S-K is hereby included in Part I of this report.

The following table sets forth the name of each executive officer of the Company, the office held by such officer and the age of such officer as of February 15, 2011.

Name	Age	Office
Jeffrey L. Bewkes	58	Chairman and Chief Executive Officer
Paul T. Cappuccio	49	Executive Vice President and General Counsel
Gary Ginsberg	48	Executive Vice President, Corporate Marketing and Communications
John K. Martin, Jr.	43	Executive Vice President, Chief Financial and Administrative Officer
Carol A. Melton	56	Executive Vice President, Global Public Policy
Olaf Olafsson	48	Executive Vice President

Set forth below are the principal positions held by each of the executive officers named above:

Mr. Bewkes	Chairman and Chief Executive Officer since January 2009; prior to that, Mr. Bewkes served as President and Chief Executive Officer from January 2008 and President and Chief Operating Officer from January 2006. Mr. Bewkes has been a Director of the Company since January 2007. Prior to January 2006, Mr. Bewkes served as Chairman, Entertainment & Networks Group from July 2002 and, prior to that, Mr. Bewkes served as Chairman and Chief Executive Officer of HBO from May 1995, having served as President and Chief Operating Officer from 1991.
Mr. Cappuccio	Executive Vice President and General Counsel since January 2001; prior to that, Mr. Cappuccio served as Senior Vice President and General Counsel of AOL from August 1999. From 1993 to 1999, Mr. Cappuccio was a partner at the Washington, D.C. office of the law firm of Kirkland & Ellis. Mr. Cappuccio was an Associate Deputy Attorney General at the U.S. Department of Justice from 1991 to 1993.
Mr. Ginsberg	Executive Vice President, Corporate Marketing and Communications since April 2010; prior to that, Mr. Ginsberg served as an Executive Vice President at News Corporation from January 1999 to December 2009, most recently serving as Executive Vice President of Global Marketing and Corporate Affairs. Prior to that, Mr. Ginsberg served as Managing Director at the strategic consulting firm Clark & Weinstock from November 1996 to December 1998, Senior Editor and Counsel of *George* magazine from March 1995 to November 1996, and Assistant Counsel to President Clinton and Senior Counsel at the U.S. Department of Justice from January 1993 to November 1994.

Mr. Martin	Executive Vice President, Chief Financial and Administrative Officer since January 2011; prior to that Mr. Martin served as Executive Vice President and Chief Financial Officer from January 2008. Mr. Martin served as Executive Vice President and Chief Financial Officer of TWC from August 2005 to January 2008. Mr. Martin joined TWC from Time Warner where he had served as Senior Vice President of Investor Relations from May 2004 and Vice President of Investor Relations from March 2002 to May 2004. Prior to that, Mr. Martin was

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	Director in the Equity Research group of ABN AMRO Securities LLC from 2000 to 2002, and Vice President of Investor Relations at Time Warner from 1999 to 2000. Mr. Martin first joined the Company in 1993 as a Manager of SEC financial reporting.
Ms. Melton	Executive Vice President, Global Public Policy since June 2005; prior to that, Ms. Melton worked for eight years at Viacom Inc., serving as Executive Vice President, Government Relations at the time she left to rejoin Time Warner. Prior to that, Ms. Melton served as Vice President in Time Warner s Public Policy Office until 1997, having joined the Company in 1987 as Washington Counsel to Warner Communications Inc. after serving as Legal Advisor to the Chairman of the FCC from 1986 to 1987.
Mr. Olafsson	Executive Vice President since March 2003. During 2002, Mr. Olafsson pursued personal interests, including working on a novel that was published in the fall of 2003. Prior to that, he was Vice Chairman of Time Warner Digital Media from November 1999 through December 2001 and, prior to that, Mr. Olafsson served as President of Advanta Corp. from March of 1998 until November 1999.

PART II

Item 5. ***Market For Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

The Company is a corporation organized under the laws of Delaware, and was formed on February 4, 2000 in connection with the Company s January 2001 merger with America Online, Inc. The principal market for the Company s Common Stock is the NYSE. For quarterly price information with respect to the Company s Common Stock for the two years ended December 31, 2010, see Quarterly Financial Information at page 132 herein, which information is incorporated herein by reference. The quarterly price information set forth therein reflects the 1-for-3 reverse stock split of the Company s Common Stock that became effective at 7 p.m. on March 27, 2009 (the Reverse Stock Split). The number of holders of record of the Company s Common Stock as of February 11, 2011 was approximately 28,785.

The Company paid a cash dividend of $0.1875 per share in each quarter of 2009 (which amount has been adjusted to reflect the Reverse Stock Split) and a cash dividend of $0.2125 per share in each quarter of 2010.

On February 1, 2011, the Company s Board of Directors approved an increase in the quarterly cash dividend to $0.235 per share and declared the next regular quarterly cash dividend to be paid on March 15, 2011 to stockholders of record on February 28, 2011. The Company currently expects to continue to pay comparable cash dividends in the future; however, changes in the Company s dividend program will depend on the Company s earnings, investment opportunities, capital requirements, financial condition, economic conditions and other factors considered relevant by the Company s Board of Directors.

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Company Purchases of Equity Securities

The following table provides information about the Company s purchases of equity securities registered by the Company pursuant to Section 12 of the Exchange Act during the quarter ended December 31, 2010.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share[(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(2)]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[(3)]
October 1, 2010 - October 31, 2010	5,234,413	$ 31.30	5,234,413	$ 1,337,621,173
November 1, 2010 - November 30, 2010	5,283,650	$ 30.97	5,283,650	$ 1,173,967,678
December 1, 2010 - December 31, 2010	5,438,481	$ 31.53	5,438,481	$ 1,002,467,109
Total	15,956,544	$ 31.27	15,956,544	

(1) The calculation of the average price paid per share does not give effect to any fees, commissions or other costs associated with the repurchase of such shares.

(2) On February 3, 2010, the Company announced that its Board of Directors had authorized up to $3 billion in share repurchases beginning January 1, 2010. On February 2, 2011, the Company announced that its Board of Directors had authorized an increase to $5 billion in share repurchases beginning January 1, 2011, from the approximately $1 billion remaining under the program at December 31, 2010. Purchases under the stock repurchase program may be made, from time to time, on the open market and in privately negotiated transactions. The size and timing of these purchases will be based on a number of factors, including price and business and market conditions. In the past, the Company has repurchased shares of Common Stock pursuant to trading programs under Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended, and it may repurchase shares of Common Stock under such trading programs in the future.

(3) This amount does not reflect the fees, commissions and other costs associated with the stock repurchase program and does not reflect the new authorization announced in February 2011 for the dollar value of shares that may be purchased under the program described in note 2 above.

Item 6. ***Selected Financial Data.***

The selected financial information of the Company for the five years ended December 31, 2010 is set forth at page 131 herein and is incorporated herein by reference.

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations.***

The information set forth under the caption Management s Discussion and Analysis of Results of Operations and Financial Condition at pages 39 through 72 herein is incorporated herein by reference.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

The information set forth under the caption Market Risk Management at pages 69 through 71 herein is incorporated herein by reference.

Item 8. ***Financial Statements and Supplementary Data.***

The consolidated financial statements and supplementary data of the Company and the report of independent registered public accounting firm thereon set forth at pages 73 through 127, 133 through 141 and 129 herein, respectively, are incorporated herein by reference.

Quarterly Financial Information set forth at page 132 herein is incorporated herein by reference.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

Not applicable.

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Item 9A. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

The Company, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company s disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and that information required to be disclosed by the Company is accumulated and communicated to the Company s management to allow timely decisions regarding the required disclosure.

Management s Report on Internal Control Over Financial Reporting

Management s report on internal control over financial reporting and the report of independent registered public accounting firm thereon set forth at pages 128 and 130 herein are incorporated herein by reference.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company s internal control over financial reporting during the quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. *Other Information.*

On February 16, 2011, Time Warner established a new commercial paper program (the New CP Program) on a private placement basis under which Time Warner may issue unsecured commercial paper notes (Notes) up to a maximum aggregate amount outstanding at any time of $5.0 billion. Concurrently with the effectiveness of the New CP Program, the Company terminated its existing commercial paper program (the Prior CP Program). As of February 16, 2011, no amounts were outstanding under the Prior CP Program. The proceeds from the New CP Program may be used for general corporate purposes.

The maturities of the Notes will vary, but may not exceed 365 days from the date of issue. The Notes will be sold under customary terms in the commercial paper market and will be issued at a discount from par or, alternatively, will be sold at par and bear varying interest rates on a fixed or floating basis. The Notes will be supported by the unused committed capacity under the Company s $2.5 billion senior unsecured three-year revolving credit facility that matures on January 19, 2014 and $2.5 billion senior unsecured five-year revolving credit facility that matures on January 19, 2016.

The Company s obligations under the New CP Program are fully, irrevocably and unconditionally guaranteed by Historic TW Inc. (Historic TW). In addition, Home Box Office and Turner fully, irrevocably and unconditionally guarantee the obligations of Historic TW under the New CP Program.

The Company has entered into commercial paper dealer agreements with several dealers and may enter into commercial paper dealer agreements with additional dealers (collectively, the Dealer Agreements). The Dealer Agreements contain customary representations, warranties, covenants and indemnification provisions and provide the terms under which the dealers will either purchase from the Company or arrange for the sale by the Company of Notes pursuant to an exemption from federal and state securities laws. A copy of the form of the Dealer Agreement is filed as Exhibit 10.53 to this report.

PART III

Items 10, 11, 12, 13 and 14. ***Directors, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters; Certain Relationships and Related Transactions, and Director Independence; Principal Accounting Fees and Services.***

Information called for by Items 10, 11, 12, 13 and 14 of Part III is incorporated by reference from the Company s definitive Proxy Statement to be filed in connection with its 2011 Annual Meeting of Stockholders pursuant to Regulation 14A, except that (i) the information regarding the Company s executive officers called for by Item 401(b) of Regulation S-K has been included in Part I of this report; and (ii) the information regarding certain Company equity compensation plans called for by Item 201(d) of Regulation S-K is set forth below.

The Company has adopted a Code of Ethics for its Senior Executive and Senior Financial Officers. A copy of the Code is publicly available on the Company s website at *www.timewarner.com/corp/corp_governance/governance_conduct.html*. Amendments to the Code or any grant of a waiver from a provision of the Code requiring disclosure under applicable SEC rules will also be disclosed on the Company s website.

Equity Compensation Plan Information

The following table summarizes information as of December 31, 2010 about the Company s outstanding equity compensation awards and shares of Common Stock reserved for future issuance under the Company s equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[4] (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights[4] (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))[5] (c)
Equity compensation plans approved by security holders[1]	106,454,512	$ 36.56	69,596,821
Equity compensation plans not approved by security holders[2]	45,327,624	$ 71.13	0
Total[3]	151,782,136	$ 48.23	69,596,821

(1) Equity compensation plans approved by security holders are the (i) Time Warner Inc. 2010 Stock Incentive Plan (will expire on August 15, 2014), (ii) Time Warner Inc. 2006 Stock Incentive Plan (terminated effective September 16, 2010), (iii) Time Warner Inc. 2003 Stock Incentive Plan (expired on May 16, 2008), (iv) Time Warner Inc. 1999 Stock Plan (expired on October 28, 2009) and (v) Time Warner Inc. 1988 Restricted Stock and Restricted Stock Unit Plan for Non-Employee Directors (expired on May 19, 2009). The Time Warner Inc. 1999

Stock Plan and the Time Warner Inc. 1988 Restricted Stock and Restricted Stock Unit Plan for Non-Employee Directors were approved in 1999 by the stockholders of America Online, Inc. and Historic TW, respectively, and were assumed by the Company in connection with the merger of America Online, Inc. and Time Warner Inc. (now known as Historic TW Inc.), which was approved by the stockholders of both America Online, Inc. and Historic TW on June 23, 2000 (the AOL-Historic TW Merger).

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

(3) Does not include options to purchase 1,095 shares of Common Stock, at a weighted average exercise price of $71.16, granted under a plan assumed by the Company in connection with an acquisition and under which no additional options may be granted. No dividends or dividend equivalents are paid on the outstanding stock options granted pursuant to the plan.

(4) Column (a) includes 15,834,276 shares of Common Stock underlying outstanding restricted stock units (RSUs) and 1,737,620 shares of Common Stock underlying outstanding performance stock units (PSUs), assuming a maximum payout of 200% of the target number of PSUs at the end of the applicable performance period. Because there is no exercise price associated with RSUs or PSUs, these stock awards are not included in the weighted-average exercise price calculation presented in column (b).

(5) Of the shares available for future issuance under the Time Warner Inc. 2010 Stock Incentive Plan, a maximum of 27,838,446 shares may be issued in connection with awards of restricted stock, RSUs or PSUs as of December 31, 2010.

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

PART IV

Item 15. *Exhibits and Financial Statements Schedules.*

(a)(1)-(2) *Financial Statements and Schedules:*

(i) The list of consolidated financial statements and schedules set forth in the accompanying Index to Consolidated Financial Statements and Other Financial Information at page 38 herein is incorporated herein by reference. Such consolidated financial statements and schedules are filed as part of this report.

(ii) All other financial statement schedules are omitted because the required information is not applicable, or because the information required is included in the consolidated financial statements and notes thereto.

(3) *Exhibits:*

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report and such Exhibit Index is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TIME WARNER INC.

By: /s/ John K. Martin, Jr.

Name: John K. Martin, Jr.

Title: Executive Vice President,

Chief Financial and Administrative Officer

Date: February 18, 2011

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

Signature	Title	Date
/s/ Jeffrey L. Bewkes **Jeffrey L. Bewkes**	Director, Chairman of the Board and Chief Executive Officer (principal executive officer)	February 18, 2011
/s/ John K. Martin, Jr. **John K. Martin, Jr.**	Executive Vice President, Chief Financial and Administrative Officer (principal financial officer)	February 18, 2011
/s/ Pascal Desroches **Pascal Desroches**	Senior Vice President and Controller (principal accounting officer)	February 18, 2011
/s/ James L. Barksdale **James L. Barksdale**	Director	February 18, 2011
/s/ William P. Barr **William P. Barr**	Director	February 18, 2011
/s/ Stephen F. Bollenbach **Stephen F. Bollenbach**	Director	February 18, 2011
/s/ Frank J. Caufield **Frank J. Caufield**	Director	February 18, 2011

/s/ Robert C. Clark	Director	February 18, 2011
Robert C. Clark		

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Signature	Title	Date
/s/ Mathias Döpfner Mathias Döpfner	Director	February 18, 2011
/s/ Jessica P. Einhorn Jessica P. Einhorn	Director	February 18, 2011
/s/ Fred Hassan Fred Hassan	Director	February 18, 2011
/s/ Michael A. Miles Michael A. Miles	Director	February 18, 2011
/s/ Kenneth J. Novack Kenneth J. Novack	Director	February 18, 2011
/s/ Paul D. Wachter Paul D. Wachter	Director	February 18, 2011
/s/ Deborah C. Wright Deborah C. Wright	Director	February 18, 2011

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TIME WARNER INC.
MANAGEMENT S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

INTRODUCTION

Management s discussion and analysis of results of operations and financial condition (MD&A) is a supplement to the accompanying consolidated financial statements and provides additional information on Time Warner Inc. s (Time Warner or the Company) businesses, current developments, financial condition, cash flows and results of operations. MD&A is organized as follows:

Overview. This section provides a general description of Time Warner s business segments, as well as recent developments the Company believes are important in understanding the results of operations and financial condition or in understanding anticipated future trends.

Results of operations. This section provides an analysis of the Company s results of operations for the three years ended December 31, 2010. This analysis is presented on both a consolidated and a business segment basis. In addition, a brief description is provided of significant transactions and events that affect the comparability of the results being analyzed.

Financial condition and liquidity. This section provides an analysis of the Company s cash flows for the three years ended December 31, 2010, as well as a discussion of the Company s outstanding debt and commitments that existed as of December 31, 2010. Included in the analysis of outstanding debt is a discussion of the amount of financial capacity available to fund the Company s future commitments, as well as a discussion of other financing arrangements.

Market risk management. This section discusses how the Company monitors and manages exposure to potential gains and losses arising from changes in market rates and prices, such as interest rates, foreign currency exchange rates and changes in the market value of financial instruments.

Critical accounting policies. This section identifies those accounting policies that are considered important to the Company s results of operations and financial condition, require significant judgment and require estimates on the part of management in application. The Company s significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 1 to the accompanying consolidated financial statements.

Caution concerning forward-looking statements. This section provides a description of the use of forward-looking information appearing herein. Such information is based on management s current expectations about future events, which are inherently susceptible to uncertainty and changes in circumstances. Refer to Item 1A, Risk Factors, in Part I of this report for a discussion of the risk factors applicable to the Company.

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OVERVIEW

Time Warner is a leading media and entertainment company whose major businesses encompass an array of the most respected and successful media brands. Among the Company s brands are TNT, TBS, CNN, HBO, Cinemax, Warner Bros., New Line Cinema, *People*, *Sports Illustrated* and *Time*. During the year ended December 31, 2010, the Company generated revenues of $26.888 billion (up 6% from $25.388 billion in 2009), Operating Income of $5.428 billion (up 21% from $4.470 billion in 2009), Net Income attributable to Time Warner shareholders of $2.578 billion (up 4% from $2.477 billion in 2009) and Cash Provided by Operations from Continuing Operations of $3.314 billion (down 2% from $3.386 billion in 2009).

Time Warner Businesses

Time Warner classifies its operations into three reportable segments: Networks, Filmed Entertainment and Publishing. For additional information regarding Time Warner s business segments, refer to Part 1. Item 1, Business, and Note 15, Segment Information, in the accompanying consolidated financial statements.

Networks. Time Warner s Networks segment consists of Turner Broadcasting System, Inc. (Turner) and Home Box Office, Inc. (Home Box Office). During the year ended December 31, 2010, the Networks segment generated revenues of $12.480 billion (46% of the Company s overall revenues) and $4.224 billion in Operating Income.

Turner operates domestic and international networks, including such recognized brands as TNT, TBS, and CNN, which are among the leaders in advertising-supported cable television networks. The Turner networks generate revenues principally from providing programming to affiliates that have contracted to receive and distribute this programming and from the sale of advertising. Turner also operates various websites, including *CNN.com*, *NASCAR.com* and *CartoonNetwork.com* that generate revenues principally from the sale of advertising. During 2010, Turner s Advertising revenue increased reflecting the benefit of an improved advertising environment domestically and internationally as well as yield management, partially offset by the impact of lower audience delivery at Turner s domestic news networks.

Home Box Office operates the HBO and Cinemax multi-channel premium pay television services, with the HBO service ranking as the nation s most widely distributed premium pay television service. Home Box Office generates revenues principally from providing programming to affiliates that have contracted to receive and distribute such programming to their customers who choose to subscribe to the HBO or Cinemax services. An additional source of revenues for Home Box Office is the sale and licensing of its original programming, including *True Blood*, *Entourage* and *The Pacific*.

The Company s Networks segment has been pursuing international expansion in select areas. For example, during 2010, Home Box Office purchased an additional 21% equity interest in HBO Latin America Group, consisting of HBO Brasil, HBO Olé and HBO Latin America Production Services (collectively, HBO LAG), and acquired the remainder of its partners interests in HBO Central Europe (HBO CE), and Turner acquired Chilevisión, a television broadcaster in Chile, and a majority ownership interest in NDTV Imagine, a Hindi general entertainment channel in India. In addition, Home Box Office is expected to acquire an additional 8% equity interest in HBO LAG in the first quarter of 2011. The Company anticipates that international expansion will continue to be an area of focus at the Networks segment for the foreseeable future.

Filmed Entertainment. Time Warner s Filmed Entertainment segment consists of businesses managed by the Warner Bros. Entertainment Group (Warner Bros.) that principally produce and distribute theatrical motion pictures, including *Harry Potter and the Deathly Hallows: Part 1*, *Inception* and *Clash of the Titans*, as well as television shows and videogames. During the year ended December 31, 2010, the Filmed Entertainment segment generated revenues of $11.622 billion (40% of the Company s overall revenues) and $1.107 billion in Operating Income.

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The Filmed Entertainment segment s theatrical product revenues principally are generated domestically and internationally through rentals from theatrical exhibition and subsequently through licensing fees received for the distribution of films on television networks and pay television programming services. Television product revenues principally are generated domestically and internationally from the licensing of the Filmed Entertainment segment s programs on television networks and pay television programming services. The Filmed Entertainment segment also generates revenues for both its theatrical and television product through home video distribution on DVD and Blu-ray Discs and in various digital formats. The Filmed Entertainment segment also generates revenues through the distribution of interactive videogames.

Warner Bros. continues to be an industry leader in the television content business. At the beginning of the 2010-2011 broadcast season, Warner Bros. produced more than 30 scripted primetime series, with at least two series for each of the five broadcast networks (including *Two and a Half Men*, *The Mentalist*, *The Big Bang Theory*, *Mike & Molly*, *Gossip Girl, Fringe, The Middle* and *Chuck*) and original series for several cable networks (including *The Closer*, *Rizzoli & Isles* and *Pretty Little Liars*). Internationally, Warner Bros. is forming a group of local television production companies in major territories with a focus on non-scripted programs and formats that can be sold internationally and adapted for sale in the U.S. Warner Bros. is also creating locally produced versions of programs owned by the studio and is developing original local television programming. As part of its international expansion efforts, during the fourth quarter of 2010, Warner Bros. acquired a controlling interest in Shed Media plc (Shed Media), a leading television production company in the U.K.

The distribution of DVDs has been one of the largest drivers of the segment s revenues and profits over the last several years. The industry and the Company have experienced a decline in DVD sales in recent years as a result of several factors, including the general economic downturn in the U.S. and many regions around the world, increasing competition for consumer discretionary time and spending, piracy, and the maturation of the standard definition DVD format. The decline in home video revenues has also been affected by consumers shifting to subscription rental services and discount rental kiosks, which generate significantly less revenue per transaction for the Company than DVD sales. Partially offsetting the softening consumer demand for standard definition DVDs and the shift to subscription services and kiosks are growing sales of high definition Blu-ray Discs and increased sales through electronic delivery (particularly video-on-demand), which have higher gross margins than standard definition DVDs.

Publishing. Time Warner s Publishing segment consists principally of magazine publishing and related websites as well as marketing services and direct-marketing businesses that are all primarily conducted by Time Inc. During the year ended December 31, 2010, the Publishing segment generated revenues of $3.675 billion (14% of the Company s overall revenues) and $515 million in Operating Income.

As of December 31, 2010, Time Inc. published 22 magazines in the U.S., including *People*, *Sports Illustrated* and *Time*, and over 70 magazines outside the U.S. The Publishing segment generates revenues primarily from the sale of print advertising, magazine subscriptions and newsstand sales. Advertising sales at the Publishing segment, particularly print advertising sales, were significantly adversely affected by the economic environment during 2009. In contrast, during 2010, the Publishing segment s Advertising revenues stabilized driven by increases in domestic print advertising pages sold, partially offset by lower average advertising rates per page, and increases in digital advertising. For the year ended December 31, 2010, digital Advertising revenues were 13% of Time Inc. s total Advertising revenues.

In July 2010, Time Inc. and Turner announced the formation of a strategic digital partnership between Turner Sports and *Sports Illustrated*. The partnership combines *Sports Illustrated* s and *Golf* s content with Turner s digital media and sales expertise. Under the agreement, beginning in the fourth quarter of 2010, Turner began managing the *SI.com* and *Golf.com* websites, including selling all advertising for the websites. Accordingly, effective with the change, Turner receives all advertising revenues generated from the websites and Time Inc. receives a license fee from Turner and reimbursement for certain website editorial and other costs.

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In its ongoing effort to improve efficiency and reduce its cost structure, the Publishing segment executed restructuring initiatives, primarily relating to headcount reductions, in the fourth quarters of 2010 and 2009. For the years ended December 31, 2010 and 2009, restructuring costs were $61 million and $99 million, respectively.

Recent Developments

Revolving Bank Credit Facilities

On January 19, 2011, the Company entered into two new senior unsecured revolving bank credit facilities totaling $5.0 billion, which replaced the Company s senior unsecured revolving bank credit facility that would have expired in February 2011. See Financial Condition and Liquidity Outstanding Debt and Other Financing Arrangements for more information.

2010 Debt Transactions

As discussed more fully in Financial Condition and Liquidity Outstanding Debt and Other Financing Arrangements, in 2010, the Company entered into a series of transactions to capitalize on the historically low interest rate environment and extend the average maturity of its public debt. Specifically, Time Warner issued $5.0 billion aggregate principal amount of 5, 10, and 30-year debt securities in two public offerings and used the net proceeds from the debt offerings to repurchase and redeem approximately $3.930 billion aggregate principal amount of debt securities of Time Warner and Historic TW Inc. (Historic TW) that were scheduled to mature within the next three years (collectively, the 2010 Debt Redemptions) and to repay $805 million outstanding under the Company s two accounts receivable securitization facilities. For the year ended December 31, 2010, the Company incurred $364 million of premiums paid and transaction costs incurred in connection with the 2010 Debt Redemptions.

Shed Media

On October 13, 2010, Warner Bros. acquired an approximate 55% interest in Shed Media, a leading television production company in the U.K., for $100 million in cash, net of cash acquired. Warner Bros. has a call right that enables it to purchase a portion of the interests held by the other owners of Shed Media in 2014 and the remaining interests held by the other owners in 2018. The other owners have a reciprocal put right that enables them to require Warner Bros. to purchase a portion of their interests in Shed Media in 2014 and the remaining interests held by them in 2018. See Note 3 to the accompanying consolidated financial statements.

Chilevisión

On October 6, 2010, Turner acquired Chilevisión, a television broadcaster in Chile, for $134 million in cash, net of cash acquired. See Note 3 to the accompanying consolidated financial statements.

HBO LAG

On March 9, 2010, Home Box Office purchased additional interests in HBO LAG for $217 million in cash, which resulted in Home Box Office owning 80% of the equity interests of HBO LAG. On November 18, 2010, one of the remaining partners in HBO LAG exercised its put option to sell its remaining 8% equity interest in HBO LAG for approximately $65 million in cash. The transaction is expected to close in the first quarter of 2011 and will result in Home Box Office owning 88% of the equity interests of HBO LAG. Home Box Office accounts for this investment under the equity method of accounting. See Notes 1 and 3 to the accompanying consolidated financial statements.

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HBO Central Europe Acquisition

On January 27, 2010, Home Box Office purchased the remainder of its partners interests in HBO CE for $136 million in cash, net of cash acquired. HBO CE operates the HBO and Cinemax premium pay television services serving 11 territories in Central Europe. The Company has consolidated the results of operations and financial condition of HBO CE effective January 27, 2010. Upon the acquisition of the controlling interest in HBO CE, a gain of $59 million was recognized reflecting the excess of the fair value over the Company s carrying cost of its original investment in HBO CE. See Note 3 to the accompanying consolidated financial statements.

Common Stock Repurchase Program

On January 25, 2011, Time Warner s Board of Directors authorized up to $5.0 billion of share repurchases beginning January 1, 2011. See Financial Condition and Liquidity for more information.

Retirement Plan Amendments

In March 2010, the Company s Board of Directors approved amendments to its domestic defined benefit pension plans. Pursuant to the amendments, (i) effective June 30, 2010, benefits provided under the plans stopped accruing for additional years of service and the plans were closed to new hires and employees with less than one year of service and (ii) after December 31, 2013, pay increases will no longer be taken into consideration when determining a participating employee s benefits under the plans.

Effective July 1, 2010, the Company increased its matching contributions for eligible participants in the Company s domestic defined contribution plan (Time Warner Savings Plan). Effective January 1, 2011, the Company has implemented a supplemental savings plan that provides for similar Company matching for eligible participant deferrals above the Internal Revenue Service compensation limits that apply to the Time Warner Savings Plan up to $500,000 of eligible compensation.

In December 2010, amendments to the U.K. defined benefit pension plans were approved. Pursuant to the amendments, beginning in April 2011, benefits provided under the plans will stop accruing for additional years of service. Pay increases will continue to be taken into consideration when determining a participating employee s benefits under the plans. In addition, matching contributions under a defined contribution plan will be provided to eligible U.K. employees.

See Note 13, Benefit Plans, to the accompanying consolidated financial statements.

NCAA Basketball Programming Agreement

On April 22, 2010, Turner, together with CBS Broadcasting, Inc. (CBS), entered into a 14-year agreement with The National Collegiate Athletic Association (the NCAA), which provides Turner and CBS with exclusive television, Internet, and wireless rights to the NCAA Division I Men s Basketball Championship events (the NCAA Tournament Games) in the United States and its territories and possessions. Under the terms of the arrangement, Turner and CBS will work together to produce and distribute the NCAA Tournament Games and related programming commencing in 2011. The games will be televised on Turner s TNT, TBS and truTV networks and on the CBS network, and advertising is sold on a joint basis.

The aggregate programming rights fee of approximately $10.8 billion, which will be shared by Turner and CBS, will be paid by Turner to the NCAA over the 14-year term of the agreement. Further, Turner and CBS have agreed to share advertising and sponsorship revenues and production costs. In the event, however, that the programming rights fee and production costs exceed advertising and sponsorship revenues, CBS s share of such shortfall is limited to specified annual amounts (the Loss Cap Amounts), ranging from approximately $90 million to $30 million (totaling approximately $670 million over the term of the agreement). Beginning in 2011, consistent with the Company s other sports programming rights, Turner s share of the programming rights fee will be

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amortized based on the ratio of current period advertising revenue to total estimated advertising revenue over the term of the agreement. Any costs recognized and payable by Turner due to the Loss Cap Amounts will be expensed by the Company as incurred.

RESULTS OF OPERATIONS

Recent Accounting Guidance

As discussed more fully in Note 1 to the accompanying consolidated financial statements, on January 1, 2010, the Company adopted on a retrospective basis amendments to accounting guidance pertaining to the accounting for transfers of financial assets and variable interest entities.