Triodos Investment Management

TIME WARNER INC.

MEETING DATE	Fri, 17 Jun 2016 10:00 am	TYPE	AGM	ISSUE DATE	Thu, 09 Jun 2016
MEETING LOCATION	Warner Bros. Studios, 4000 Warner Boulevard, Burbank, California 91522				
CURRENT INDICES	S&P500				
SECTOR	Cable and other pay television services				

	PROPOSALS	ADVICE
1.01	**Elect James L. Barksdale** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1.02	**Elect William P. Barr** Independent Non-Executive Director. He is chair of a committee which is not fully independent which Triodos does not support.	**Oppose**
1.03	**Elect Jeffrey L. Bewkes** Chairman and CEO. Combined roles at the head of the Company which Triodos does not support. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.	**Oppose**
1.04	**Elect Stephen F. Bollenbach** Lead Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1.05	**Elect Robert C. Clark** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
1.06	**Elect Mathias Döpfner** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1.07	**Elect Jessica P. Einhorn** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.	**Oppose**
1.08	**Elect Carlos M. Gutierrez** Independent Non-Executive Director.	**For**
1.09	**Elect Fred Hassan** Independent Non-Executive Director.	**For**
1.10	**Elect Paul D. Wachter** Independent Non-Executive Director.	**For**
1.11	**Elect Deborah C. Wright** Non-Executive Director. Not considered independent owing to a tenure of over nine years. She is chair of a committee which is not fully independent which Triodos does not support.	**Oppose**

2 Appoint the Auditors **Oppose**

Ernst & Young LLP proposed. Non-audit fees represented 10.88% of audit fees during the year under review and 12% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Triodos opposes this resolution.

3 Advisory Vote on Executive Compensation **Oppose**

The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC.

For fiscal 2015, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2015 was $13,360,000, representing 668% of his base salary (200% maximum is considered as acceptable practice). There is a concern over compensation being potentially excessive due to the Compensation Committee's use of discretion. Also, the use of 'adjusted' targets is complex and not clearly understandable. Maximum long-term award opportunities are not limited to 200% of base salary. The aggregate grant date fair value of PSUs awarded to the Company;s CEO in 2015 was $7,882,575 and with respect to stock options $8,000,003. Given these concerns, Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 3 - Advisory Vote on Executive Compensation

The Company has achieved: an average level of disclosure; a poor balance for rewards; and an average approach to contracts with executives.

Disclosure: C- Annual cash incentives are based on adjusted Divisional Pre-Tax Income (ADPTI) and free cash flow. Also, payouts are subject to individual performance adjustments. The Company has disclosed the financial targets for its short-term incentives and has provided information with respect to individual performance factors. The Company granted long-term incentives to the Company's CEO in the form of performance stock units (PSUs) and stock options, and to the named executive officers (NEOs) in the form of stock options, restricted stock units (RSUs) and PSUs. PSUs are determined by the following performance measures: cumulative adjusted earnings per share (EPS) and TSR relative to the S&P 500.

Balance: D- For fiscal 2015, annual cash awards were considered excessive. The CEO's actual bonus for fiscal 2015 was $13,360,000, representing 668% of his base salary (200% maximum is considered as acceptable practice). There is a concern over compensation being potentially excessive due to the Compensation Committee's use of discretion. Also, the use of 'adjusted' targets is complex and not clearly understandable. Maximum long-term award opportunities are not limited to 200% of base salary. The aggregate grant date fair value of PSUs awarded to the Company;s CEO in 2015 was $7,882,575 and with respect to stock options $8,000,003. Whilst the amount of reward derived from stock options is determined by share price growth, the awards of options have no performance conditions attached. Thus an increase in share price over the lifespan of an option (and falls are unusual) can reward executives even in circumstances of poor relative performance.

Contract: C- The Company has a compensation claw back policy and single trigger provisions in a change of control. Good reason is not defined.

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Researcher: Irene Tsopanoglou
Email: pircresearch@pirc.co.uk

PIRC

Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk

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