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FORM 8-K

TIME WARNER INC. - TWX

Filed: December 11, 2009 (period: December 07, 2009)

Report of unscheduled material events or corporate changes.

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of Report (Date of Earliest Event Reported): December 9, 2009

TIME WARNER INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation)

1-15062

(Commission File Number)

13-4099534

(IRS Employer
Identification No.)

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

212-484-8000
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 10, 2009, Time Warner Inc. announced that it has completed the previously announced spin-off of AOL Inc. (the "Spin-off"). Effective as of 11:59 p.m., New York City time, on December 9, 2009 (the "Distribution Date"), Time Warner Inc. ("Time Warner") distributed all of the issued and outstanding shares of common stock, par value \$0.01 per share ("AOL Common Stock"), of AOL Inc. ("AOL") to Time Warner's stockholders of record as of 5:00 p.m., New York City time, on November 27, 2009 (the "Record Date") as a pro rata dividend. On the Distribution Date, Time Warner stockholders received one share of AOL Common Stock for every eleven shares of common stock, par value \$0.01 per share, of Time Warner held as of the Record Date and will receive cash in lieu of any fractional shares of AOL Common Stock. The Spin-off was completed pursuant to a separation and distribution agreement entered into on November 16, 2009 by Time Warner and AOL for the purpose of legally and structurally separating AOL from Time Warner. A copy of the press release is filed as Exhibit 99.1 to this Current Report on Form 8-K.

After the Distribution Date, Time Warner does not beneficially own any shares of AOL Common Stock and, following such date, will not consolidate AOL's financial results for the purpose of its own financial reporting. The unaudited pro forma consolidated financial information of Time Warner (reflecting the Spin-off and certain other items, as described therein) and related notes thereto are filed as Exhibit 99.2 to this Current Report on Form 8-K.

Caution Concerning Forward-Looking Statements

This Current Report on Form 8-K includes certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements about the plans, objectives, expectations and intentions of Time Warner, including the benefits of the Spin-off and other related transactions involving Time Warner and AOL and their subsidiaries, and other statements that are not historical facts. These statements are based on the current expectations and beliefs of Time Warner's management, and are subject to uncertainty and changes in circumstances. Time Warner cautions readers that any forward-looking information is not a guarantee of future performance and that actual results may vary materially from those expressed or implied by the statements herein, due to changes in economic, business, competitive, technological, strategic or other regulatory factors, as well as factors affecting the operation of the businesses of Time Warner and AOL. More detailed information about certain of these and other factors may be found in filings by Time Warner with the Securities and Exchange Commission (the "SEC"), including its most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, in each case in the sections entitled "Caution Concerning Forward-Looking Statements" and "Risk Factors." Various factors could cause actual results to differ from those set forth in the forward-looking statements including, without limitation, the risk that the anticipated benefits from the Spin-off may not be fully realized or may take longer to realize than expected. Time Warner is under no obligation to, and expressly disclaims any obligation to, update or alter the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information

The unaudited pro forma consolidated balance sheet of Time Warner Inc. as of September 30, 2009, and unaudited pro forma consolidated statements of operations of Time Warner Inc. for the years ended December 31, 2008, 2007 and 2006 and for the nine months ended September 30, 2009 are filed as Exhibit 99.2 to this Current Report on Form 8-K (which unaudited pro forma financial information incorporates by reference unaudited pro forma financial information from Time Warner Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2009).

(d) Exhibits

Exhibit	Description
99.1	Press release issued December 10, 2009, by Time Warner Inc.
99.2	Unaudited pro forma consolidated balance sheet of Time Warner Inc. dated as of September 30, 2009, and unaudited pro forma consolidated statements of operations of Time Warner Inc. for the years ended December 31, 2008, 2007 and 2006 and for the nine months ended September 30, 2009 (which unaudited pro forma financial information incorporates by reference unaudited pro forma financial information from Time Warner Inc.'s Current Report on Form 8-K filed with the SEC on March 13, 2009).

SIGNATURE

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

TIME WARNER INC.

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

Name: John K. Martin, Jr.

Title: Executive Vice President and
Chief Financial Officer

Date: December 11, 2009

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
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For Immediate Release:**Time Warner Inc. Completes Spin-off of AOL Inc.**

NEW YORK, December 10, 2009 – Time Warner Inc. (NYSE:TWX) today announced that it has completed the previously announced spin-off of AOL Inc. (NYSE:AOL). Effective 11:59 p.m. on December 9, 2009, one share of AOL common stock was distributed for every eleven shares of Time Warner common stock held as of 5:00 p.m. on the record date of November 27, 2009. Stockholders will receive a cash payment instead of any fractional AOL shares.

Time Warner Chairman and Chief Executive Officer Jeff Bewkes said: “With the separation of AOL, we’ve returned to our roots as one of the leading content companies in the world. We’re now better positioned to focus even more closely on driving the best possible performance at our content businesses in the most efficient way. I’m confident that Time Warner is on track to generate steady, attractive financial results and improve returns to our stockholders. At the same time, we believe that AOL will have greater operational and strategic flexibility as a standalone company.”

No action or payment is required by Time Warner stockholders to receive the shares of AOL common stock. Stockholders who held Time Warner common stock on the record date will receive a book-entry account statement reflecting their ownership of AOL common stock or their brokerage account will be credited with the AOL shares.

The AOL spin-off has been structured to qualify as a tax-free dividend to Time Warner stockholders for U.S. federal income tax purposes, except for the cash received in lieu of fractional shares. Time Warner stockholders are urged to consult with their tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of the AOL spin-off.

Allen & Company LLC, BofA Merrill Lynch and Deutsche Bank Securities, Inc. served as financial advisers to Time Warner.

Additional Information

Please see <http://www.timewarner.com/investors> for additional information, including Frequently Asked Questions, regarding the spin-off of AOL described in this release.

About Time Warner Inc.

Time Warner Inc., a global leader in media and entertainment with businesses in television networks, filmed entertainment and publishing, uses its industry-leading operating scale and brands to create, package and deliver high-quality content worldwide through multiple distribution outlets.

Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the plans, objectives, expectations and intentions of Time Warner, including the benefits of the separation of AOL from Time Warner, and other statements that are not historical facts. These statements are based on management’s current expectations or beliefs and are subject to uncertainty and changes in circumstances. 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 the businesses of Time Warner. More detailed information about these and other factors may be found in filings by Time Warner with the SEC, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q in the sections entitled “Caution Concerning Forward-Looking Statements” and “Risk Factors.” Time Warner 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.

Contacts:

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UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

AOL Separation

On November 16, 2009, Time Warner Inc., a Delaware corporation (“Time Warner” or the “Company”), and AOL Inc., a Delaware corporation (“AOL”), entered into a separation and distribution agreement (the “Separation Agreement”) for the purpose of legally and structurally separating AOL from Time Warner (the “AOL Separation”). Pursuant to the Separation Agreement, (i) Time Warner and AOL completed certain internal restructuring transactions and effected certain transfers of assets and assumed certain liabilities such that substantially all of the assets and liabilities relating to the AOL business were transferred to and assumed by AOL and (ii) effective as of 11:59 p.m. on December 9, 2009 (the “Distribution Date”), Time Warner distributed all of the issued and outstanding shares of common stock, par value \$0.01 per share, of AOL to Time Warner’s stockholders of record as of 5:00 p.m. on November 27, 2009 as a pro rata dividend in a spin-off.

After the Distribution Date, Time Warner does not beneficially own any shares of AOL common stock and, following such date, will no longer consolidate AOL’s financial results, and the historical financial results of AOL will be reflected in the Company’s consolidated financial statements as discontinued operations.

Pro Forma Information

The accompanying unaudited pro forma consolidated balance sheet of Time Warner as of September 30, 2009 is presented as if the AOL Separation had occurred on September 30, 2009. The accompanying unaudited pro forma consolidated statements of operations of Time Warner for the years ended December 31, 2008, 2007 and 2006 and for the nine months ended September 30, 2009 are presented as if the AOL Separation had occurred on January 1, 2006.

On March 13, 2009, in connection with the legal and structural separation of Time Warner Cable Inc. (“TWC”) from Time Warner that was completed on March 12, 2009 (the “TWC Separation”), the Company filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “March 2009 Form 8-K”) that included as an exhibit an unaudited pro forma balance sheet of Time Warner as of December 31, 2008 and unaudited pro forma consolidated statements of operations for the years ended December 31, 2008, 2007 and 2006, which unaudited pro forma consolidated statements of operations are incorporated by reference herein. The unaudited pro forma consolidated financial statements included in the March 2009 Form 8-K gave effect to the TWC Separation, Time Warner’s receipt of its pro rata portion of a special cash dividend paid by TWC to its stockholders in connection with the TWC Separation, and the March 27, 2009 one-for-three reverse stock split of the Company’s common stock (the “Reverse Stock Split”).

The amounts presented under the column heading “Adjusted Time Warner” in the accompanying unaudited pro forma consolidated statements of operations of Time Warner for the years ended December 31, 2008, 2007 and 2006, give effect to the TWC Separation and the Reverse Stock Split as if they had occurred on January 1, 2006. Also, the amounts presented under this column heading have been recast to reflect the adoption, on January 1, 2009, of accounting guidance related to (i) the accounting for noncontrolling interests and (ii) the accounting for share-based payment awards that are considered participating securities and their impact on earnings per share.

The accompanying unaudited pro forma consolidated financial information is presented based on information available, is intended for informational purposes only and is not necessarily indicative of and does not purport to represent the financial condition or operating results that would have actually occurred had the AOL Separation occurred as described, nor is it necessarily indicative of Time Warner’s future financial condition or operating results. In addition, the accompanying unaudited pro forma consolidated financial information does not reflect actions that may be undertaken by management after the AOL Separation. The accompanying unaudited pro forma consolidated financial information should be read in conjunction with the notes thereto and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” and the Company’s consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008, and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.

In connection with the AOL Separation, and as provided for in the Company's equity plans, the number of stock options, restricted stock units and target performance stock units outstanding at the effective date of the AOL Separation and the exercise prices of such stock options will be adjusted to maintain the fair value of these awards. The changes in the number of equity awards and the exercise prices will be determined by comparing the fair value of such awards immediately prior to the AOL Separation to the fair value of such awards immediately after the AOL Separation. The modifications to the outstanding equity awards will be made pursuant to existing antidilution provisions in the Company's equity plans and such modifications will not result in any additional compensation expense. No adjustment for such modifications has been reflected in the accompanying unaudited pro forma consolidated statements of operations.

Time Warner's independent registered public accounting firm has not examined, reviewed, compiled or applied agreed upon procedures to the unaudited pro forma consolidated historical financial information presented herein and, accordingly, assumes no responsibility for it.

The following is a brief description of the amounts recorded under each of the column headings in the accompanying unaudited pro forma consolidated balance sheet and the unaudited pro forma consolidated statements of operations:

Historical Time Warner

This column reflects Time Warner's historical financial position as of September 30, 2009 and historical operating results for the nine months ended September 30, 2009, prior to any adjustment for the AOL Separation and the pro forma adjustments described under the heading "Other Adjustments" below.

Adjusted Time Warner

This column reflects Time Warner's pro forma operating results for the years ended December 31, 2008, 2007 and 2006, after giving effect to the TWC Separation and Reverse Stock Split, and prior to any adjustment for the AOL Separation and the pro forma adjustments described under the heading "Other Adjustments" below. Also, the amounts presented under this column heading have been recast to reflect the adoption, on January 1, 2009, of accounting guidance related to (i) the accounting for noncontrolling interests and (ii) the accounting for share-based payment awards that are considered participating securities and their impact on earnings per share. For additional information regarding the amounts reflected under this column heading, see the unaudited pro forma consolidated statements of operations included as an exhibit to the March 2009 Form 8-K, which are incorporated by reference herein.

AOL Separation

This column reflects AOL's historical financial position as of September 30, 2009 and its historical operating results for the years ended December 31, 2008, 2007 and 2006, and the nine months ended September 30, 2009.

Other Adjustments

This column represents pro forma adjustments for transactions between Time Warner and AOL that were previously eliminated in consolidation or that arise as a direct result of the AOL Separation, but are reflected in the Company's consolidated financial position and results of operations upon the completion of the AOL Separation. These adjustments are more fully described in the notes to the accompanying unaudited pro forma consolidated financial information.

TIME WARNER INC.
PRO FORMA CONSOLIDATED BALANCE SHEET
September 30, 2009
(Unaudited)
(millions)

	<u>Historical Time Warner</u>	<u>AOL Separation</u>	<u>Other Adjustments</u>	<u>Pro Forma Time Warner</u>
ASSETS				
Current assets				
Cash and equivalents	\$ 7,126	\$ 77	\$ (23) (a)	\$ 7,026
Receivables, less allowances	4,833	399	7 (b)	4,441
Inventories	1,892	-	-	1,892
Deferred income taxes	704	60	-	644
Prepaid expenses and other current assets	697	30	-	667
Total current assets	<u>15,252</u>	<u>566</u>	<u>(16)</u>	<u>14,670</u>
Noncurrent inventories and film costs	5,658	-	-	5,658
Investments, including available-for-sale securities	1,174	9	-	1,165
Property, plant and equipment, net	4,691	716	-	3,975
Intangible assets subject to amortization, net	3,470	267	-	3,203
Intangible assets not subject to amortization	7,831	-	-	7,831
Goodwill	31,978	2,177	-	29,801
Other assets	1,212	21	-	1,191
Total assets	<u>\$ 71,266</u>	<u>\$ 3,756</u>	<u>\$ (16)</u>	<u>\$ 67,494</u>
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	\$ 8,084	\$ 480	\$ 6 (b)	\$ 7,610
Deferred revenue	970	129	-	841
Debt due within one year	2,090	31	-	2,059
Current liabilities of discontinued operations	2	-	-	2
Total current liabilities	<u>11,146</u>	<u>640</u>	<u>6</u>	<u>10,512</u>
Long-term debt	15,410	42	-	15,368
Deferred income taxes	1,447	(217)	-	1,664
Deferred revenue	269	-	-	269
Other noncurrent liabilities	6,506	93	-	6,413
Equity				
Time Warner common stock	16	-	-	16
Paid-in-capital	161,483	3,485	(22) (a), (b)	157,976
Treasury stock, at cost	(26,535)	-	-	(26,535)
Accumulated other comprehensive income (loss), net	(1,047)	(288)	-	(759)
Accumulated deficit	(97,775)	-	-	(97,775)
Total Time Warner Inc. shareholders' equity	<u>36,142</u>	<u>3,197</u>	<u>(22)</u>	<u>32,923</u>
Noncontrolling interests	346	1	-	345
Total equity	<u>36,488</u>	<u>3,198</u>	<u>(22)</u>	<u>33,268</u>
Total liabilities and equity	<u>\$ 71,266</u>	<u>\$ 3,756</u>	<u>\$ (16)</u>	<u>\$ 67,494</u>

See accompanying notes to pro forma consolidated financial information.

TIME WARNER INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2009
(Unaudited)
(millions, except per share amounts)

	Historical Time Warner	AOL Separation	Other Adjustments	Pro Forma Time Warner
Revenues:				
Subscription	\$ 7,669	\$ 1,081	\$ -	\$ 6,588
Advertising	4,943	1,277	24	3,690
Content	7,680	-	-	7,680
Other	597	90	-	507
Total revenues	20,889	2,448	24	18,465
Costs of revenues	(11,645)	(1,397)	(10)	(10,258)
Selling, general and administrative	(4,841)	(409)	(14)	(4,446)
Amortization of intangible assets	(348)	(105)	-	(243)
Amounts related to securities litigation and government investigations	(21)	-	-	(21)
Merger-related, restructuring and shutdown costs	(175)	(83)	-	(92)
Asset impairments and gain (loss) on disposal of assets, net	(90)	(5)	-	(85)
Operating income (loss)	3,769	449	-	3,320
Interest expense, net	(904)	(2)	-	(902)
Other income (loss), net	(71)	(5)	-	(66)
Income (loss) from continuing operations before income taxes	2,794	442	-	2,352
Income tax benefit (provision)	(1,042)	(165)	-	(877)
Net income (loss) from continuing operations	1,752	277	-	1,475
Less: Net (income) loss from continuing operations attributable to noncontrolling interests	(16)	(14)	-	(2)
Net income (loss) from continuing operations attributable to Time Warner Inc. shareholders	\$ 1,736	\$ 263	\$ -	\$ 1,473
Per share information attributable to Time Warner Inc. common shareholders:				
Basic income (loss) per common share from continuing operations	\$ 1.45			\$ 1.23
Average basic common shares outstanding	1,190.4			1,190.4
Diluted income (loss) per common share from continuing operations	\$ 1.45			\$ 1.23
Average diluted common shares outstanding	1,199.7			1,199.7

See accompanying notes to pro forma consolidated financial information.

TIME WARNER INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2008
(Unaudited)
(millions, except per share amounts)

	<u>Adjusted Time Warner</u>	<u>AOL Separation</u>	<u>Other Adjustments</u>	<u>Pro Forma Time Warner</u>
Revenues:				
Subscription	\$ 10,326	\$ 1,929	\$ -	\$ 8,397
Advertising	7,852	2,096	42	5,798
Content	11,435	-	-	11,435
Other	1,024	140	2	886
Total revenues	30,637	4,165	44	26,516
Costs of revenues	(17,163)	(2,231)	(20)	(14,952)
Selling, general and administrative	(7,317)	(669)	(24)	(6,672)
Amortization of intangible assets	(522)	(166)	-	(356)
Amounts related to securities litigation and government investigations	(21)	-	-	(21)
Merger-related, restructuring and shutdown costs	(344)	(17)	-	(327)
Asset impairments and gain (loss) on disposal of assets, net	(9,445)	(2,229)	-	(7,216)
Operating income (loss)	(4,175)	(1,147)	-	(3,028)
Interest expense, net	(1,327)	(2)	-	(1,325)
Other income (loss), net	(49)	(5)	-	(44)
Income (loss) from continuing operations before income taxes	(5,551)	(1,154)	-	(4,397)
Income tax benefit (provision)	(967)	(275)	-	(692)
Net income (loss) from continuing operations	(6,518)	(1,429)	-	(5,089)
Less: Net (income) loss from continuing operations attributable to noncontrolling interests	72	77	-	(5)
Net income (loss) from continuing operations attributable to Time Warner Inc. shareholders	\$ (6,446)	\$ (1,352)	\$ -	\$ (5,094)
Per share information attributable to Time Warner Inc. common shareholders:				
Basic income (loss) per common share from continuing operations	\$ (5.40)			\$ (4.27)
Average basic common shares outstanding	1,194.2			1,194.2
Diluted income (loss) per common share from continuing operations	\$ (5.40)			\$ (4.27)
Average diluted common shares outstanding	1,194.2			1,194.2

See accompanying notes to pro forma consolidated financial information.

TIME WARNER INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2007
(Unaudited)
(millions, except per share amounts)

	<u>Adjusted Time Warner</u>	<u>AOL Separation</u>	<u>Other Adjustments</u>	<u>Pro Forma Time Warner</u>
Revenues:				
Subscription	\$ 10,626	\$ 2,788	\$ -	\$ 7,838
Advertising	7,943	2,231	19	5,731
Content	11,709	-	-	11,709
Other	1,076	162	19	933
Total revenues	31,354	5,181	38	26,211
Costs of revenues	(17,999)	(2,632)	(26)	(15,393)
Selling, general and administrative	(7,013)	(993)	(12)	(6,032)
Amortization of intangible assets	(402)	(96)	-	(306)
Amounts related to securities litigation and government investigations	(171)	-	-	(171)
Merger-related, restructuring and shutdown costs	(239)	(125)	-	(114)
Asset impairments and gain (loss) on disposal of assets, net	653	681	-	(28)
Operating income (loss)	6,183	2,016	-	4,167
Interest expense, net	(1,405)	7	-	(1,412)
Other income (loss), net	(11)	(2)	-	(9)
Income (loss) from continuing operations before income taxes	4,767	2,021	-	2,746
Income tax benefit (provision)	(1,665)	(806)	-	(859)
Net income (loss) from continuing operations	3,102	1,215	-	1,887
Less: Net (income) loss from continuing operations attributable to noncontrolling interests	(58)	(60)	-	2
Net income (loss) from continuing operations attributable to Time Warner Inc. shareholders	\$ 3,044	\$ 1,155	\$ -	\$ 1,889
Per share information attributable to Time Warner Inc. common shareholders:				
Basic income (loss) per common share from continuing operations	\$ 2.45			\$ 1.52
Average basic common shares outstanding	1,239.6			1,239.6
Diluted income (loss) per common share from continuing operations	\$ 2.42			\$ 1.50
Average diluted common shares outstanding	1,258.9			1,258.9

See accompanying notes to pro forma consolidated financial information.

TIME WARNER INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006
(Unaudited)
(millions, except per share amounts)

	<u>Adjusted Time Warner</u>	<u>AOL Separation</u>	<u>Other Adjustments</u>	<u>Pro Forma Time Warner</u>
Revenues:				
Subscription	\$ 13,229	\$ 5,784	\$ -	\$ 7,445
Advertising	7,630	1,886	27	5,771
Content	10,671	-	3	10,674
Other	<u>1,095</u>	<u>117</u>	<u>18</u>	<u>996</u>
Total revenues	32,625	7,787	48	24,886
Costs of revenues	(18,331)	(4,015)	(25)	(14,341)
Selling, general and administrative	(8,279)	(2,277)	(23)	(6,025)
Amortization of intangible assets	(420)	(134)	-	(286)
Amounts related to securities litigation and government investigations	(705)	-	-	(705)
Merger-related, restructuring and shutdown costs	(344)	(222)	-	(122)
Asset impairments and gain (loss) on disposal of assets, net	578	757	-	(179)
Operating income (loss)	<u>5,124</u>	<u>1,896</u>	<u>-</u>	<u>3,228</u>
Interest expense, net	(1,028)	(3)	-	(1,025)
Other income (loss), net	<u>996</u>	<u>37</u>	<u>-</u>	<u>959</u>
Income (loss) from continuing operations before income taxes	5,092	1,930	-	3,162
Income tax benefit (provision)	<u>(953)</u>	<u>(510)</u>	<u>-</u>	<u>(443)</u>
Net income (loss) from continuing operations	4,139	1,420	-	2,719
Less: Net (income) loss from continuing operations attributable to noncontrolling interests	<u>(55)</u>	<u>(52)</u>	<u>-</u>	<u>(3)</u>
Net income (loss) from continuing operations attributable to Time Warner Inc. shareholders	<u>\$ 4,084</u>	<u>\$ 1,368</u>	<u>\$ -</u>	<u>\$ 2,716</u>
Per share information attributable to Time Warner Inc. common shareholders:				
Basic income (loss) per common share from continuing operations	<u>\$ 2.93</u>			<u>\$ 1.95</u>
Average basic common shares outstanding	<u>1,394.2</u>			<u>1,394.2</u>
Diluted income (loss) per common share from continuing operations	<u>\$ 2.89</u>			<u>\$ 1.92</u>
Average diluted common shares outstanding	<u>1,413.0</u>			<u>1,413.0</u>

See accompanying notes to pro forma consolidated financial information.

Notes to Unaudited Pro Forma Consolidated Financial Information

Note 1: Unaudited Pro Forma Adjustments to Consolidated Balance Sheet as of September 30, 2009

The pro forma adjustments to Time Warner's unaudited consolidated balance sheet as of September 30, 2009, relate to (1) the elimination of the assets, liabilities and equity of AOL and (2) other adjustments as follows:

- (a) An adjustment to reflect a cash contribution from Time Warner to AOL in connection with the AOL Separation such that AOL's total cash balance as of the effective date of the AOL Separation is \$100 million.
- (b) Adjustments for transactions between Time Warner and AOL that were eliminated in consolidation in the preparation of Time Warner's historical consolidated financial statements, but that are reflected as assets and liabilities in the amounts presented under the column heading "Pro Forma Time Warner" upon the completion of the AOL Separation.

Note 2: Unaudited Pro Forma Adjustments to Consolidated Statements of Operations — Years Ended December 31, 2008, 2007 and 2006 and Nine Months Ended September 30, 2009

The pro forma adjustments to Time Warner's unaudited consolidated statements of operations for the years ended December 31, 2008, 2007 and 2006, and for the nine months ended September 30, 2009, relate to (1) the elimination of the results of operations of AOL and (2) adjustments to revenues, costs of revenues and selling, general and administrative expenses related to transactions between Time Warner and AOL that were eliminated in consolidation in the preparation of Time Warner's historical consolidated financial statements, but that are reflected as revenues, costs of revenues and selling, general and administrative expenses in the amounts presented under the column heading "Pro Forma Time Warner" upon the completion of the AOL Separation.