

Distribution of Time Inc. Common Stock

General Information Regarding Canadian Federal Income Tax Treatment

On June 6, 2014, Time Warner Inc. (“Time Warner”) distributed (the “Distribution”) 100% of the outstanding shares of Time Inc. to Time Warner stockholders of record as of May 23, 2014. In the Distribution, Time Warner stockholders of record received one share of Time Inc. common stock for every eight shares of Time Warner common stock held as of May 23, 2014.

This discussion provides information regarding certain Canadian federal income tax consequences of the Distribution generally applicable to Time Warner stockholders who, for purposes of the Income Tax Act (Canada) (the “Canadian Tax Act”) and at all relevant times, (i) are resident or deemed to be resident in Canada, (ii) hold their Time Warner common stock and will hold their Time Inc. common stock as capital property, (iii) deal at arm’s length with Time Warner and Time Inc., (iv) are not affiliated with Time Warner or Time Inc., and (v) are not subject to the “functional currency” reporting rules in the Canadian Tax Act (“Canadian Holders”). This discussion does not address tax consequences to a Canadian Holder who holds Time Warner common stock through a deferred income plan or to a Time Warner stockholder that is a “financial institution” for purposes of the “mark-to-market” rules in the Canadian Tax Act.

The Canada Revenue Agency (“CRA”) has determined that the Distribution qualifies for tax-free treatment under the Canadian Tax Act, and the CRA has posted such information on its website. Accordingly, a Canadian Holder is generally entitled to make an election to have the Distribution not included in the Canadian Holder’s income for Canadian tax purposes. *In order to receive tax-free treatment, a Canadian Holder must make a valid election pursuant to section 86.1 of the Canadian Tax Act. The election must be made in writing, must be filed with the Canadian Holder’s paper tax return for the taxation year that includes the date of the Distribution, and must provide the information required by CRA. Electing Canadian Holders are urged to contact their own tax advisors for advice regarding the consequences of making such an election having regard to their own circumstances, and for detailed advice concerning the procedure to be followed to make such an election.*

Where a valid election is made, the adjusted cost base of a Canadian Holder’s shares of Time Warner common stock immediately before the Distribution is required to be allocated between such shares of Time Warner common stock and the shares of Time Inc. common stock received by the stockholder in the Distribution, in accordance with a formula based on the relative fair market values of such Time Warner common stock and Time Inc. common stock immediately after the Distribution. The general guidance regarding tax basis set forth elsewhere on this website (on IRS Form 8937), while based on U.S. tax rules, is also generally applicable to Canadian Holders who make a valid election under section 86.1 of the Canadian Tax Act, subject to the qualifications that (i) references to “tax basis” should be read as references to “adjusted cost base,” (ii) the discussion does not address the detailed rules in the Canadian Tax Act relevant to the computation of adjusted cost base including the averaging rules, and (iii) each amount relevant to the computation of a Canadian Holder’s Canadian tax results must be computed in Canadian currency based on the rate of exchange quoted by the Bank of Canada at noon on the particular day on which the amount first arose or such other rate of exchange as is acceptable to CRA.

If a valid tax election, as described above, is not filed, a Canadian Holder would be required to include in such Holder's income for Canadian tax purposes, as a taxable dividend from Time Warner, an amount equal to the fair market value of the shares of Time Inc. common stock received, determined as of the date of the Distribution. Canadian Holders would not be entitled to the gross-up and dividend tax credit treatment (for individuals) or the inter-corporate dividend deduction (for corporations) normally applicable to dividends received from taxable Canadian corporations.

Canadian Holders will be considered to have disposed of any fraction of a share of Time Inc. common stock for which they receive cash, and will realize a capital gain (or capital loss) to the extent the cash so received exceeds (or is less than) the aggregate of the adjusted cost base of such fraction of a share and any reasonable costs of disposition. In general, one-half of a capital gain is included in income as a taxable capital gain and one-half of a capital loss is deducted against taxable capital gains to the extent and under the circumstances specified in the Canadian Tax Act.

A Canadian Holder that is a "Canadian-controlled private corporation" for purposes of the Canadian Tax Act is required to pay an additional 6-2/3% refundable tax on its "aggregate investment income," which includes an amount in respect of dividends, and taxable capital gains.

CONSULT YOUR TAX ADVISOR

Please remember that Time Warner does not provide its stockholders with tax advice, and this notice is not intended to provide tax advice. This notice is for general information purposes and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein. The information contained in this notice represents our general understanding of the application of certain existing Canadian federal income tax laws and regulations relating to the Distribution, and it does not purport to be complete or to describe the consequences that may apply to particular categories of Time Warner stockholders. *You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state and local, Canadian federal, provincial and territorial and other foreign tax laws.*