

**TIME WARNER INC.
2016 TRENDING SCHEDULES
BASIS OF PRESENTATION**

NOTE: These materials are dated as of the date originally issued and may now be out of date.

The trending schedules summarize financial information to facilitate your review and understanding of the Company's operating results. Regulation G adopted by the Securities and Exchange Commission sets forth rules regarding the disclosure of non-GAAP financial measures, as defined in that Regulation. The Company uses non-GAAP financial measures to evaluate the performance of its businesses, and the trending schedules disclose these non-GAAP financial measures in accordance with the requirements of the Regulation.

On October 22, 2016, the Company entered into an Agreement and Plan of Merger with AT&T Inc. ("AT&T"), West Merger Sub, Inc., and West Merger Sub II, LLC, pursuant to which the Company will be acquired by AT&T for a combination of \$53.75 and shares of AT&T stock. At the time of entry into the merger agreement, the value of the merger consideration was \$107.50 per share of Time Warner common stock and the value will vary, subject to a collar, prior to the closing of the transaction. The merger is subject to approval by Time Warner shareholders, required regulatory approvals and customary closing conditions. A special meeting of Time Warner shareholders, at which shareholders will be asked to vote to approve the merger, is scheduled to be held on February 15, 2017. The merger is expected to close by the end of 2017.

Time Warner utilizes Adjusted Operating Income (Loss), Adjusted Operating Income margin and Adjusted EPS, among other measures, to evaluate the performance of its businesses. These measures are considered important indicators of the operational strength of the Company's businesses. Some limitations of Adjusted Operating Income (Loss), Adjusted Operating Income margin and Adjusted EPS are that they do not reflect certain charges that affect the operating results of the Company's businesses and they involve judgment as to whether items affect fundamental operating performance.

Adjusted Operating Income (Loss) is Operating Income (Loss) excluding the impact of: noncash impairments of goodwill, intangible and fixed assets; gains and losses on operating assets (other than deferred gains on sale-leasebacks); gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions (including restructuring and severance costs associated with dispositions), as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; and the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively. Adjusted Operating Income margin is defined as Adjusted Operating Income divided by Revenues.

Beginning with periods ending on or after October 1, 2016, Adjusted Operating Income (Loss) is defined as Operating Income (Loss) excluding the impact of: noncash impairments of goodwill, intangible and fixed assets; gains and losses on operating assets (other than deferred gains on sale-leasebacks); gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; costs related to the pending acquisition by AT&T (including retention, restructuring and severance costs associated with the transaction); external costs related to mergers, acquisitions or dispositions (including restructuring and severance costs associated with dispositions), as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; and the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

Adjusted EPS is Diluted Income per Common Share from Continuing Operations attributable to Time Warner Inc. common shareholders with the following items excluded from Income from Continuing Operations attributable to Time Warner Inc. common shareholders: noncash impairments of goodwill, intangible and fixed assets and investments; gains and losses on operating assets (other than deferred gains on sale-leasebacks), liabilities (including extinguishments of debt) and investments, in each case including associated costs of the transaction; gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions, investments or dispositions (including restructuring and severance costs associated with dispositions), as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively; and amounts attributable to businesses classified as discontinued operations; as well as the impact of taxes and noncontrolling interests on the above items and the Company's share of the above items with respect to equity method investments. Adjusted EPS is considered an important indicator of the operational strength of the Company's businesses as this measure eliminates amounts that do not reflect the fundamental performance of the Company's businesses. The Company utilizes Adjusted EPS, among other measures, to evaluate the performance of its businesses both on an absolute basis and relative to its peers and the broader market. Many investors also use an adjusted EPS measure as a common basis for comparing the performance of different companies.

Beginning with periods ending on or after October 1, 2016, Adjusted EPS is Diluted Income per Common Share from Continuing Operations attributable to Time Warner Inc. common shareholders with the following items excluded from Income from Continuing Operations attributable to Time Warner Inc. common shareholders: noncash impairments of goodwill, intangible and fixed assets and investments; gains and losses on operating assets (other than deferred gains on sale-leasebacks), liabilities (including extinguishments of debt) and investments, in each case including associated costs of the transaction; gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; costs related to the pending acquisition by AT&T (including retention, restructuring and severance costs associated with the transaction); external costs related to mergers, acquisitions, investments or dispositions (including restructuring and severance costs associated with dispositions), as well as contingent consideration related to such transactions, to the extent such costs are expensed; amounts related to securities litigation and government investigations; the foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively; and amounts attributable to businesses classified as discontinued operations; as well as the impact of taxes and noncontrolling interests on the above items and the Company's share of the above items with respect to equity method investments.

Net Debt is the sum of Long-term debt and Debt due within one year, minus Cash and equivalents. Adjusted OIBDA is defined as Adjusted Operating Income (Loss) before Depreciation and Amortization and is calculated as Adjusted Operating Income (Loss) plus depreciation and amortization. The Company uses Net Debt and Adjusted OIBDA in determining its Leverage Ratio. Leverage Ratio is defined as Net Debt divided by Adjusted OIBDA for the trailing four quarters. The Company believes that Net Debt and the Leverage Ratio provide useful information to management, investors, rating agencies and others in evaluating the Company's liquidity, creditworthiness (both individually and relative to other companies) and capital structure. As part of its capital allocation strategy, the Company has selected a target Leverage Ratio that it concluded helps optimize its capital structure while balancing both shareholders' and creditors' interests.

Free Cash Flow is defined as Cash Provided by Operations from Continuing Operations plus payments related to securities litigation and government investigations (net of any insurance recoveries), external costs related to mergers, acquisitions, investments or dispositions (including restructuring and severance costs associated with dispositions), to the extent such costs are expensed, contingent consideration payments made in connection with acquisitions, and excess tax benefits from equity instruments, less capital expenditures, principal payments on capital leases and partnership distributions, if any. The Company uses Free Cash Flow to evaluate the performance and liquidity of its businesses and considers Free Cash Flow when making decisions regarding strategic investments, dividends and share repurchases. The Company believes Free Cash Flow provides useful information to investors because it is an important indicator of the Company's liquidity, including its ability to reduce net debt, make strategic investments, pay dividends to common shareholders and repurchase stock.

The Company utilizes Return on Invested Capital and Return on Invested Capital excluding Purchase Price Adjustments ("PPA"), among other measures, to evaluate the performance of its businesses. Return on Invested Capital is calculated as net operating profit ("NOPAT") divided by average capital employed. NOPAT represents the Adjusted Operating Income (Loss) before amortization expense, net of tax at the Company's adjusted effective tax rate plus the equity income (loss), net of taxes from the Company's investments accounted for under the equity method. PPA reflects the net outstanding goodwill and intangible assets recognized in connection with the 2001 AOL/Time Warner merger and the 2003 Time Warner Entertainment Company, L.P. restructuring.

A general limitation of these non-GAAP financial measures is that they are not prepared in accordance with U.S. generally accepted accounting principles and may not be comparable to similarly titled measures of other companies due to differences in methods of calculation and excluded items. Adjusted Operating Income (Loss), Adjusted EPS, Net Debt, Leverage Ratio, Free Cash Flow and Return on Invested Capital should be considered in addition to, not as a substitute for, the Company's Operating Income (Loss), Diluted Income per Common Share from Continuing Operations, Long-term debt, Debt due within one year and various cash flow measures (e.g., Cash Provided by Operations from Continuing Operations), as well as other measures of financial performance and liquidity reported in accordance with U.S. generally accepted accounting principles.

TIME WARNER INC.
2016 TRENDING SCHEDULES
BUSINESS SEGMENT RESULTS & CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share amounts; Unaudited)

| | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended | | |
|--|--------------------|-----------|-----------|------------|------------|------------|--------------------|-----------|------------|------------|-----------|------------|--------------------|------------|------------|-----------|-----------|------------|------------|------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 |
| Revenues: | | | | | | | | | | | | | | | | | | | | |
| Turner | \$ 2,593 | \$ 2,750 | \$ 2,446 | \$ 2,607 | \$ 10,396 | \$ 2,710 | \$ 2,827 | \$ 2,398 | \$ 2,661 | \$ 10,596 | \$ 2,906 | \$ 3,010 | \$ 2,610 | \$ 2,838 | \$ 11,364 | \$ 2,906 | \$ 3,010 | \$ 2,610 | \$ 2,838 | \$ 11,364 |
| Home Box Office | 1,339 | 1,417 | 1,304 | 1,338 | 5,398 | 1,398 | 1,438 | 1,367 | 1,412 | 5,615 | 1,506 | 1,467 | 1,426 | 1,491 | 5,890 | 1,506 | 1,467 | 1,426 | 1,491 | 5,890 |
| Warner Bros. | 3,066 | 2,870 | 2,775 | 3,815 | 12,526 | 3,199 | 3,298 | 3,190 | 3,305 | 12,992 | 3,109 | 2,658 | 3,402 | 3,868 | 13,037 | 3,109 | 2,658 | 3,402 | 3,868 | 13,037 |
| Intersegment eliminations | (195) | (249) | (282) | (235) | (961) | (180) | (215) | (391) | (299) | (1,085) | (213) | (183) | (271) | (306) | (973) | (213) | (183) | (271) | (306) | (973) |
| Total revenues | \$ 6,803 | \$ 6,788 | \$ 6,243 | \$ 7,525 | \$ 27,359 | \$ 7,127 | \$ 7,348 | \$ 6,564 | \$ 7,079 | \$ 28,118 | \$ 7,308 | \$ 6,952 | \$ 7,167 | \$ 7,891 | \$ 29,318 | \$ 7,308 | \$ 6,952 | \$ 7,167 | \$ 7,891 | \$ 29,318 |
| Operating income: | | | | | | | | | | | | | | | | | | | | |
| Turner | \$ 900 | \$ 929 | \$ 337 | \$ 788 | \$ 2,954 | \$ 1,108 | \$ 1,130 | \$ 1,072 | \$ 777 | \$ 4,087 | \$ 1,239 | \$ 1,130 | \$ 1,162 | \$ 841 | \$ 4,372 | \$ 1,239 | \$ 1,130 | \$ 1,162 | \$ 841 | \$ 4,372 |
| Home Box Office | 464 | 548 | 380 | 394 | 1,786 | 458 | 508 | 519 | 393 | 1,878 | 477 | 481 | 530 | 429 | 1,917 | 477 | 481 | 530 | 429 | 1,917 |
| Warner Bros. | 369 | 234 | 237 | 319 | 1,159 | 324 | 341 | 385 | 366 | 1,416 | 424 | 308 | 428 | 574 | 1,734 | 424 | 308 | 428 | 574 | 1,734 |
| Corporate | 309 | (137) | (119) | (126) | (73) | (104) | (89) | (64) | (110) | (367) | (140) | (95) | (95) | (168) | (498) | (140) | (95) | (95) | (168) | (498) |
| Intersegment eliminations | 6 | (7) | 136 | 14 | 149 | - | (31) | (78) | (40) | (149) | (4) | 22 | (11) | 15 | 22 | (4) | 22 | (11) | 15 | 22 |
| Operating income | 2,048 | 1,567 | 971 | 1,389 | 5,975 | 1,786 | 1,859 | 1,834 | 1,386 | 6,865 | 1,996 | 1,846 | 2,014 | 1,691 | 7,547 | 1,996 | 1,846 | 2,014 | 1,691 | 7,547 |
| Interest expense, net | (265) | (296) | (307) | (301) | (1,169) | (294) | (286) | (294) | (289) | (1,163) | (284) | (292) | (298) | (287) | (1,161) | (284) | (292) | (298) | (287) | (1,161) |
| Other income (loss), net | (11) | 6 | (135) | 13 | (127) | (117) | (125) | (54) | 40 | (256) | (40) | (131) | (27) | (993) | (1,191) | (40) | (131) | (27) | (993) | (1,191) |
| Income from continuing operations before income taxes | 1,772 | 1,277 | 529 | 1,101 | 4,679 | 1,375 | 1,448 | 1,486 | 1,137 | 5,446 | 1,672 | 1,423 | 1,689 | 411 | 5,195 | 1,672 | 1,423 | 1,689 | 411 | 5,195 |
| Income tax benefit (provision) | (407) | (434) | 437 | (381) | (785) | (442) | (477) | (452) | (280) | (1,651) | (498) | (472) | (217) | (94) | (1,281) | (498) | (472) | (217) | (94) | (1,281) |
| Income from continuing operations | 1,365 | 843 | 966 | 720 | 3,894 | 933 | 971 | 1,034 | 857 | 3,795 | 1,174 | 951 | 1,472 | 317 | 3,914 | 1,174 | 951 | 1,472 | 317 | 3,914 |
| Discontinued operations, net of tax | (73) | 7 | 1 | (2) | (67) | 37 | - | - | - | 37 | 40 | - | (5) | (24) | 11 | 40 | - | (5) | (24) | 11 |
| Net income | \$ 1,292 | \$ 850 | \$ 967 | \$ 718 | \$ 3,827 | \$ 970 | \$ 971 | \$ 1,034 | \$ 857 | \$ 3,832 | \$ 1,214 | \$ 951 | \$ 1,467 | \$ 293 | \$ 3,925 | \$ 1,214 | \$ 951 | \$ 1,467 | \$ 293 | \$ 3,925 |
| Less: Net loss attributable to noncontrolling interests | - | - | - | - | - | - | - | 1 | - | 1 | - | 1 | - | - | 1 | - | 1 | - | - | 1 |
| Net income attributable to Time Warner Inc. shareholders | \$ 1,292 | \$ 850 | \$ 967 | \$ 718 | \$ 3,827 | \$ 970 | \$ 971 | \$ 1,035 | \$ 857 | \$ 3,833 | \$ 1,214 | \$ 952 | \$ 1,467 | \$ 293 | \$ 3,926 | \$ 1,214 | \$ 952 | \$ 1,467 | \$ 293 | \$ 3,926 |
| Amounts attributable to Time Warner Inc. shareholders: | | | | | | | | | | | | | | | | | | | | |
| Income from continuing operations | \$ 1,365 | \$ 843 | \$ 966 | \$ 720 | \$ 3,894 | \$ 933 | \$ 971 | \$ 1,035 | \$ 857 | \$ 3,796 | \$ 1,174 | \$ 952 | \$ 1,472 | \$ 317 | \$ 3,915 | \$ 1,174 | \$ 952 | \$ 1,472 | \$ 317 | \$ 3,915 |
| Discontinued operations, net of tax | (73) | 7 | 1 | (2) | (67) | 37 | - | - | - | 37 | 40 | - | (5) | (24) | 11 | 40 | - | (5) | (24) | 11 |
| Net income | \$ 1,292 | \$ 850 | \$ 967 | \$ 718 | \$ 3,827 | \$ 970 | \$ 971 | \$ 1,035 | \$ 857 | \$ 3,833 | \$ 1,214 | \$ 952 | \$ 1,467 | \$ 293 | \$ 3,926 | \$ 1,214 | \$ 952 | \$ 1,467 | \$ 293 | \$ 3,926 |
| Per share information attributable to Time Warner Inc. common shareholders: | | | | | | | | | | | | | | | | | | | | |
| Basic income per common share from continuing operations | \$ 1.53 | \$ 0.96 | \$ 1.13 | \$ 0.86 | \$ 4.49 | \$ 1.12 | \$ 1.18 | \$ 1.27 | \$ 1.07 | \$ 4.64 | \$ 1.48 | \$ 1.21 | \$ 1.89 | \$ 0.41 | \$ 5.00 | \$ 1.48 | \$ 1.21 | \$ 1.89 | \$ 0.41 | \$ 5.00 |
| Basic net income per common share | \$ 1.45 | \$ 0.97 | \$ 1.13 | \$ 0.85 | \$ 4.42 | \$ 1.17 | \$ 1.18 | \$ 1.27 | \$ 1.07 | \$ 4.69 | \$ 1.53 | \$ 1.21 | \$ 1.89 | \$ 0.37 | \$ 5.01 | \$ 1.53 | \$ 1.21 | \$ 1.89 | \$ 0.37 | \$ 5.01 |
| Diluted income per common share from continuing operations | \$ 1.50 | \$ 0.94 | \$ 1.11 | \$ 0.84 | \$ 4.41 | \$ 1.10 | \$ 1.16 | \$ 1.26 | \$ 1.06 | \$ 4.58 | \$ 1.46 | \$ 1.20 | \$ 1.87 | \$ 0.40 | \$ 4.94 | \$ 1.46 | \$ 1.20 | \$ 1.87 | \$ 0.40 | \$ 4.94 |
| Diluted net income per common share | \$ 1.42 | \$ 0.95 | \$ 1.11 | \$ 0.84 | \$ 4.34 | \$ 1.15 | \$ 1.16 | \$ 1.26 | \$ 1.06 | \$ 4.62 | \$ 1.51 | \$ 1.20 | \$ 1.86 | \$ 0.37 | \$ 4.96 | \$ 1.51 | \$ 1.20 | \$ 1.86 | \$ 0.37 | \$ 4.96 |
| Average basic common shares outstanding | 891.0 | 874.8 | 850.9 | 836.7 | 863.3 | 829.4 | 821.6 | 810.2 | 798.3 | 814.9 | 790.7 | 784.5 | 776.2 | 771.6 | 780.8 | 790.7 | 784.5 | 776.2 | 771.6 | 780.8 |
| Average diluted common shares outstanding | 910.6 | 894.2 | 870.2 | 855.7 | 882.6 | 845.9 | 836.3 | 824.1 | 811.7 | 829.5 | 802.3 | 795.4 | 787.5 | 783.7 | 792.3 | 802.3 | 795.4 | 787.5 | 783.7 | 792.3 |

TIME WARNER INC.
2016 TRENDING SCHEDULES
REVENUES
(In millions; Unaudited)

| | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|---------------------------|--------------------|-----------------|-----------------|-----------------|------------------|--------------------|-----------------|-----------------|-----------------|------------------|--------------------|-----------------|-----------------|-----------------|------------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 |
| Turner | | | | | | | | | | | | | | | |
| Subscription | \$ 1,309 | \$ 1,323 | \$ 1,334 | \$ 1,297 | \$ 5,263 | \$ 1,347 | \$ 1,343 | \$ 1,317 | \$ 1,299 | \$ 5,306 | \$ 1,490 | \$ 1,485 | \$ 1,480 | \$ 1,481 | \$ 5,936 |
| Advertising | 1,137 | 1,284 | 993 | 1,154 | 4,568 | 1,179 | 1,272 | 980 | 1,206 | 4,637 | 1,235 | 1,345 | 996 | 1,187 | 4,763 |
| Content and other | 147 | 143 | 119 | 156 | 565 | 184 | 212 | 101 | 156 | 653 | 181 | 180 | 134 | 170 | 665 |
| Total | <u>\$ 2,593</u> | <u>\$ 2,750</u> | <u>\$ 2,446</u> | <u>\$ 2,607</u> | <u>\$ 10,396</u> | <u>\$ 2,710</u> | <u>\$ 2,827</u> | <u>\$ 2,398</u> | <u>\$ 2,661</u> | <u>\$ 10,596</u> | <u>\$ 2,906</u> | <u>\$ 3,010</u> | <u>\$ 2,610</u> | <u>\$ 2,838</u> | <u>\$ 11,364</u> |
| Home Box Office | | | | | | | | | | | | | | | |
| Subscription | \$ 1,130 | \$ 1,141 | \$ 1,156 | \$ 1,151 | \$ 4,578 | \$ 1,179 | \$ 1,181 | \$ 1,200 | \$ 1,188 | \$ 4,748 | \$ 1,236 | \$ 1,253 | \$ 1,262 | \$ 1,252 | \$ 5,003 |
| Content and other | 209 | 276 | 148 | 187 | 820 | 219 | 257 | 167 | 224 | 867 | 270 | 214 | 164 | 239 | 887 |
| Total | <u>\$ 1,339</u> | <u>\$ 1,417</u> | <u>\$ 1,304</u> | <u>\$ 1,338</u> | <u>\$ 5,398</u> | <u>\$ 1,398</u> | <u>\$ 1,438</u> | <u>\$ 1,367</u> | <u>\$ 1,412</u> | <u>\$ 5,615</u> | <u>\$ 1,506</u> | <u>\$ 1,467</u> | <u>\$ 1,426</u> | <u>\$ 1,491</u> | <u>\$ 5,890</u> |
| Warner Bros. | | | | | | | | | | | | | | | |
| Theatrical product | \$ 1,397 | \$ 1,494 | \$ 1,166 | \$ 1,782 | \$ 5,839 | \$ 1,465 | \$ 1,263 | \$ 1,108 | \$ 1,307 | \$ 5,143 | \$ 1,234 | \$ 1,087 | \$ 1,605 | \$ 1,686 | \$ 5,612 |
| Television product | 1,341 | 1,067 | 1,205 | 1,486 | 5,099 | 1,348 | 1,308 | 1,460 | 1,519 | 5,635 | 1,425 | 1,203 | 1,430 | 1,761 | 5,819 |
| Videogames and other | 328 | 309 | 404 | 547 | 1,588 | 386 | 727 | 622 | 479 | 2,214 | 450 | 368 | 367 | 421 | 1,606 |
| Total | <u>\$ 3,066</u> | <u>\$ 2,870</u> | <u>\$ 2,775</u> | <u>\$ 3,815</u> | <u>\$ 12,526</u> | <u>\$ 3,199</u> | <u>\$ 3,298</u> | <u>\$ 3,190</u> | <u>\$ 3,305</u> | <u>\$ 12,992</u> | <u>\$ 3,109</u> | <u>\$ 2,658</u> | <u>\$ 3,402</u> | <u>\$ 3,868</u> | <u>\$ 13,037</u> |
| Intersegment eliminations | (195) | (249) | (282) | (235) | (961) | (180) | (215) | (391) | (299) | (1,085) | (213) | (183) | (271) | (306) | (973) |
| Time Warner | | | | | | | | | | | | | | | |
| Subscription | \$ 2,466 | \$ 2,489 | \$ 2,518 | \$ 2,472 | \$ 9,945 | \$ 2,554 | \$ 2,548 | \$ 2,537 | \$ 2,514 | \$ 10,153 | \$ 2,745 | \$ 2,754 | \$ 2,763 | \$ 2,752 | \$ 11,014 |
| Advertising | 1,124 | 1,256 | 980 | 1,142 | 4,502 | 1,162 | 1,245 | 966 | 1,196 | 4,569 | 1,224 | 1,318 | 982 | 1,172 | 4,696 |
| Content | 3,049 | 2,904 | 2,625 | 3,772 | 12,350 | 3,258 | 3,398 | 2,923 | 3,192 | 12,771 | 3,179 | 2,700 | 3,268 | 3,788 | 12,935 |
| Other | 164 | 139 | 120 | 139 | 562 | 153 | 157 | 138 | 177 | 625 | 160 | 180 | 154 | 179 | 673 |
| Time Warner | <u>\$ 6,803</u> | <u>\$ 6,788</u> | <u>\$ 6,243</u> | <u>\$ 7,525</u> | <u>\$ 27,359</u> | <u>\$ 7,127</u> | <u>\$ 7,348</u> | <u>\$ 6,564</u> | <u>\$ 7,079</u> | <u>\$ 28,118</u> | <u>\$ 7,308</u> | <u>\$ 6,952</u> | <u>\$ 7,167</u> | <u>\$ 7,891</u> | <u>\$ 29,318</u> |

TIME WARNER INC.
2016 TRENDING SCHEDULES
RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) TO OPERATING INCOME (LOSS) AND RECONCILIATION OF ADJUSTED OPERATING INCOME MARGIN TO OPERATING INCOME MARGIN
(In millions; Unaudited)

| | Three Months Ended | | | | | Year Ended | | | | | Three Months Ended | | | | | Year Ended | | | | |
|---|--------------------|-----------|-----------|------------|------------|------------|-----------|-----------|------------|------------|--------------------|-----------|-----------|------------|------------|------------|-----------|-----------|------------|------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 |
| Turner | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Income | \$ 895 | \$ 940 | \$ 350 | \$ 921 | \$ 3,106 | \$ 1,128 | \$ 1,130 | \$ 1,071 | \$ 781 | \$ 4,110 | \$ 1,239 | \$ 1,133 | \$ 1,203 | \$ 851 | \$ 4,426 | | | | | |
| Asset impairments | (1) | (10) | (4) | (2) | (17) | - | - | (1) | (2) | (3) | - | - | (25) | (3) | (28) | | | | | |
| Gain (loss) on operating assets, net | 13 | 2 | (5) | 6 | 16 | (3) | 1 | 2 | - | - | - | (2) | (13) | 1 | (14) | | | | | |
| Venezuelan foreign currency loss ⁽¹⁾ | - | - | - | (137) | (137) | (17) | - | - | - | (17) | - | - | - | - | - | | | | | |
| Costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (5) | (5) | | | | | |
| Other ⁽²⁾ | (7) | (3) | (4) | - | (14) | - | (1) | - | (2) | (3) | - | (1) | (3) | (3) | (7) | | | | | |
| Operating Income | \$ 900 | \$ 929 | \$ 337 | \$ 788 | \$ 2,954 | \$ 1,108 | \$ 1,130 | \$ 1,072 | \$ 777 | \$ 4,087 | \$ 1,239 | \$ 1,130 | \$ 1,162 | \$ 841 | \$ 4,372 | | | | | |
| Home Box Office | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Income | \$ 464 | \$ 552 | \$ 380 | \$ 394 | \$ 1,790 | \$ 458 | \$ 508 | \$ 519 | \$ 393 | \$ 1,878 | \$ 486 | \$ 481 | \$ 530 | \$ 431 | \$ 1,928 | | | | | |
| Asset impairments | - | (4) | - | - | (4) | - | - | - | - | - | - | - | - | - | - | | | | | |
| Gain (loss) on operating assets, net | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | | | |
| Costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (2) | (2) | | | | | |
| Other ⁽²⁾ | - | - | - | - | - | - | - | - | - | - | (9) | - | - | - | (9) | | | | | |
| Operating Income | \$ 464 | \$ 548 | \$ 380 | \$ 394 | \$ 1,786 | \$ 458 | \$ 508 | \$ 519 | \$ 393 | \$ 1,878 | \$ 477 | \$ 481 | \$ 530 | \$ 429 | \$ 1,917 | | | | | |
| Warner Bros. | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Income | \$ 380 | \$ 236 | \$ 241 | \$ 391 | \$ 1,248 | \$ 330 | \$ 344 | \$ 388 | \$ 373 | \$ 1,435 | \$ 426 | \$ 217 | \$ 433 | \$ 586 | \$ 1,662 | | | | | |
| Asset impairments | (5) | - | - | (36) | (41) | - | - | (1) | (6) | (7) | (1) | - | (5) | (3) | (9) | | | | | |
| Gain (loss) on operating assets, net | - | - | - | 7 | 7 | - | (1) | - | - | (1) | - | 91 | 1 | - | 92 | | | | | |
| Venezuelan foreign currency loss ⁽¹⁾ | - | - | - | (36) | (36) | (5) | - | - | - | (5) | - | - | - | - | - | | | | | |
| Costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (7) | (7) | | | | | |
| Other ⁽²⁾ | (6) | (2) | (4) | (7) | (19) | (1) | (2) | (2) | (1) | (6) | (1) | - | (1) | (2) | (4) | | | | | |
| Operating Income | \$ 369 | \$ 234 | \$ 237 | \$ 319 | \$ 1,159 | \$ 324 | \$ 341 | \$ 385 | \$ 366 | \$ 1,416 | \$ 424 | \$ 308 | \$ 428 | \$ 574 | \$ 1,734 | | | | | |
| Corporate | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Loss | \$ (119) | \$ (103) | \$ (114) | \$ (124) | \$ (460) | \$ (102) | \$ (89) | \$ (58) | \$ (102) | \$ (351) | \$ (135) | \$ (93) | \$ (85) | \$ (124) | \$ (437) | | | | | |
| Asset impairments | (6) | - | (1) | - | (7) | (1) | - | (5) | (9) | (15) | (2) | (2) | - | (2) | (6) | | | | | |
| Gain (loss) on operating assets, net | 441 | - | - | - | 441 | - | - | - | - | - | - | - | - | - | - | | | | | |
| Costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (28) | (28) | | | | | |
| Other ⁽²⁾ | (7) | (34) | (4) | (2) | (47) | (1) | - | (1) | 1 | (1) | (3) | - | (10) | (14) | (27) | | | | | |
| Operating Income (Loss) | \$ 309 | \$ (137) | \$ (119) | \$ (126) | \$ (73) | \$ (104) | \$ (89) | \$ (64) | \$ (110) | \$ (367) | \$ (140) | \$ (95) | \$ (95) | \$ (168) | \$ (498) | | | | | |
| Intersegment eliminations | | | | | | | | | | | | | | | | | | | | |
| Operating Income (Loss) | \$ 6 | \$ (7) | \$ 136 | \$ 14 | \$ 149 | \$ - | \$ (31) | \$ (78) | \$ (40) | \$ (149) | \$ (4) | \$ 22 | \$ (11) | \$ 15 | \$ 22 | | | | | |
| Time Warner | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Income | \$ 1,626 | \$ 1,618 | \$ 993 | \$ 1,596 | \$ 5,833 | \$ 1,814 | \$ 1,862 | \$ 1,842 | \$ 1,405 | \$ 6,923 | \$ 2,012 | \$ 1,760 | \$ 2,070 | \$ 1,759 | \$ 7,601 | | | | | |
| Asset impairments | (12) | (14) | (5) | (38) | (69) | (1) | - | (7) | (17) | (25) | (3) | (2) | (30) | (8) | (43) | | | | | |
| Gain (loss) on operating assets, net | 454 | 2 | (5) | 13 | 464 | (3) | - | 2 | - | (1) | - | 89 | (12) | 1 | 78 | | | | | |
| Venezuelan foreign currency loss ⁽¹⁾ | - | - | - | (173) | (173) | (22) | - | - | - | (22) | - | - | - | - | - | | | | | |
| Costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (42) | (42) | | | | | |
| Other ⁽²⁾ | (20) | (39) | (12) | (9) | (80) | (2) | (3) | (3) | (2) | (10) | (13) | (1) | (14) | (19) | (47) | | | | | |
| Operating Income | \$ 2,048 | \$ 1,567 | \$ 971 | \$ 1,389 | \$ 5,975 | \$ 1,786 | \$ 1,859 | \$ 1,834 | \$ 1,386 | \$ 6,865 | \$ 1,996 | \$ 1,846 | \$ 2,014 | \$ 1,691 | \$ 7,547 | | | | | |
| Margin⁽³⁾ | | | | | | | | | | | | | | | | | | | | |
| Adjusted Operating Income | 23.9% | 23.8% | 15.9% | 21.2% | 21.3% | 25.5% | 25.3% | 28.1% | 19.8% | 24.6% | 27.5% | 25.3% | 28.9% | 22.3% | 25.9% | | | | | |
| Asset impairments | -0.2% | -0.2% | -0.1% | -0.5% | -0.3% | 0.0% | 0.0% | -0.1% | -0.2% | -0.1% | 0.0% | 0.0% | -0.4% | -0.1% | -0.2% | | | | | |
| Gain (loss) on operating assets, net | 6.7% | 0.0% | -0.1% | 0.2% | 1.7% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1.3% | -0.2% | 0.0% | 0.3% | | | | | |
| Venezuelan foreign currency loss ⁽¹⁾ | 0.0% | 0.0% | 0.0% | -2.3% | -0.6% | -0.3% | 0.0% | 0.0% | 0.0% | -0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | |
| Costs related to the AT&T merger | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -0.5% | -0.1% | | | | | |
| Other ⁽²⁾ | -0.3% | -0.5% | -0.1% | -0.1% | -0.3% | 0.0% | 0.0% | -0.1% | -0.3% | 0.0% | -0.2% | 0.0% | -0.2% | -0.3% | -0.2% | | | | | |
| Operating Income | 30.1% | 23.1% | 15.6% | 18.5% | 21.8% | 25.1% | 25.3% | 27.9% | 19.6% | 24.4% | 27.3% | 26.6% | 28.1% | 21.4% | 25.7% | | | | | |

(1) Venezuelan foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(2) Other includes gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions (including restructuring and severance costs associated with dispositions); and amounts related to securities litigation and government investigations.

(3) Adjusted Operating Income margin is defined as Adjusted Operating Income divided by Revenues. Operating Income margin is defined as Operating Income divided by Revenues.

TIME WARNER INC.
2016 TRENDING SCHEDULES
SUMMARY OF ITEMS AFFECTING COMPARABILITY,
RECONCILIATION OF ADJUSTED EPS TO DILUTED INCOME PER COMMON SHARE FROM CONTINUING OPERATIONS ATTRIBUTABLE TO TIME WARNER INC. COMMON SHAREHOLDERS
(In millions, except per share amounts; Unaudited)

| | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended |
|---|--------------------|----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|--|--|------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 | | | |
| ITEMS AFFECTING COMPARABILITY | | | | | | | | | | | | | | | | | | |
| Asset impairments: | | | | | | | | | | | | | | | | | | |
| Turner | \$ (1) | \$ (10) | \$ (4) | \$ (2) | \$ (17) | \$ - | \$ - | \$ (1) | \$ (2) | \$ (3) | \$ - | \$ - | \$ (25) | \$ (3) | \$ (28) | | | |
| Home Box Office | - | (4) | - | - | (4) | - | - | - | - | - | - | - | - | - | - | | | |
| Warner Bros. | (5) | - | - | (36) | (41) | - | - | (1) | (6) | (7) | (1) | - | (5) | (3) | (9) | | | |
| Corporate | (6) | - | (1) | - | (7) | (1) | - | (5) | (9) | (15) | (2) | (2) | - | (2) | (6) | | | |
| Total asset impairments | (12) | (14) | (5) | (38) | (69) | (1) | - | (7) | (17) | (25) | (3) | (2) | (30) | (8) | (43) | | | |
| Gain (loss) on operating assets, net: | | | | | | | | | | | | | | | | | | |
| Turner | 13 | 2 | (5) | 6 | 16 | (3) | 1 | 2 | - | - | - | (2) | (13) | 1 | (14) | | | |
| Home Box Office | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | | |
| Warner Bros. | - | - | - | 7 | 7 | - | (1) | - | - | (1) | - | 91 | 1 | - | 92 | | | |
| Corporate | 441 | - | - | - | 441 | - | - | - | - | - | - | - | - | - | - | | | |
| Total gain (loss) on operating assets, net | 454 | 2 | (5) | 13 | 464 | (3) | - | 2 | - | (1) | - | 89 | (12) | 1 | 78 | | | |
| Venezuelan foreign currency loss⁽¹⁾: | | | | | | | | | | | | | | | | | | |
| Turner | - | - | - | (137) | (137) | (17) | - | - | - | (17) | - | - | - | - | - | | | |
| Warner Bros. | - | - | - | (36) | (36) | (5) | - | - | - | (5) | - | - | - | - | - | | | |
| Total Venezuelan foreign currency loss | - | - | - | (173) | (173) | (22) | - | - | - | (22) | - | - | - | - | - | | | |
| Costs related to the AT&T merger: | | | | | | | | | | | | | | | | | | |
| Turner | - | - | - | - | - | - | - | - | - | - | - | - | - | (5) | (5) | | | |
| Home Box Office | - | - | - | - | - | - | - | - | - | - | - | - | - | (2) | (2) | | | |
| Warner Bros. | - | - | - | - | - | - | - | - | - | - | - | - | - | (7) | (7) | | | |
| Corporate | - | - | - | - | - | - | - | - | - | - | - | - | - | (28) | (28) | | | |
| Total costs related to the AT&T merger | - | - | - | - | - | - | - | - | - | - | - | - | - | (42) | (42) | | | |
| Other operating income items⁽²⁾: | | | | | | | | | | | | | | | | | | |
| Turner | (7) | (3) | (4) | - | (14) | - | (1) | - | (2) | (3) | - | (1) | (3) | (3) | (7) | | | |
| Home Box Office | - | - | - | - | - | - | - | - | - | - | (9) | - | - | - | (9) | | | |
| Warner Bros. | (6) | (2) | (4) | (7) | (19) | (1) | (2) | (2) | (1) | (6) | (1) | - | (1) | (2) | (4) | | | |
| Corporate | (7) | (34) | (4) | (2) | (47) | (1) | - | (1) | 1 | (1) | (3) | - | (10) | (14) | (27) | | | |
| Total other operating income items | (20) | (39) | (12) | (9) | (80) | (2) | (3) | (3) | (2) | (10) | (13) | (1) | (14) | (19) | (47) | | | |
| Gains (losses) on investments: | | | | | | | | | | | | | | | | | | |
| Gain on CME | - | - | - | - | - | - | - | - | - | - | - | 95 | - | - | 95 | | | |
| Fair value adjustments | - | (1) | (58) | 88 | 29 | (56) | (49) | (5) | 47 | (63) | (19) | (43) | 18 | 24 | (20) | | | |
| Gains (losses) on other investments | (5) | 27 | (20) | (1) | 1 | (3) | 23 | 20 | (8) | 32 | 8 | (5) | 39 | 31 | 73 | | | |
| Total gains (losses) on investments | (5) | 26 | (78) | 87 | 30 | (59) | (26) | 15 | 39 | (31) | (11) | 47 | 57 | 55 | 148 | | | |
| Other: | | | | | | | | | | | | | | | | | | |
| Amounts related to the separation or disposition of former Time Warner segments | (2) | - | 3 | (7) | (6) | (6) | (3) | (6) | (2) | (17) | (4) | (5) | (8) | (2) | (19) | | | |
| Premiums paid and costs incurred on debt redemption | - | - | - | - | - | - | (51) | (21) | - | (72) | - | - | - | (1,008) | (1,008) | | | |
| Items affecting comparability relating to equity method investments ⁽³⁾ | - | (20) | (5) | (72) | (97) | (2) | (19) | 17 | (23) | (27) | 9 | (149) | 1 | 3 | (136) | | | |
| Total other | (2) | (20) | (2) | (79) | (103) | (8) | (73) | (10) | (25) | (116) | 5 | (154) | (7) | (1,007) | (1,163) | | | |
| Total of above items affecting comparability | 415 | (45) | (102) | (199) | 69 | (95) | (102) | (3) | (5) | (205) | (22) | (21) | (6) | (1,020) | (1,069) | | | |
| Income tax impact of above items affecting comparability | 65 | 12 | 7 | 81 | 165 | 18 | 28 | 9 | 2 | 57 | 4 | (57) | 35 | 361 | 343 | | | |
| Impact of items affecting comparability on income from continuing operations attributable to Time Warner Inc. shareholders | \$ 480 | \$ (33) | \$ (95) | \$ (118) | \$ 234 | \$ (77) | \$ (74) | \$ 6 | \$ (3) | \$ (148) | \$ (18) | \$ (78) | \$ 29 | \$ (659) | \$ (726) | | | |
| Amounts attributable to Time Warner Inc. shareholders: | | | | | | | | | | | | | | | | | | |
| Income from continuing operations | \$ 1,365 | \$ 843 | \$ 966 | \$ 720 | \$ 3,894 | \$ 933 | \$ 971 | \$ 1,035 | \$ 857 | \$ 3,796 | \$ 1,174 | \$ 952 | \$ 1,472 | \$ 317 | \$ 3,915 | | | |
| Less Impact of items affecting comparability on income from continuing operations | 480 | (33) | (95) | (118) | 234 | (77) | (74) | 6 | (3) | (148) | (18) | (78) | 29 | (659) | (726) | | | |
| Adjusted income from continuing operations | \$ 885 | \$ 876 | \$ 1,061 | \$ 838 | \$ 3,660 | \$ 1,010 | \$ 1,045 | \$ 1,029 | \$ 860 | \$ 3,944 | \$ 1,192 | \$ 1,030 | \$ 1,443 | \$ 976 | \$ 4,641 | | | |
| Per share information attributable to Time Warner Inc. common shareholders: | | | | | | | | | | | | | | | | | | |
| Diluted income per common share from continuing operations | \$ 1.50 | \$ 0.94 | \$ 1.11 | \$ 0.84 | \$ 4.41 | \$ 1.10 | \$ 1.16 | \$ 1.26 | \$ 1.06 | \$ 4.58 | \$ 1.46 | \$ 1.20 | \$ 1.87 | \$ 0.40 | \$ 4.94 | | | |
| Less Impact of items affecting comparability on diluted income per common share from continuing operations | 0.53 | (0.04) | (0.11) | (0.14) | 0.26 | (0.09) | (0.09) | 0.01 | - | (0.17) | (0.03) | (0.09) | 0.04 | (0.85) | (0.92) | | | |
| Adjusted EPS | \$ 0.97 | \$ 0.98 | \$ 1.22 | \$ 0.98 | \$ 4.15 | \$ 1.19 | \$ 1.25 | \$ 1.25 | \$ 1.06 | \$ 4.75 | \$ 1.49 | \$ 1.29 | \$ 1.83 | \$ 1.25 | \$ 5.86 | | | |
| Average diluted common shares outstanding | 910.6 | 894.2 | 870.2 | 855.7 | 882.6 | 845.9 | 836.3 | 824.1 | 811.7 | 829.5 | 802.3 | 795.4 | 787.5 | 783.7 | 792.3 | | | |

(1) Venezuelan foreign currency losses during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(2) Other operating income items includes gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions (including restructuring and severance costs associated with dispositions); and amounts related to securities litigation and government investigations.

(3) Items affecting comparability relating to equity method investments includes Time Warner's share of noncash impairments, noncash losses on extinguishment of debt, losses related to discontinued operations, investment gains and expenses related to government investigations recorded by an equity method investee.

TIME WARNER INC.
2016 TRENDING SCHEDULES
RESTRUCTURING AND SEVERANCE COSTS & RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) TO ADJUSTED OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION
(In millions; Unaudited)

| | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 |
| Restructuring and severance costs | | | | | | | | | | | | | | | |
| Turner | \$ (12) | \$ (12) | \$ (199) | \$ (26) | \$ (249) | \$ (8) | \$ (10) | \$ (5) | \$ (35) | \$ (58) | \$ (1) | \$ (6) | \$ (8) | \$ (46) | \$ (61) |
| Home Box Office | (8) | (1) | (48) | (6) | (63) | (1) | (4) | - | 5 | - | (4) | (37) | - | (8) | (49) |
| Warner Bros. | (2) | (3) | (45) | (119) | (169) | (3) | 1 | (1) | 2 | (1) | (1) | (4) | (1) | 2 | (4) |
| Corporate | (4) | (1) | (11) | (15) | (31) | - | 3 | (3) | (1) | (1) | 1 | (1) | (2) | (1) | (3) |
| Total restructuring and severance costs | <u>\$ (26)</u> | <u>\$ (17)</u> | <u>\$ (303)</u> | <u>\$ (166)</u> | <u>\$ (512)</u> | <u>\$ (12)</u> | <u>\$ (10)</u> | <u>\$ (9)</u> | <u>\$ (29)</u> | <u>\$ (60)</u> | <u>\$ (5)</u> | <u>\$ (48)</u> | <u>\$ (11)</u> | <u>\$ (53)</u> | <u>\$ (117)</u> |
| Reconciliation of Adjusted Operating Income (Loss) to Adjusted Operating Income (Loss) Before Depreciation and Amortization (Adjusted OIBDA) | | | | | | | | | | | | | | | |
| Turner | | | | | | | | | | | | | | | |
| Adjusted Operating Income (See Schedule 3) | \$ 895 | \$ 940 | \$ 350 | \$ 921 | \$ 3,106 | \$ 1,128 | \$ 1,130 | \$ 1,071 | \$ 781 | \$ 4,110 | \$ 1,239 | \$ 1,133 | \$ 1,203 | \$ 851 | \$ 4,426 |
| Depreciation | 54 | 52 | 51 | 52 | 209 | 48 | 48 | 47 | 50 | 193 | 47 | 48 | 48 | 48 | 191 |
| Amortization | 4 | 4 | 4 | 4 | 16 | 4 | 4 | 4 | 4 | 16 | 4 | 5 | 4 | 4 | 17 |
| Adjusted OIBDA | <u>\$ 953</u> | <u>\$ 996</u> | <u>\$ 405</u> | <u>\$ 977</u> | <u>\$ 3,331</u> | <u>\$ 1,180</u> | <u>\$ 1,182</u> | <u>\$ 1,122</u> | <u>\$ 835</u> | <u>\$ 4,319</u> | <u>\$ 1,290</u> | <u>\$ 1,186</u> | <u>\$ 1,255</u> | <u>\$ 903</u> | <u>\$ 4,634</u> |
| Home Box Office | | | | | | | | | | | | | | | |
| Adjusted Operating Income (See Schedule 3) | \$ 464 | \$ 552 | \$ 380 | \$ 394 | \$ 1,790 | \$ 458 | \$ 508 | \$ 519 | \$ 393 | \$ 1,878 | \$ 486 | \$ 481 | \$ 530 | \$ 431 | \$ 1,928 |
| Depreciation | 21 | 19 | 18 | 19 | 77 | 21 | 18 | 18 | 24 | 81 | 18 | 20 | 17 | 19 | 74 |
| Amortization | 4 | 3 | 4 | 3 | 14 | 4 | 3 | 4 | 3 | 14 | 4 | 3 | 4 | 3 | 14 |
| Adjusted OIBDA | <u>\$ 489</u> | <u>\$ 574</u> | <u>\$ 402</u> | <u>\$ 416</u> | <u>\$ 1,881</u> | <u>\$ 483</u> | <u>\$ 529</u> | <u>\$ 541</u> | <u>\$ 420</u> | <u>\$ 1,973</u> | <u>\$ 508</u> | <u>\$ 504</u> | <u>\$ 551</u> | <u>\$ 453</u> | <u>\$ 2,016</u> |
| Warner Bros. | | | | | | | | | | | | | | | |
| Adjusted Operating Income (See Schedule 3) | \$ 380 | \$ 236 | \$ 241 | \$ 391 | \$ 1,248 | \$ 330 | \$ 344 | \$ 388 | \$ 373 | \$ 1,435 | \$ 426 | \$ 217 | \$ 433 | \$ 586 | \$ 1,662 |
| Depreciation | 51 | 57 | 56 | 54 | 218 | 49 | 49 | 49 | 50 | 197 | 48 | 48 | 46 | 46 | 188 |
| Amortization | 42 | 43 | 44 | 43 | 172 | 40 | 36 | 39 | 44 | 159 | 40 | 39 | 40 | 40 | 159 |
| Adjusted OIBDA | <u>\$ 473</u> | <u>\$ 336</u> | <u>\$ 341</u> | <u>\$ 488</u> | <u>\$ 1,638</u> | <u>\$ 419</u> | <u>\$ 429</u> | <u>\$ 476</u> | <u>\$ 467</u> | <u>\$ 1,791</u> | <u>\$ 514</u> | <u>\$ 304</u> | <u>\$ 519</u> | <u>\$ 672</u> | <u>\$ 2,009</u> |
| Corporate | | | | | | | | | | | | | | | |
| Adjusted Operating Loss (See Schedule 3) | \$ (119) | \$ (103) | \$ (114) | \$ (124) | \$ (460) | \$ (102) | \$ (89) | \$ (58) | \$ (102) | \$ (351) | \$ (135) | \$ (93) | \$ (85) | \$ (124) | \$ (437) |
| Depreciation | 7 | 7 | 6 | 7 | 27 | 4 | 6 | 6 | 5 | 21 | 6 | 6 | 7 | 7 | 26 |
| Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted OIBDA | <u>\$ (112)</u> | <u>\$ (96)</u> | <u>\$ (108)</u> | <u>\$ (117)</u> | <u>\$ (433)</u> | <u>\$ (98)</u> | <u>\$ (83)</u> | <u>\$ (52)</u> | <u>\$ (97)</u> | <u>\$ (330)</u> | <u>\$ (129)</u> | <u>\$ (87)</u> | <u>\$ (78)</u> | <u>\$ (117)</u> | <u>\$ (411)</u> |
| Intersegment eliminations | | | | | | | | | | | | | | | |
| Adjusted Operating Income (Loss) (See Schedule 3) | \$ 6 | \$ (7) | \$ 136 | \$ 14 | \$ 149 | \$ - | \$ (31) | \$ (78) | \$ (40) | \$ (149) | \$ (4) | \$ 22 | \$ (11) | \$ 15 | \$ 22 |
| Depreciation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Adjusted OIBDA | <u>\$ 6</u> | <u>\$ (7)</u> | <u>\$ 136</u> | <u>\$ 14</u> | <u>\$ 149</u> | <u>\$ -</u> | <u>\$ (31)</u> | <u>\$ (78)</u> | <u>\$ (40)</u> | <u>\$ (149)</u> | <u>\$ (4)</u> | <u>\$ 22</u> | <u>\$ (11)</u> | <u>\$ 15</u> | <u>\$ 22</u> |
| Time Warner | | | | | | | | | | | | | | | |
| Adjusted Operating Income (See Schedule 3) | \$ 1,626 | \$ 1,618 | \$ 993 | \$ 1,596 | \$ 5,833 | \$ 1,814 | \$ 1,862 | \$ 1,842 | \$ 1,405 | \$ 6,923 | \$ 2,012 | \$ 1,760 | \$ 2,070 | \$ 1,759 | \$ 7,601 |
| Depreciation | 133 | 135 | 131 | 132 | 531 | 122 | 121 | 120 | 129 | 492 | 119 | 122 | 118 | 120 | 479 |
| Amortization | 50 | 50 | 52 | 50 | 202 | 48 | 43 | 47 | 51 | 189 | 48 | 47 | 48 | 47 | 190 |
| Adjusted OIBDA | <u>\$ 1,809</u> | <u>\$ 1,803</u> | <u>\$ 1,176</u> | <u>\$ 1,778</u> | <u>\$ 6,566</u> | <u>\$ 1,984</u> | <u>\$ 2,026</u> | <u>\$ 2,009</u> | <u>\$ 1,585</u> | <u>\$ 7,604</u> | <u>\$ 2,179</u> | <u>\$ 1,929</u> | <u>\$ 2,236</u> | <u>\$ 1,926</u> | <u>\$ 8,270</u> |

TIME WARNER INC.
2016 TRENDING SCHEDULES
RECONCILIATION OF FREE CASH FLOW TO CASH PROVIDED BY OPERATIONS FROM CONTINUING OPERATIONS AND RECONCILIATIONS OF NET DEBT AND LEVERAGE RATIO
(In millions; Unaudited)

| | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|------------------|-----------|-----------|------------|------------|------------|
| | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 | 12/31/2015 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 | 3/31/2016 | 6/30/2016 | 9/30/2016 | 12/31/2016 | 12/31/2016 |
| Free Cash Flow | | | | | | | | | | | | | | | | | | | | |
| Cash provided by operations from continuing operations | \$ 1,733 | \$ 324 | \$ 617 | \$ 1,007 | \$ 3,681 | \$ 1,009 | \$ 791 | \$ 1,201 | \$ 850 | \$ 3,851 | \$ 757 | \$ 1,216 | \$ 1,571 | \$ 1,139 | \$ 4,683 | | | | | |
| Add external costs related to mergers, acquisitions, investments or dispositions and contingent consideration payments | 15 | 17 | 28 | 16 | 76 | 4 | 4 | 1 | 5 | 14 | 8 | 2 | 3 | 31 | 44 | | | | | |
| Add excess tax benefits from equity instruments | 64 | 31 | 43 | 41 | 179 | 83 | 37 | 21 | 10 | 151 | 27 | 13 | 19 | 29 | 88 | | | | | |
| Less capital expenditures | (92) | (114) | (110) | (158) | (474) | (57) | (97) | (96) | (173) | (423) | (75) | (87) | (108) | (162) | (432) | | | | | |
| Less principal payments on capital leases | (3) | (2) | (3) | (3) | (11) | (2) | (3) | (3) | (3) | (11) | (3) | (4) | (4) | (3) | (14) | | | | | |
| Free Cash Flow | <u>\$ 1,717</u> | <u>\$ 256</u> | <u>\$ 575</u> | <u>\$ 903</u> | <u>\$ 3,451</u> | <u>\$ 1,037</u> | <u>\$ 732</u> | <u>\$ 1,124</u> | <u>\$ 689</u> | <u>\$ 3,582</u> | <u>\$ 714</u> | <u>\$ 1,140</u> | <u>\$ 1,481</u> | <u>\$ 1,034</u> | <u>\$ 4,369</u> | | | | | |
| Net Debt | | | | | | | | | | | | | | | | | | | | |
| Long-term debt | \$ 20,080 | \$ 22,278 | \$ 21,274 | \$ 21,263 | \$ 21,263 | \$ 21,062 | \$ 22,162 | \$ 22,728 | \$ 23,594 | \$ 23,594 | \$ 23,622 | \$ 24,418 | \$ 24,419 | \$ 22,392 | \$ 22,392 | | | | | |
| Debt due within one year | 65 | 168 | 1,168 | 1,118 | 1,118 | 1,299 | 1,513 | 199 | 198 | 198 | 51 | 50 | 52 | 1,947 | 1,947 | | | | | |
| Total debt | 20,145 | 22,446 | 22,442 | 22,381 | 22,381 | 22,361 | 23,675 | 22,927 | 23,792 | 23,792 | 23,673 | 24,468 | 24,471 | 24,339 | 24,339 | | | | | |
| Less: cash and equivalents | (3,495) | (4,480) | (3,210) | (2,618) | (2,618) | (2,280) | (3,122) | (1,774) | (2,155) | (2,155) | (1,540) | (2,496) | (2,308) | (1,539) | (1,539) | | | | | |
| Net debt | <u>\$ 16,650</u> | <u>\$ 17,966</u> | <u>\$ 19,232</u> | <u>\$ 19,763</u> | <u>\$ 19,763</u> | <u>\$ 20,101</u> | <u>\$ 20,553</u> | <u>\$ 21,153</u> | <u>\$ 21,637</u> | <u>\$ 21,637</u> | <u>\$ 22,133</u> | <u>\$ 21,972</u> | <u>\$ 22,163</u> | <u>\$ 22,800</u> | <u>\$ 22,800</u> | | | | | |
| Leverage Ratio | | | | | | | | | | | | | | | | | | | | |
| Net debt (see above) | | | | | | \$ 20,553 | \$ 21,153 | \$ 21,637 | \$ 21,637 | \$ 21,637 | \$ 22,133 | \$ 21,972 | \$ 22,163 | \$ 22,800 | \$ 22,800 | | | | | |
| Adjusted OIBDA for the trailing four quarters (see Schedule 5) | | | | | | 6,964 | 7,797 | 7,604 | 7,604 | 7,604 | 7,799 | 7,702 | 7,929 | 8,270 | 8,270 | | | | | |
| Leverage Ratio | | | | | | 3.0 x | 2.7 x | 2.8 x | 2.8 x | 2.8 x | 2.8 x | 2.9 x | 2.8 x | 2.8 x | 2.8 x | | | | | |

TIME WARNER INC.
2016 TRENDING SCHEDULES
RECONCILIATION OF RETURN ON INVESTED CAPITAL
(In millions; Unaudited)

Reconciliation of Operating Income to NOPAT

| | Full Year 2015 | | | | Full Year 2016 | | | |
|--|-----------------|-----------------|-----------------|----------------------------|-----------------|-----------------|-----------------|----------------------------|
| | Turner | Home Box Office | Warner Bros. | Time Warner ⁽²⁾ | Turner | Home Box Office | Warner Bros. | Time Warner ⁽²⁾ |
| Operating Income | \$ 4,087 | \$ 1,878 | \$ 1,416 | \$ 6,865 | \$ 4,372 | \$ 1,917 | \$ 1,734 | \$ 7,547 |
| Asset impairments | 3 | - | 7 | 25 | 28 | - | 9 | 43 |
| (Gain) loss on operating assets, net | - | - | 1 | 1 | 14 | - | (92) | (78) |
| Venezuelan foreign currency loss ⁽¹⁾ | 17 | - | 5 | 22 | - | - | - | - |
| Costs related to the AT&T merger | - | - | - | - | 5 | 2 | 7 | 42 |
| Other operating income items | 3 | - | 6 | 10 | 7 | 9 | 4 | 47 |
| Adjusted Operating Income | 4,110 | 1,878 | 1,435 | 6,923 | 4,426 | 1,928 | 1,662 | 7,601 |
| Add Amortization expense | 16 | 14 | 159 | 189 | 17 | 14 | 159 | 190 |
| Adjusted Operating Income before amortization expense | 4,126 | 1,892 | 1,594 | 7,112 | 4,443 | 1,942 | 1,821 | 7,791 |
| Less Income taxes ⁽³⁾ | (1,238) | (568) | (478) | (2,134) | (1,155) | (505) | (473) | (2,026) |
| Add equity income (loss), net of taxes | 5 | 26 | (23) | (123) | 11 | 2 | (56) | (283) |
| Adjust for items affecting comparability relating to equity method investments | - | - | - | 27 | - | - | - | 136 |
| NOPAT⁽⁴⁾ | \$ 2,893 | \$ 1,350 | \$ 1,093 | \$ 4,882 | \$ 3,299 | \$ 1,439 | \$ 1,292 | \$ 5,618 |

Reconciliation of Total Assets to Capital Employed

| | Turner | | | Home Box Office | | | Warner Bros. | | | Time Warner ⁽²⁾ | | |
|--|-----------------|------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|----------------------------|------------------|------------------|
| | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2014 | 12/31/2015 | 12/31/2016 |
| Total Assets | \$ 25,271 | \$ 25,559 | \$ 26,317 | \$ 13,869 | \$ 14,314 | \$ 14,636 | \$ 20,559 | \$ 20,699 | \$ 21,550 | \$ 63,146 | \$ 63,848 | \$ 65,966 |
| Less: | | | | | | | | | | | | |
| Deferred tax assets | - | - | - | - | - | - | - | - | - | (184) | (133) | (125) |
| Assets related to Discontinued Operations | - | - | - | - | - | - | - | - | - | - | - | - |
| Total current liabilities of continuing operations less debt due within one year | (1,692) | (1,593) | (1,636) | (584) | (575) | (605) | (5,043) | (4,867) | (4,780) | (8,088) | (7,804) | (7,756) |
| Excess cash ⁽⁵⁾ | - | - | - | - | - | - | - | - | - | (1,118) | (655) | (39) |
| Capital employed | 23,579 | 23,966 | 24,681 | 13,285 | 13,739 | 14,031 | 15,516 | 15,832 | 16,770 | 53,758 | 55,256 | 58,046 |
| Less Purchase Price Adjustments ⁽⁶⁾ | (17,123) | (17,123) | (17,123) | (8,629) | (8,629) | (8,629) | (7,142) | (7,006) | (6,871) | (32,894) | (32,758) | (32,623) |
| Capital employed excluding PPA | \$ 6,456 | \$ 6,843 | \$ 7,558 | \$ 4,656 | \$ 5,110 | \$ 5,402 | \$ 8,374 | \$ 8,826 | \$ 9,899 | \$ 20,864 | \$ 22,498 | \$ 25,423 |
| Average Capital Employed ⁽⁷⁾ | | \$ 23,773 | \$ 24,324 | | \$ 13,512 | \$ 13,885 | | \$ 15,674 | \$ 16,301 | | \$ 54,507 | \$ 56,651 |
| Average Capital Employed excluding PPA ⁽⁷⁾ | | \$ 6,650 | \$ 7,201 | | \$ 4,883 | \$ 5,256 | | \$ 8,600 | \$ 9,363 | | \$ 21,681 | \$ 23,961 |
| ROIC⁽⁸⁾ | | 12% | 14% | | 10% | 10% | | 7% | 8% | | 9% | 10% |
| ROIC excluding PPA⁽⁸⁾ | | 44% | 46% | | 28% | 27% | | 13% | 14% | | 23% | 23% |

(1) Venezuelan foreign currency loss during the three months ended December 31, 2014 and March 31, 2015 related to the translation of net monetary assets denominated in Venezuelan currency resulting from the Company's change to the SICAD 2 exchange rate beginning December 31, 2014 and the Simadi exchange rate during the quarter ended March 31, 2015, respectively.

(2) Represents Time Warner's businesses and Corporate, including all necessary eliminations.

(3) Calculated using the Company's adjusted effective tax rate - 30% for 2015 and 26% for 2016. The Company's adjusted effective tax rate reflects the impact of the items affecting comparability on the Company's Income from continuing operations as set forth on Schedule 4.

| | 2015 | | | 2016 | | |
|---|---------|-------------|-------------|---------|-------------|-------------|
| | Actual | Adjustments | As Adjusted | Actual | Adjustments | As Adjusted |
| Income from continuing operations before income taxes | 5,446 | (205) | 5,651 | 5,195 | (1,069) | 6,264 |
| Income tax provision | (1,651) | 57 | (1,708) | (1,281) | 343 | (1,624) |
| Effective Tax rate | 30% | 28% | 30% | 25% | 32% | 26% |

(4) Net operating profit after taxes ("NOPAT") represents the Adjusted Operating Income before amortization expense, net of tax at the Company's adjusted effective tax rate plus the equity income (loss), net of taxes from investments accounted for under the equity method adjusted for the Company's or the segment's (as applicable) share of items affecting comparability relating to such equity method investments.

(5) Excess Cash represents the amount of cash in excess of \$1.5 billion.

(6) Purchase Price Adjustments ("PPA") reflects the net outstanding goodwill and intangible assets recognized in connection with the 2001 AOL/Time Warner merger and the 2003 Time Warner Entertainment Company, L.P. restructuring.

(7) Average Capital Employed and Average Capital Employed excluding PPA are calculated using the respective amounts at December 31, 2016, 2015 and 2014 divided by two.

(8) Return on Invested Capital ("ROIC") is calculated as NOPAT divided by Average Capital Employed and ROIC excluding PPA is calculated as NOPAT divided by Average Capital Employed excluding PPA.

TIME WARNER INC.
RECONCILIATION OF GUIDANCE
(Millions, Unaudited)

| | Year Ended December 31, 2016 | Reconciliation of 2017 Guidance |
|--|---------------------------------|--|
| Reconciliation of Adjusted Operating Income to Operating Income | | |
| Adjusted Operating Income | \$ 7,601 | Expected to be in the high-single digit range. |
| Asset impairments | (43) | Unable to estimate. ⁽¹⁾ |
| Gains (losses) on operating assets, net | 78 | Unable to estimate. ⁽¹⁾ |
| Costs related to the AT&T Merger | (42) | Unable to estimate beyond the approximately \$280 million expected to be incurred for the period January 1, 2017 through December 31, 2017. ^{(1) (2)} |
| Other operating income items | <u>(47)</u> | Unable to estimate. ⁽¹⁾ |
| Operating Income | <u>\$ 7,547</u> | Unable to estimate. ⁽¹⁾ |

⁽¹⁾ Because of the nature of the items, the Company is unable to estimate the amounts of any adjustments for the items excluded from Operating Income for the period after December 31, 2016, other than the item noted in (2) below, due to its inability to forecast if or when any such items will occur. Based on the occurrence of small amounts of these items for the year ended December 31, 2016, it is likely that additional amounts will occur during the year ended December 31, 2017.

⁽²⁾ In connection with entering into the Agreement and Plan of Merger with AT&T Inc., the Company approved special retention restricted stock units ("Retention RSUs") and cash retention awards to be awarded to certain employees. Details pertaining to the granting of some of these special retention awards have not yet been finalized, however, the Company expects to recognize approximately \$280 million of expenses principally related to such Retention RSUs and cash awards during the year ended December 31, 2017.