

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

filmed entertainment advertising barter contracts, which are also expected to result in the future realization of revenues and cash through the sale of advertising spots received under such contracts.

**CONTINGENCIES**

**Securities Matters**

As of March 1, 2005, 30 shareholder class action lawsuits have been filed naming as defendants the Company, certain current and former executives of the Company and, in several instances, America Online, Inc. ("America Online"). These lawsuits were filed in U.S. District Courts for the Southern District of New York, the Eastern District of Virginia and the Eastern District of Texas. The complaints purport to be made on behalf of certain shareholders of the Company and allege that the Company made material misrepresentations and/or omissions of material fact in violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), Rule 10b-5 promulgated thereunder, and Section 20(a) of the Exchange Act. Plaintiffs claim that the Company failed to disclose America Online's declining advertising revenues and that the Company and America Online inappropriately inflated advertising revenues in a series of transactions. Certain of the lawsuits also allege that certain of the individual defendants and other insiders at the Company improperly sold their personal holdings of Time Warner stock, that the Company failed to disclose that the America Online-Historic TW Merger was not generating the synergies anticipated at the time of the announcement of the merger and, further, that the Company inappropriately delayed writing down more than \$50 billion of goodwill. The lawsuits seek an unspecified amount in compensatory damages. All of these lawsuits have been centralized in the U.S. District Court for the Southern District of New York for coordinated or consolidated pretrial proceedings (along with the federal derivative lawsuits and certain lawsuits brought under the Employee Retirement Income Security Act ("ERISA") described below) under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation*. Additional lawsuits filed by individual shareholders have also been consolidated for pretrial proceedings. The Minnesota State Board of Investment ("MSBI") has been designated lead plaintiff for the consolidated securities actions and filed a consolidated amended complaint on April 15, 2003, adding additional defendants including additional officers and directors of the Company, Morgan Stanley & Co., Salomon Smith Barney Inc., Citigroup Inc., Banc of America Securities LLC and JP Morgan Chase & Co. Plaintiffs also added additional allegations, including that the Company made material misrepresentations in its Registration Statements and Joint Proxy Statement-Prospectus related to the America Online-Historic TW Merger and in its registration statements pursuant to which debt securities were issued in April 2001 and April 2002, allegedly in violation of Section 11 and Section 12 of the Securities Act of 1933. On July 14, 2003, the defendants filed a motion to dismiss the consolidated amended complaint. On May 5, 2004, the district court granted in part the defendants' motion, dismissing all claims with respect to the registration statements pursuant to which debt securities were issued in April 2001 and April 2002 and certain other claims against other defendants, but otherwise allowing the remaining claims against the Company and certain other defendants to proceed. On August 11, 2004, the court granted MSBI's motion to file a second amended complaint. On July 30, 2004, defendants filed a motion for summary judgment on the basis that plaintiffs cannot establish loss causation for any of their claims, and thus plaintiffs do not have any recoverable damages. That motion is pending. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these suits or reasonably estimate a range of possible loss.

As of March 1, 2005, three putative class action lawsuits have been filed alleging violations of ERISA in the U.S. District Court for the Southern District of New York on behalf of current and former participants in the Time Warner Savings Plan, the Time Warner Thrift Plan and/or the TWC Savings Plan (the "Plans"). Collectively, these lawsuits name as defendants the Company, certain current and former directors and officers of the Company and members of the Administrative Committees of the Plans. The lawsuits allege that the Company and other defendants breached certain fiduciary duties to plan participants by, *inter alia*, continuing to offer Time Warner stock as an investment under the Plans, and by failing to disclose, among other things,

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

that the Company was experiencing declining advertising revenues and that the Company was inappropriately inflating advertising revenues through various transactions. The complaints seek unspecified damages and unspecified equitable relief. The ERISA actions have been consolidated as part of the *In re AOL Time Warner Inc. Securities and "ERISA" Litigation* described above. On July 3, 2003, plaintiffs filed a consolidated amended complaint naming additional defendants, including Time Warner Entertainment Company, L.P. ("TWE"), certain current and former officers, directors and employees of the Company and Fidelity Management Trust Company. On September 12, 2003, the Company filed a motion to dismiss the consolidated ERISA complaint. On March 9, 2005, the Court granted in part, and denied in part, the Company's motion to dismiss. The Court dismissed two individual defendants and TWE for all purposes, dismissed other individuals with respect to claims plaintiffs had asserted involving the TWC Savings Plan, and dismissed all individuals who were named in a claim asserting that their stock sales had constituted a breach of fiduciary duty to the Plans. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these cases or reasonably estimate a range of possible loss.

As of March 1, 2005, 11 shareholder derivative lawsuits have been filed naming as defendants certain current and former directors and officers of the Company, as well as the Company as a nominal defendant. Three have been filed in New York State Supreme Court for the County of New York, four have been filed in the U.S. District Court for the Southern District of New York and four have been filed in the Court of Chancery of the State of Delaware for New Castle County. The complaints allege that defendants breached their fiduciary duties by causing the Company to issue corporate statements that did not accurately represent that America Online had declining advertising revenues, that the America Online-Historic TW Merger was not generating the synergies anticipated at the time of the announcement of the merger, and that the Company inappropriately delayed writing down more than \$50 billion of goodwill, thereby exposing the Company to potential liability for alleged violations of federal securities laws. The lawsuits further allege that certain of the defendants improperly sold their personal holdings of Time Warner securities. The lawsuits request that (i) all proceeds from defendants' sales of Time Warner common stock, (ii) all expenses incurred by the Company as a result of the defense of the shareholder class actions discussed above and (iii) any improper salaries or payments, be returned to the Company. The four lawsuits filed in the Court of Chancery for the State of Delaware for New Castle County have been consolidated under the caption, *In re AOL Time Warner Inc. Derivative Litigation*. A consolidated complaint was filed on March 7, 2003 in that action, and on June 9, 2003, the Company filed a notice of motion to dismiss the consolidated complaint. On May 2, 2003, the three lawsuits filed in New York State Supreme Court for the County of New York were dismissed on *forum non conveniens* grounds and plaintiffs' time to appeal has expired. The four lawsuits pending in the U.S. District Court for the Southern District of New York have been centralized for coordinated or consolidated pre-trial proceedings with the securities and ERISA lawsuits described above under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation*. On October 6, 2004, plaintiffs filed an amended consolidated complaint in the three of these four cases. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these suits or reasonably estimate a range of possible loss.

On July 1, 2003, *Stichting Pensioenfonds ABP v. AOL Time Warner Inc. et al.* was filed in the U.S. District Court for the Southern District of New York against the Company, current and former officers, directors and employees of the Company and Ernst & Young LLP. Plaintiff alleges that the Company made material misrepresentations and/or omissions of material fact in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, Section 11, Section 12, Section 14(a) and Rule 14a-9 promulgated thereunder, Section 18 and Section 20(a) of the Exchange Act. The complaint also alleges common law fraud and negligent misrepresentation. The plaintiff seeks an unspecified amount of compensatory and punitive damages. This lawsuit has been consolidated for coordinated pretrial proceedings under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation* described above. On July 16, 2004, plaintiff filed an amended complaint adding certain institutional defendants, including Historic TW, and certain current directors of the Company. On November 22, 2004, the Company filed a motion to dismiss the

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

complaint. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On November 11, 2002, Staro Asset Management, LLC filed a putative class action complaint in the U.S. District Court for the Southern District of New York on behalf of certain purchasers of Reliant 2.0% Zero-Premium Exchangeable Subordinated Notes for alleged violations of the federal securities laws. Plaintiff is a purchaser of subordinated notes, the price of which was purportedly tied to the market value of Time Warner stock. Plaintiff alleges that the Company made misstatements and/or omissions of material fact that artificially inflated the value of Time Warner stock and directly affected the price of the notes. Plaintiff seeks compensatory damages and/or rescission. This lawsuit has been consolidated for coordinated pretrial proceedings under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation* described above. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On April 14, 2003, *Regents of the University of California et al. v. Parsons et al.*, was filed in California Superior Court, County of Los Angeles, naming as defendants the Company, certain current and former officers, directors and employees of the Company, Ernst & Young LLP, Citigroup Inc., Salomon Smith Barney Inc. and Morgan Stanley & Co. Plaintiffs allege that the Company made material misrepresentations in its registration statements related to the America Online — Historic TW Merger and stock option plans in violation of Sections 11 and 12 of the Securities Act of 1933. The complaint also alleges common law fraud and breach of fiduciary duties under California state law. Plaintiffs seek disgorgement of alleged insider trading proceeds and restitution for their stock losses. Three related cases have been filed in California Supreme Court and have been coordinated in the County of Los Angeles (the "California Actions"). On January 26, 2004, certain individuals filed motions to dismiss for lack of personal jurisdiction. On September 10, 2004, the Company filed a motion to dismiss plaintiffs' complaints and certain individual defendants (who had not previously moved to dismiss plaintiffs' complaints for lack of personal jurisdiction) filed a motion to dismiss plaintiffs' complaints. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these suits or reasonably estimate a range of possible loss.

On May 23, 2003, *Treasurer of New Jersey v. AOL Time Warner Inc. et al.*, was filed in the Superior Court of New Jersey, Mercer County, naming as defendants the Company, certain current and former officers, directors and employees of the Company, Ernst & Young LLP, Citigroup Inc., Salomon Smith Barney, Morgan Stanley, JP Morgan Chase and Banc of America Securities. The complaint is brought by the Treasurer of New Jersey and purports to be made on behalf of the State of New Jersey, Department of Treasury, Division of Investments (the "Division") and certain funds administered by the Division. Plaintiff alleges that the Company made material misrepresentations in its registration statements in violation of Sections 11 and 12 of the Securities Act of 1933. Plaintiff also alleges violations of New Jersey state law for fraud and negligent misrepresentation. Plaintiffs seek an unspecified amount of damages. On October 29, 2003, the Company moved to stay the proceedings or, in the alternative, dismiss the complaint. Also on October 29, 2003, all named individual defendants moved to dismiss the complaint for lack of personal jurisdiction. The parties have agreed to stay this action and to coordinate discovery proceedings with the securities and ERISA lawsuits described above under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation*. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On July 18, 2003, *Ohio Public Employees Retirement System et al. v. Parsons et al.* was filed in Ohio, Court of Common Pleas, Franklin County, naming as defendants the Company, certain current and former officers, directors and employees of the Company, Citigroup Inc., Salomon Smith Barney Inc., Morgan Stanley & Co. and Ernst & Young LLP. Plaintiffs allege that the Company made material misrepresentations in its registration statements in violation of Sections 11 and 12 of the Securities Act of 1933. Plaintiffs also allege violations of Ohio law, breach of fiduciary duty and common law fraud. Plaintiffs seek disgorgement of alleged insider trading proceeds, restitution and unspecified compensatory damages. On October 29, 2003, the

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Company moved to stay the proceedings or, in the alternative, dismiss the complaint. Also on October 29, 2003, all named individual defendants moved to dismiss the complaint for lack of personal jurisdiction. On October 8, 2004, the court granted in part defendants' motion to dismiss plaintiffs' complaint; specifically, the court dismissed plaintiffs' common law claims but otherwise allowed plaintiffs' remaining statutory claims against the Company and certain other defendants to proceed. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On July 18, 2003, *West Virginia Investment Management Board v. Parsons et al.* was filed in West Virginia, Circuit Court, Kanawha County naming as defendants the Company, certain current and former officers, directors and employees of the Company, Citigroup Inc., Salomon Smith Barney Inc., Morgan Stanley & Co., and Ernst & Young LLP. Plaintiff alleges the Company made material misrepresentations in its registration statements in violation of Sections 11 and 12 of the Securities Act of 1933. Plaintiff also alleges violations of West Virginia law, breach of fiduciary duty and common law fraud. Plaintiff seeks disgorgement of alleged insider trading proceeds, restitution and unspecified compensatory damages. On May 27, 2004, the Company filed a motion to dismiss the complaint. Also on May 27, 2004, all named individual defendants moved to dismiss the complaint for lack of personal jurisdiction. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On January 28, 2004, *McClure et al. v. AOL Time Warner Inc. et al.* was filed in the District Court of Cass County, Texas (purportedly on behalf of several purchasers of Company stock) naming as defendants the Company and certain current and former officers, directors and employees of the Company. Plaintiffs allege that the Company made material misrepresentations in its registration statements in violation of Sections 11 and 12 of the Securities Act of 1933. Plaintiffs also allege breach of fiduciary duty and common law fraud. Plaintiffs seek unspecified compensatory damages. On May 8, 2004, the Company filed a general denial and a motion to dismiss for improper venue. Also on May 8, 2004, all named individual defendants moved to dismiss the complaint for lack of personal jurisdiction. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On February 24, 2004, *Commonwealth of Pennsylvania Public School Employees' Retirement System et al. v. Time Warner Inc. et al.* was filed in the Court of Common Pleas of Philadelphia County naming as defendants the Company, certain current and former officers, directors and employees of the Company, America Online, Historic TW, Morgan Stanley & Co., Inc., Citigroup Global Markets Inc., Banc of America Securities LLC, J.P. Morgan Chase & Co and Ernst & Young LLP. Plaintiffs had previously filed a request for a writ of summons notifying defendants of commencement of an action. Plaintiffs allege that the Company made material misrepresentations in its registration statements in violation of Sections 11 and 12 of the Securities Act of 1933. Plaintiffs also allege violations of Pennsylvania Law, breach of fiduciary duty and common law fraud. The plaintiffs seek unspecified compensatory and punitive damages. The parties have agreed to stay this action and to coordinate discovery proceedings with the securities and ERISA lawsuits described above under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation*. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On April 1, 2004, *Alaska State Department of Revenue et al. v. America Online, Inc. et al.* was filed in Superior Court in Juneau County, Alaska naming as defendants the Company, certain current and former officers, directors and employees of the Company, America Online, Historic TW, Morgan Stanley & Co., Inc., and Ernst & Young LLP. Plaintiffs allege that the Company made material misrepresentations in its registration statements in violation of Alaska law and common law fraud. The plaintiffs seek unspecified compensatory and punitive damages. On July 26, 2004, all named individual defendants moved to dismiss the complaint for lack of personal jurisdiction. On August 13, 2004, the Company filed a motion to dismiss

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

plaintiffs' complaint. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On November 15, 2002, the California State Teachers' Retirement System filed an amended consolidated complaint in the U.S. District Court for the Central District of California on behalf of a putative class of purchasers of stock in Homestore.com, Inc. ("Homestore"). Plaintiff alleges that Homestore engaged in a scheme to defraud its shareholders in violation of Section 10(b) of the Exchange Act. The Company and two former employees of its America Online division were named as defendants in the amended consolidated complaint because of their alleged participation in the scheme through certain advertising transactions entered into with Homestore. Motions to dismiss filed by the Company and the two former employees were granted on March 7, 2003, and a final judgment of dismissal was entered on March 8, 2004. On April 7, 2004, plaintiff filed a notice of appeal in the Ninth Circuit Court of Appeals; that appeal was fully briefed as of January 10, 2005. The Company intends to defend against this lawsuit vigorously. The Company is unable to predict the outcome of this suit or reasonably estimate a range of possible loss.

On April 30, 2004, a second amended complaint was filed in the U.S. District Court for the District of Nevada on behalf of a putative class of purchasers of stock in PurchasePro.com, Inc. ("PurchasePro"). Plaintiffs allege that PurchasePro engaged in a scheme to defraud its shareholders in violation of Section 10(b) of the Exchange Act. The Company and four former officers and employees were added as defendants in the second amended complaint and are alleged to have participated in the scheme through certain advertising transactions entered into with PurchasePro. Three similar putative class actions had previously been filed against the Company, America Online and certain former officers and employees, and have been consolidated with the Nevada action. On February 17, 2005, the Judge in the consolidated action granted the Company's motion to dismiss the second amended complaint with prejudice. On September 13, 2004, in a related matter, PurchasePro filed an adversary proceeding against the Company in the U.S. Bankruptcy Court for the District of Nevada alleging fraudulent conveyance and unjust enrichment in connection with PurchasePro warrants issued to the Company. On December 15, 2004, the Bankruptcy Court granted the Company's motion to dismiss the complaint without prejudice. On January 26, 2005, PurchasePro filed an amended complaint. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these suits or reasonably estimate a range of possible loss.

#### **Update on Status of Government Investigations**

As previously disclosed by the Company, the Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ") have been conducting investigations into the accounting and disclosure practices of the Company. Those investigations focused on transactions principally involving the Company's America Online segment that were entered into after July 1, 1999, including advertising arrangements, the methods used by the America Online segment to report its subscriber numbers and the accounting related to the Company's interest in AOL Europe prior to January 2002.

As announced on December 15, 2004, the Company and its subsidiary, AOL, have reached a definitive agreement with the DOJ that resolves the DOJ's investigation of the Company. The Company also announced that it has proposed a settlement to the staff of the SEC that the staff has agreed to recommend to the SEC Commissioners.

Under the terms of the settlement in connection with the investigation of the DOJ, the DOJ filed a criminal complaint against AOL for the conduct of certain employees in connection with securities fraud by PurchasePro.com, but the DOJ will defer prosecution of AOL. After two years, provided the Company fulfills its obligations under the agreement, the DOJ will dismiss the criminal complaint filed against AOL. In addition, the DOJ will not prosecute the Company or AOL for conduct relating to certain other transactions entered into by AOL or the Company from July 1, 1999, including transactions that were the subject of the DOJ or SEC investigations. In connection with the settlement with the DOJ, in December 2004, the

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Company paid a penalty of \$60 million and established a \$150 million fund, which the Company may use to settle related securities litigation. The fund is reflected as restricted cash on the Company's consolidated balance sheet as of December 31, 2004. The Company's other obligations under the settlement agreement are to (a) accept responsibility for the conduct of certain AOL employees with respect to PurchasePro.com transactions; (b) cooperate fully with the DOJ or any other federal criminal law enforcement agency regarding the transactions covered by the settlement; and (c) retain and cooperate with an independent monitor, who will review the effectiveness of AOL's internal controls, including those related to the accounting for advertising and related transactions.

Under the settlement the SEC staff will recommend to the SEC Commissioners, Time Warner will agree, without admitting or denying the Commission's allegations, to be enjoined from future violations of certain provisions of the securities laws. Under the proposed settlement:

- The Company would pay a \$300 million penalty, which the SEC staff will request be used for a Fair Fund, as authorized under the Sarbanes-Oxley Act;
- The Company would adjust its historical accounting for Advertising revenues in certain transactions with Bertelsmann, A.G. ("Bertelsmann") that were improperly recognized or prematurely recognized primarily in the second half of 2000, during 2001 and during 2002. Additionally, the Company would adjust its accounting for transactions involving three other AOL customers where there were Advertising revenues recognized in the second half of 2000 and during 2001;
- Consistent with its previous announcement, the Company would adjust its historical accounting for its investment in and consolidation of AOL Europe S.A. ("AOL Europe"); and
- The Company would also agree to the appointment of an independent examiner, who will either be or hire a certified public accountant. The independent examiner would review whether the Company's historical accounting for transactions with 17 counterparties identified by the SEC staff, including three cable programming affiliation agreements with related advertising elements, was in conformity with generally accepted accounting principles, and provide a report to the Company's audit and finance committee of its conclusions within 180 days of being engaged. The transactions that would be reviewed were entered into between June 1, 2000 and December 31, 2001, including subsequent amendments thereto, and involved online advertising and related transactions for which revenue was principally recognized before January 1, 2002.

Final settlement is subject to both agreement on final documentation and approval by the SEC Commissioners. The Company will not be able to deduct the \$300 million penalty to be paid under the proposed settlement for income tax purposes, be reimbursed or indemnified for such payment through insurance or any other source, or use such payment to setoff or reduce any award of compensatory damages to plaintiffs in related securities litigation pending against the Company. In connection with the proposed settlement with the SEC, the Company's financial results for each of the years ended December 31, 2000 through December 31, 2003 have been restated to adjust the accounting. For more information, see Note 1.

**Other Matters**

On August 18, 2004, The Saul Zaentz Company filed a complaint in California Superior Court, County of Los Angeles, against New Line Cinema Corporation, a wholly owned subsidiary of the Company ("New Line"), for alleged breach of contract, declaratory relief and other claims. New Line and plaintiff are parties to a license agreement concerning rights in and to literary works written by J.R.R. Tolkien titled *The Hobbit* and *The Lord of the Rings*. The complaint alleges, among other things, that New Line owes royalties to plaintiff based on a percentage of gross receipts received by New Line's international third party distributors from its motion picture "The Lord of the Rings: The Fellowship of the Rings." On September 27, 2004, New Line filed an answer and cross-complaint for breach of contract and declaratory relief against plaintiff. A trial

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

date has been set for July 19, 2005. The Company intends to defend against this lawsuit vigorously, but is unable to predict the outcome of this suit.

Warner Bros. (South) Inc. (“WBS”), a wholly owned subsidiary of the Company, is litigating numerous tax cases in Brazil. WBS currently is the theatrical distribution licensee for Warner Bros. in Brazil and acts as a service provider to the Warner Bros. home video licensee. All of the ongoing tax litigation involves WBS’ distribution activities prior to January 2004, when WBS conducted both theatrical and home video distribution. Much of the tax litigation stems from WBS’ position that in distributing videos to rental retailers, it was conducting a distribution service, subject to a municipal service tax, and not the “industrialization” or sale of videos, subject to Brazilian federal and state VAT-like taxes. Both the federal tax authorities and the State of Sao Paulo, where WBS is based, have challenged this position. In some additional tax cases, WBS, often together with other film distributors, is challenging the imposition of taxes on royalties remitted outside of Brazil and the constitutionality of certain taxes. The Company intends to defend all of these various tax cases vigorously, but is unable to predict the outcome of these suits.

As of March 1, 2005, 22 putative consumer class action suits have been filed in various state and federal courts naming as defendants the Company or America Online. Plaintiffs allege that America Online violated various consumer protection laws by charging members for services or goods without authorization, including unauthorized secondary accounts offered in connection with America Online’s “Spin-Off a Second Account” (“SOSA”) program, and/or by continuing to charge members for services after receiving requests for cancellation. Motions to dismiss have been denied in *O’Leary v. America Online, Inc.*, which was filed in the Circuit Court for St. Clair County, Illinois, and *White v. America Online, Inc.*, which was filed in the Circuit Court for Madison County, Illinois. Eleven class actions involving SOSA accounts have been transferred by the Judicial Panel on Multidistrict Litigation to the U.S. District Court for the Central District of California for consolidated or coordinated pretrial proceedings (*In re America Online Spin-Off Accounts Litigation*), and the Company’s motion to dismiss that complaint has been denied. On January 5, 2004, the SOSA case pending in the Superior Court of Washington, Spokane County, titled *Dix v. ICT Group and America Online*, was dismissed without prejudice based on the forum selection clause set forth in the plaintiffs’ Member Agreement with AOL. On February 17, 2005, the Washington Court of Appeals reversed the lower court’s dismissal; the Company intends to file a motion for reconsideration of the Court of Appeals’ decision. On October 12, 2004, the SOSA case pending in the Court of Common Pleas of Hamilton County, Ohio, titled *Robert Schwartz v. America Online, Inc.*, was dismissed based on the forum selection clause and that dismissal is now final. *McCall v. America Online, Inc.*, the SOSA case which was pending in the Superior Court of Cape May County, New Jersey, has been voluntarily dismissed. America Online has filed or will file motions to dismiss in the remaining cases. The Company intends to defend against these lawsuits vigorously, but is unable to predict the outcome of these suits.

On May 24, 1999, two former AOL Community Leader volunteers filed *Hallisey et al. v. America Online, Inc.* in the U.S. District Court for the Southern District of New York. This lawsuit was brought as a collective action under the Fair Labor Standards Act (“FLSA”) and as a class action under New York state law against America Online and AOL Community, Inc. The plaintiffs allege that, in serving as Community Leader volunteers, they were acting as employees rather than volunteers for purposes of the FLSA and New York state law and are entitled to minimum wages. On December 8, 2000, defendants filed a motion to dismiss on the ground that the plaintiffs were volunteers and not employees covered by the FLSA. The motion to dismiss is pending. A related case was filed by several of the *Hallisey* plaintiffs in the U.S. District Court for the Southern District of New York alleging violations of the retaliation provisions of the FLSA. This case has been stayed pending the outcome of the *Hallisey* motion to dismiss. Three related class actions have been filed in state courts in New Jersey, California and Ohio, alleging violations of the FLSA and/or the respective state laws. The New Jersey and Ohio cases were removed to federal court and subsequently transferred to the U.S. District Court for the Southern District of New York for consolidated pretrial proceedings with *Hallisey*. The California action was remanded to California state court and on January 6, 2004, the court

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

denied plaintiffs' motion for class certification. Plaintiffs in that case have filed an appeal of the order denying class certification, and the trial court has stayed proceedings pending that appeal. The Company intends to defend against these lawsuits vigorously. The Company is unable to predict the outcome of these suits or reasonably estimate a range of possible loss.

On January 17, 2002, Community Leader volunteers filed a class action lawsuit in the U.S. District Court for the Southern District of New York against the Company, America Online and AOL Community, Inc. under ERISA. Plaintiffs allege that they are entitled to pension and/or welfare benefits and/or other employee benefits subject to ERISA. In March 2003, plaintiffs filed and served a second amended complaint, adding as defendants the Company's Administrative Committee and the AOL Administrative Committee. On May 19, 2003, the Company, America Online and AOL Community, Inc. filed a motion to dismiss and the Administrative Committees filed a motion for judgment on the pleadings. Both of these motions are pending. The Company intends to defend against these lawsuits vigorously, but is unable to predict the outcome of these suits.

On October 7, 2003, *Kim Sevier and Eric M. Payne vs. Time Warner Inc. and Time Warner Cable Inc.*, a putative nationwide consumer class action, was filed in the U.S. District Court for the Southern District of New York, and on October 23, 2003, *Heidi D. Knight v. Time Warner Inc. and Time Warner Cable Inc.*, also a putative nationwide consumer class action, was filed in the same court. In each case, the plaintiffs allege that defendants unlawfully tie the provision of high-speed cable Internet service to leases of cable modem equipment, because they do not provide a discount to customers who provide their own cable modems, in violation of Section 1 of the Sherman Act and the New York Donnelly Act, and, further, that defendants' conduct resulted in unjust enrichment. On November 19, 2003, the court ordered plaintiffs' complaints to be consolidated. Plaintiffs filed their amended consolidated class action complaint on December 17, 2003, seeking compensatory damages, disgorgement, attorneys' fees and injunctive and declaratory relief. On February 6, 2004, the Company moved to compel arbitration and to stay the matter pending arbitration or, alternatively, to dismiss the case; the court denied this motion on April 19, 2004, and the Company filed a notice to appeal the decision on arbitration to the U.S. Court of Appeals for the Second Circuit. On March 7, 2005, the Second Circuit remanded the case to the district court so that the parties may seek approval of a proposed classwide settlement. The proposed settlement is immaterial to the Company.

On June 16, 1998, plaintiffs in *Andrew Parker and Eric DeBrauwere, et al. v. Time Warner Entertainment Company, L.P. and Time Warner Cable* filed a purported nationwide class action in U.S. District Court for the Eastern District of New York claiming that TWE sold its subscribers' personally identifiable information and failed to inform subscribers of their privacy rights in violation of the Cable Communications Policy Act of 1984 and common law. The plaintiffs are seeking damages and declaratory and injunctive relief. On August 6, 1998, TWE filed a motion to dismiss, which was denied on September 7, 1999. On December 8, 1999, TWE filed a motion to deny class certification, which was granted on January 9, 2001 with respect to monetary damages, but denied with respect to injunctive relief. On June 2, 2003, the U.S. Court of Appeals for the Second Circuit vacated the District Court's decision denying class certification as a matter of law and remanded the case for further proceedings on class certification and other matters. On May 4, 2004, plaintiffs filed a motion for class certification, which the Company has opposed. The Company intends to defend against this lawsuit vigorously, but is unable to predict the outcome of this suit.

In the normal course of business, the Company's tax returns are subject to examination by various domestic and foreign taxing authorities. Such examinations may result in future tax and interest assessments on the Company. In instances where the Company believes that it is probable that it will be assessed, it has accrued a liability. The Company does not believe that these liabilities are material, individually or in the aggregate, to its financial condition or liquidity. Similarly, the Company does not expect the final resolution of tax examinations to have a material impact on the Company's financial results.

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

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

**19. RELATED PARTY TRANSACTIONS**

Time Warner has transactions with certain unconsolidated investees accounted for under the equity method of accounting, generally with respect to sales of products and services in the ordinary course of business. Such transactions include networking and host fee arrangements by the AOL segment, the licensing of broadcast rights to film and television product by the Filmed Entertainment segment and the licensing of rights to carry cable television programming provided by the Networks segment. For the year ended December 31, 2004, the accompanying statement of operations includes revenues and costs of revenues from the aforementioned transactions of \$214 million and \$211 million, respectively. For the year ended December 31, 2003, revenues and costs of revenues from the aforementioned transactions were \$224 million and \$205 million, respectively. For the year ended December 31, 2002, revenues and costs of revenues from the aforementioned transactions were \$274 million and \$126 million, respectively.

In addition, the Company, through TWC Inc., has entered into various transactions with Comcast, a minority owner of TWC Inc. Prior to the TWE Restructuring (Note 6), these transactions primarily related to the sale of programming to Comcast cable systems by the Networks segment. Currently, these transactions primarily relate to the purchase by TWC Inc. of programming provided by Comcast-owned networks. These transactions are executed on terms comparable to those of unrelated third parties. For the years ended December 31, 2004, 2003 and 2002, the accompanying statement of operations includes revenues from the aforementioned transactions of \$0, \$149 million and \$378 million, respectively, and costs of revenues for 2004 of \$43 million. These amounts reflect transactions with only those cable systems in which Comcast had an ownership interest during the periods covered.

In addition to the above transactions in the normal course of business, in January 2003, the Company acquired an additional 11% interest in The WB Network from certain executives of The WB Network for \$128 million.

**20. ADDITIONAL FINANCIAL INFORMATION**

**Cash Flows**

Additional financial information with respect to cash (payments) and receipts is as follows:

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(millions)		
Cash payments made for interest .....	\$(1,672)	\$(1,694)	\$(1,641)
Interest income received .....	<u>94</u>	<u>61</u>	<u>93</u>
Cash interest payments, net .....	<u>\$(1,578)</u>	<u>\$(1,633)</u>	<u>\$(1,548)</u>
Cash payments made for income taxes .....	\$ (489)	\$ (504)	\$ (295)
Income tax refunds received .....	<u>107</u>	<u>15</u>	<u>49</u>
Cash tax payments, net .....	<u>\$ (382)</u>	<u>\$ (489)</u>	<u>\$ (246)</u>

**TIME WARNER INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Significant noncash financing activities in 2003 included the incurrence by TWC Inc. of \$2.1 billion in debt in connection with the TWE Restructuring (Note 6) and the assumption of approximately \$700 million in debt as a result of initially applying the provisions of FIN 46 to its lease-financing arrangements with SPEs.

**Interest Expense, Net**

Interest expense, net, consists of:

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(millions)		
Interest income .....	\$ 221	\$ 192	\$ 246
Interest expense .....	<u>(1,754)</u>	<u>(1,926)</u>	<u>(1,870)</u>
Total interest expense, net .....	<u><u>\$ (1,533)</u></u>	<u><u>\$ (1,734)</u></u>	<u><u>\$ (1,624)</u></u>

**Other Income (Expense), Net**

Other income (expense), net, consists of:

	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
	(millions)		
	(restated)		
Net investment gains (losses) <sup>(a)</sup> .....	\$474	\$ 593	\$(2,075)
Microsoft Settlement (Note 8) .....	—	760	—
Gains (Losses) on equity investees .....	35	(97)	(312)
Losses on accounts receivable securitization programs .....	(15)	(32)	(56)
Miscellaneous .....	<u>27</u>	<u>(14)</u>	<u>102</u>
Total other income (expense), net .....	<u><u>\$521</u></u>	<u><u>\$1,210</u></u>	<u><u>\$(2,341)</u></u>

<sup>(a)</sup> Includes a noncash pretax charge to reduce the carrying value of certain investments for other-than-temporary declines in value of \$29 million for the year ended December 31, 2004, \$204 million for the year ended December 31, 2003, and \$2.199 billion for the year ended December 31, 2002. 2004 also includes a \$50 million fair value adjustment related to the Company's option in WMG (Note 7).

**Other Current Liabilities**

Other current liabilities consist of:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
	(millions)	
Accrued expenses .....	\$4,895	\$4,886
Accrued compensation .....	1,261	1,099
Accrued income taxes .....	<u>157</u>	<u>112</u>
Total other current liabilities .....	<u><u>\$6,313</u></u>	<u><u>\$6,097</u></u>

**TIME WARNER INC.**  
**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes self-monitoring mechanisms and actions taken to correct deficiencies as they are identified. Because of the inherent limitations in any internal control, no matter how well designed, misstatements may occur and not be prevented or detected. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

Management conducted an evaluation of the effectiveness of the Company's system of internal control over financial reporting as of December 31, 2004 based on the framework set forth in "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management concluded that, as of December 31, 2004, the Company's internal control over financial reporting is effective based on the specified criteria.

The Company's assessment of its internal control over financial reporting did not include an evaluation of the internal controls of AOLA and, therefore, the Company's conclusion regarding the effectiveness of its internal control over financial reporting does not extend to the internal controls of AOLA. The Company's consolidated financial statements in this Form 10-K include the operations of AOLA pursuant to FIN 46R. The Company was unable to assess the effectiveness of AOLA's internal controls because it does not control or manage AOLA, does not have the ability to dictate or modify AOLA's internal controls or the ability, in practice, to assess those controls. The Company's consolidated financial statements as of and for the year ended December 31, 2004 include AOLA revenues of \$40 million, a net loss of \$20 million, total assets of \$40 million and net assets of \$12 million.

Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by the Company's independent auditor, Ernst and Young LLP, a registered public accounting firm, as stated in their report at pages 211 through 212 herein.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### The Board of Directors and Shareholders of Time Warner Inc.

We have audited the accompanying consolidated balance sheets of Time Warner Inc. ("Time Warner") as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included Financial Statement Schedule II and Supplementary Information listed in the index at Item 15(a). These financial statements, schedule and supplementary information are the responsibility of Time Warner's management. Our responsibility is to express an opinion on these financial statements, schedule and supplementary information based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Time Warner at December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule and supplementary information, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 1 to the accompanying consolidated financial statements, in 2004 and 2003 Time Warner changed its method of accounting for certain variable interest entities. Additionally in 2003, Time Warner changed its accounting for financial instruments with characteristics of both liabilities and equity and in 2002 Time Warner changed its method of accounting for goodwill and indefinite lived intangible assets.

As discussed in Note 1 to the accompanying consolidated financial statements, Time Warner has restated its financial statements for the years ended December 31, 2003 and 2002.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Time Warner's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
March 9, 2005

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### The Board of Directors and Shareholders of Time Warner Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, under Item 9A, that Time Warner Inc. (the Company) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of AOL Latin America ("AOLA"), which is included in the 2004 consolidated financial statements of the Company and constituted \$40 million and \$12 million of total and net assets, respectively, as of December 31, 2004 and \$40 million and \$20 million of revenues and net loss, respectively, for the year then ended. Management did not assess the effectiveness of internal controls over financial reporting at AOLA because the Company does not control or manage AOLA, does not have the ability to dictate or modify the internal controls of AOLA and does not have the ability, in practice, to assess those controls. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of AOLA.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004 and our report dated March 9, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York  
March 9, 2005

**TIME WARNER INC.**  
**SELECTED FINANCIAL INFORMATION**

The selected financial information set forth below for each of the three years in the period ended December 31, 2004, has been derived from and should be read in conjunction with the audited financial statements and other financial information presented elsewhere herein. The selected financial information set forth below for each of the two years in the period ended December 31, 2001 has been derived from unaudited financial statements for those periods not included herein. Financial information for 2000 through 2003 has been restated. See the Overview section of Management's Discussion and Analysis of Results of Operations and Financial Condition. Capitalized terms are as defined and described in the consolidated financial statements or elsewhere herein. Certain reclassifications have been made to conform to the 2004 presentation.

Because the America Online — Historic TW Merger was not consummated until January 2001, the selected financial information for the year 2000 reflects only the financial results of America Online, as predecessor to Time Warner.

	Years Ended December 31,				
	2004	2003	2002	2001	2000
	(restated)	(restated)	(restated)	(restated)	(restated)
			(unaudited)	(unaudited)	(unaudited)
	(millions, except per share data)				
<b>Selected Operating Statement Information:</b>					
<b>Revenues:</b>					
Subscription .....	\$21,605	\$20,448	\$ 18,959	\$16,466	\$ 5,329
Advertising .....	6,955	6,180	6,045	6,743	2,045
Content .....	12,350	11,446	10,216	8,654	—
Other .....	1,179	1,489	1,840	2,233	746
Total revenues .....	42,089	39,563	37,060	34,096	8,120
Operating income (loss) <sup>(a)</sup> .....	6,165	5,254	(37,414)	(392)	1,459
Interest income (expense), net .....	(1,533)	(1,734)	(1,624)	(1,164)	275
Other income (expense), net <sup>(b)(c)</sup> .....	521	1,210	(2,341)	(3,490)	(207)
Income (loss) before discontinued operations and cumulative effect of accounting change	3,209	3,146	(41,970)	(5,147)	867
Net income (loss) <sup>(d)</sup> .....	3,364	2,639	(97,217)	(5,860)	867
<b>Per share of common stock:</b>					
Basic income (loss) before discontinued operations .....	\$ 0.70	\$ 0.70	\$ (9.42)	\$ (1.16)	\$ 0.37
Basic net income (loss) .....	\$ 0.74	\$ 0.59	\$ (21.82)	\$ (1.32)	\$ 0.37
Diluted income (loss) before discontinued operations .....	\$ 0.68	\$ 0.68	\$ (9.42)	\$ (1.16)	\$ 0.33
Diluted net income (loss) .....	\$ 0.72	\$ 0.57	\$ (21.82)	\$ (1.32)	\$ 0.33
<b>Average common shares:</b>					
Basic .....	4560.2	4,506.0	4,454.9	4,429.1	2,323.0
Diluted .....	4694.7	4,623.7	4,454.9	4,429.1	2,595.0

<sup>(a)</sup> Includes \$10 million impairment of property, plant and equipment in 2004, and a noncash charge to reduce the carrying value of goodwill and other intangible assets of \$318 million in 2003 and \$42.511 billion in 2002. Also includes merger-related costs and restructurings of \$50 million in 2004, \$109 million in 2003, \$327 million in 2002, \$214 million in 2001 and \$10 million in 2000.

<sup>(b)</sup> Includes noncash pretax charges to reduce the carrying value of certain investments that experienced other-than-temporary declines in market value and to reflect market fluctuations in equity derivative instruments of \$29 million in 2004, \$204 million in 2003, \$2.199 billion in 2002, \$2.528 billion in 2001 and \$535 million in 2000 (Note 7). 2004 also includes a \$50 million fair value adjustment related to the Company's option in WMG.

<sup>(c)</sup> Includes gains relating to the sale or exchange of certain other investments of \$453 million in 2004, \$797 million in 2003, \$124 million in 2002, \$0 in 2001, and \$275 million in 2000 (Note 7).

**TIME WARNER INC.**  
**SELECTED FINANCIAL INFORMATION (Continued)**

<sup>(4)</sup> Includes a noncash benefit of \$34 million in 2004 related to the cumulative effect of an accounting change in connection with the consolidation of AOL in 2004 in accordance with FIN 46R, a noncash charge of \$12 million in 2003 related to the cumulative effect of an accounting change in connection with the adoption of FIN 46 and a noncash charge of \$54.235 billion in 2002 related to the cumulative effect of an accounting change in connection with the adoption of FAS 142 (Note 1). Also includes gains (losses) on discontinued operations of \$121 million in 2004, \$(495) million in 2003, \$(1.012) billion in 2002 and \$(713) million in 2001.

	As of December 31,				
	2004	2003 (restated)	2002 (restated) (millions)	2001 (restated) (unaudited)	2000 (restated) (unaudited)
<b>Selected Balance Sheet Information:</b>					
Cash and equivalents . . . . .	\$ 6,139	\$ 3,040	\$ 1,730	\$ 771	\$ 3,646
Total assets . . . . .	123,339	121,780	115,513	209,464	11,050
Debt due within one year . . . . .	1,672	2,287	155	675	94
Mandatorily convertible preferred stock	1,500	1,500	—	—	—
Long-term debt . . . . .	20,703	23,458	27,354	22,792	1,411
Shareholders' equity . . . . .	60,771	56,213	52,991	150,829	6,453
Total capitalization . . . . .	84,646	83,458	80,500	174,296	7,958

**TIME WARNER INC.**  
**QUARTERLY FINANCIAL INFORMATION**  
**(unaudited)**

The following table sets forth the quarterly information for Time Warner.

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
	(millions, except per share data)			
<b>2004<sup>(a)(c)</sup></b>				
Subscription revenues .....	\$ 5,255	\$ 5,514	\$5,398	\$ 5,438
Advertising .....	1,447	1,846	1,646	2,016
Content .....	3,117	3,237	2,648	3,348
Other .....	<u>307</u>	<u>291</u>	<u>273</u>	<u>308</u>
Total revenues .....	10,126	10,888	9,965	11,110
Operating income .....	1,616	1,838	1,108	1,603
Income before cumulative effect of accounting change	927	777	499	1,127
Net income .....	961	777	499	1,127
Basic income per common share before cumulative effect of accounting change .....	0.20	0.17	0.11	0.25
Diluted income per common share before cumulative effect of accounting change .....	0.20	0.17	0.11	0.24
Net income per share — basic .....	0.21	0.17	0.11	0.25
Net income per share — diluted .....	0.20	0.17	0.11	0.24
Net cash provided by operating activities .....	1,819	1,487	2,082	1,230
Common stock — high .....	19.30	17.89	17.70	19.90
Common stock — low .....	16.13	16.10	15.41	15.82
<b>2003 (restated)<sup>(b)(c)(d)</sup></b>				
Subscription revenues .....	\$ 4,935	\$ 5,118	\$5,150	\$ 5,245
Advertising .....	1,336	1,678	1,424	1,742
Content .....	2,577	2,771	2,591	3,507
Other .....	<u>386</u>	<u>355</u>	<u>338</u>	<u>410</u>
Total revenues .....	9,234	9,922	9,503	10,904
Operating income .....	1,131	1,254	1,377	1,492
Income before cumulative effect of accounting change	395	1,064	553	639
Net income .....	395	1,064	541	639
Basic income per common share before cumulative effect of accounting change .....	0.09	0.24	0.12	0.14
Diluted income per common share before cumulative effect of accounting change .....	0.09	0.23	0.12	0.14
Net income per share — basic .....	0.09	0.24	0.12	0.14
Net income per share — diluted .....	0.09	0.23	0.12	0.14
Net cash provided by operating activities .....	1,545	2,250	1,400	1,406
Common stock — high .....	15.65	16.39	16.98	18.32
Common stock — low .....	9.90	10.80	14.69	14.76

See notes on following page.

**TIME WARNER INC.**  
**QUARTERLY FINANCIAL INFORMATION (unaudited)**

*Notes to Quarterly Financial Information*

- (a) Time Warner's net income per common share in 2004 has been affected by certain significant transactions and other items affecting comparability. These items consisted of (i) a noncash gain of \$34 million, in the first quarter, upon adoption of FIN 46R (Note 1), (ii) a noncash pretax charge of \$10 million in the second quarter to reduce the carrying value of certain fixed assets held for sale, (iii) the following restructuring costs: \$2 million reduction in restructuring costs during the second quarter of 2004, reflecting changes in estimates of previously established restructuring accruals; \$52 million in restructuring costs during the fourth quarter of 2004 (which includes a \$3 million reduction reflecting changes in estimates of previously established restructuring accruals) (Note 3), (iv) net gains from the disposal of consolidated assets of \$1 million in the first quarter, \$13 million in the third quarter, and \$7 million in the fourth quarter, (v) pretax gains on the sale of investments of \$39 million in the first quarter, \$16 million in the second quarter, \$311 million in the third quarter and \$87 million in the fourth quarter, thereby aggregating \$453 million for the year, (vi) noncash pretax charges of \$3 million in the first quarter, \$6 million in the second quarter, \$15 million in the third quarter and \$5 million in the fourth quarter to reduce the carrying value of certain publicly traded and privately held investments and restricted securities that experienced other-than-temporary declines in market value and to reflect market fluctuations in equity derivative instruments, thereby aggregating \$29 million for the year (Note 7), (vii) a \$50 million fair value adjustment related to the Company's option in WMG (Note 4), (viii) discontinued operations, net of tax of \$215 million in the first quarter, \$(105) million in the second quarter, \$5 million in the third quarter and \$6 million in the fourth quarter, thereby aggregating \$121 million for the year, to reflect the deconsolidation of the Music businesses (Note 1) and (ix) legal reserves related to the government investigations of \$500 million in the third quarter and \$10 million in the fourth quarter.
- (b) Time Warner's net income per common share in 2003 has been affected by certain significant transactions and other items affecting comparability. These items consisted of (i) a noncash charge of \$12 million in the third quarter, upon adoption of the provisions of FIN 46, (ii) a noncash pretax charge of \$277 million in the second quarter and \$41 million in the third quarter to reduce the carrying value of goodwill and other intangible assets, (iii) certain restructuring costs of \$24 million in the first quarter, \$6 million in the second quarter, \$42 million in the third quarter and \$37 million in the fourth quarter relating to certain restructurings, thereby aggregating \$109 million for the year (Note 3), (iv) net gains from the disposal of consolidated businesses of \$43 million in the second quarter offset by a loss of \$29 million in the fourth quarter, (v) pretax gains on the sale of investments of \$109 million in the first quarter, \$542 million in the second quarter, \$127 million in the third quarter and \$19 million in the fourth quarter, thereby aggregating \$797 million for the year, (vi) noncash pretax charges of \$6 million in the first quarter, \$151 million in the second quarter, \$10 million in the third quarter and \$37 million in the fourth quarter to reduce the carrying value of certain publicly traded and privately held investments and restricted securities that experienced other-than-temporary declines in market value and to reflect market fluctuations in equity derivative instruments, thereby aggregating \$204 million for the year (Note 7), (vii) a gain of \$760 million recognized by Time Warner as a result of the Microsoft Settlement (Note 8) and (viii) discontinued operations, net of tax of \$(34) million in the first quarter, \$3 million in the second quarter, \$2 million in the third quarter and \$(466) million in the fourth quarter, thereby aggregating \$(495) million for the year, to reflect the deconsolidation of the Music businesses (Note 1).
- (c) Per common share amounts for the quarters and full years have each been calculated separately. Accordingly, quarterly amounts may not add to the annual amounts because of differences in the average common shares outstanding during each period and, with regard to diluted per common share amounts only, because of the inclusion of the effect of potentially dilutive securities only in the periods in which such effect would have been dilutive.
- (d) As a result of the disposal of the Company's entire Music segment, the Company has presented the results of operations of the Music segment as discontinued operations for all previously reported periods. In 2003, this resulted in a reduction of revenues by \$762 million in the first quarter, \$896 million in the second quarter and \$831 million in the third quarter. In 2003, this also resulted in an increase in operating income by \$14 million in the first quarter, a reduction of \$6 million in the second quarter, and an increase of \$1 million in the third quarter.

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

America Online, Inc. ("America Online"), Historic TW Inc. ("Historic TW"), Time Warner Companies, Inc. ("TW Companies") and Turner Broadcasting System, Inc. ("TBS" and, together with America Online, Historic TW and TW Companies, the "Guarantor Subsidiaries") are wholly-owned subsidiaries of Time Warner Inc. ("Time Warner"). Time Warner, America Online, Historic TW, TW Companies and TBS have fully and unconditionally, jointly and severally, and directly or indirectly, guaranteed all of the outstanding publicly traded indebtedness of each other. Set forth below are condensed consolidating financial statements of Time Warner, including each of the Guarantor Subsidiaries, presented for the information of each company's public debtholders. The following condensed consolidating financial statements present the results of operations, financial position and cash flows of (i) America Online, Historic TW, TW Companies and TBS (in each case, reflecting investments in its consolidated subsidiaries under the equity method of accounting), (ii) the direct and indirect non-guarantor subsidiaries of Time Warner and (iii) the eliminations necessary to arrive at the information for Time Warner on a consolidated basis. There are no restrictions on the Company's ability to obtain funds from any of its wholly-owned subsidiaries through dividends, loans or advances. These condensed consolidating financial statements should be read in conjunction with the accompanying consolidated financial statements of Time Warner.

**Consolidating Statement of Operations**  
**For The Year Ended December 31, 2004**

	Time Warner	America Online	Historic TW	TW Companies	TBS (millions)	Non-Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
Revenues .....	\$ —	\$ 6,106	\$ —	\$ —	\$1,012	\$ 35,155	\$ (184)	\$ 42,089
Cost of revenues .....	—	(3,103)	—	—	(492)	(21,027)	173	(24,449)
Selling, general and administrative ..	(55)	(2,158)	(55)	(25)	(191)	(7,822)	6	(10,300)
Amortization of intangible assets ...	—	(37)	—	—	—	(589)	—	(626)
Legal reserves related to the government investigations .....	(510)	—	—	—	—	—	—	(510)
Restructuring costs .....	—	(44)	—	—	—	(6)	—	(50)
Asset impairments .....	—	(10)	—	—	—	—	—	(10)
Gains (losses) on disposal of assets ..	—	20	—	—	(7)	8	—	21
Operating income (loss) .....	(565)	774	(55)	(25)	322	5,719	(5)	6,165
Equity in pretax income (loss) of consolidated subsidiaries .....	6,046	46	5,102	4,334	1,275	—	(16,803)	—
Interest expense, net .....	(611)	(62)	(91)	(558)	(59)	(152)	—	(1,533)
Other income (expense), net .....	37	286	47	(9)	139	465	(444)	521
Minority interest expense, net .....	—	—	—	—	—	(246)	—	(246)
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change .....	4,907	1,044	5,003	3,742	1,677	5,786	(17,252)	4,907
Income tax benefit (provision) .....	(1,698)	(294)	(1,837)	(1,367)	(626)	(2,135)	6,259	(1,698)
Income (loss) before discontinued operations and cumulative effect of accounting change .....	3,209	750	3,166	2,375	1,051	3,651	(10,993)	3,209
Discontinued operations, net of tax ..	121	—	121	121	—	121	(363)	121
Income (loss) before cumulative effect of accounting change .....	3,330	750	3,287	2,496	1,051	3,772	(11,356)	3,330
Cumulative effect of accounting change, net of tax .....	34	34	—	—	—	34	(68)	34
Net income (loss) .....	<u>\$ 3,364</u>	<u>\$ 784</u>	<u>\$ 3,287</u>	<u>\$ 2,496</u>	<u>\$1,051</u>	<u>\$ 3,806</u>	<u>\$(11,424)</u>	<u>\$ 3,364</u>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Statement of Operations**  
**For The Year Ended December 31, 2003**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non-Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(restated; millions)							
Revenues .....	\$ —	\$ 6,426	\$ —	\$ —	\$ 898	\$ 32,317	\$ (78)	\$ 39,563
Cost of revenues .....	—	(3,552)	—	—	(484)	(19,450)	64	(23,422)
Selling, general and administrative .....	(46)	(2,062)	(46)	(21)	(154)	(7,519)	14	(9,834)
Amortization of intangible assets .....	—	(29)	—	—	—	(611)	—	(640)
Restructuring costs .....	—	(52)	—	—	(11)	(46)	—	(109)
Asset impairments .....	—	—	—	—	—	(318)	—	(318)
Gains on disposal of assets, net	—	—	—	—	—	14	—	14
Operating income (loss) .....	(46)	731	(46)	(21)	249	4,387	—	5,254
Equity in pretax income (loss) of consolidated subsidiaries ..	5,236	(213)	4,053	3,789	601	—	(13,466)	—
Interest expense, net .....	(674)	(70)	(88)	(437)	(86)	(379)	—	(1,734)
Other income (expense), net ..	—	873	(9)	—	139	508	(301)	1,210
Minority interest expense, net ..	—	—	—	—	—	(214)	—	(214)
Income (loss) before income taxes and discontinued operations and cumulative effect of accounting change ..	4,516	1,321	3,910	3,331	903	4,302	(13,767)	4,516
Income tax benefit (provision)	(1,370)	(103)	(1,540)	(1,328)	(333)	(1,687)	4,991	(1,370)
Income (loss) before discontinued operations and cumulative effect of accounting change .....	3,146	1,218	2,370	2,003	570	2,615	(8,776)	3,146
Discontinued operations, net of tax .....	(495)	—	(495)	(495)	—	(495)	1,485	(495)
Income (loss) before cumulative effect of accounting change .....	2,651	1,218	1,875	1,508	570	2,120	(7,291)	2,651
Cumulative effect of accounting change, net of tax .....	(12)	—	(12)	(7)	(5)	(12)	36	(12)
Net income (loss) .....	<u>\$ 2,639</u>	<u>\$ 1,218</u>	<u>\$ 1,863</u>	<u>\$ 1,501</u>	<u>\$ 565</u>	<u>\$ 2,108</u>	<u>\$ (7,255)</u>	<u>\$ 2,639</u>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Statement of Operations**  
**For The Year Ended December 31, 2002**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non-Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(restated; millions)							
Revenues .....	\$ —	\$ 6,914	\$ —	\$ —	\$ 856	\$ 29,423	\$ (133)	\$ 37,060
Cost of revenues .....	—	(4,127)	—	—	(423)	(17,874)	133	(22,291)
Selling, general and administrative .....	(38)	(1,879)	(38)	(17)	(155)	(6,667)	—	(8,794)
Amortization of goodwill and other intangible assets .....	—	(19)	—	—	—	(538)	—	(557)
Restructuring costs .....	(46)	(249)	—	—	—	(32)	—	(327)
Asset impairments .....	(8,120)	(19,959)	—	—	—	(14,432)	—	(42,511)
Gains on disposal of assets, net ..	—	—	—	—	—	6	—	6
Operating income (loss) .....	(8,204)	(19,319)	(38)	(17)	278	(10,114)	—	(37,414)
Equity in pretax income (loss) of consolidated subsidiaries .....	(32,783)	(12,170)	(270)	(372)	624	—	44,971	—
Interest expense, net .....	(604)	(37)	(87)	(396)	(125)	(375)	—	(1,624)
Other expense, net .....	(66)	(809)	(8)	(118)	(14)	(1,187)	(139)	(2,341)
Minority interest expense, net ...	—	—	—	—	—	(278)	—	(278)
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change .....	(41,657)	(32,335)	(403)	(903)	763	(11,954)	44,832	(41,657)
Income tax benefit (provision) ..	(313)	125	(759)	(555)	(309)	(883)	2,381	(313)
Income (loss) before discontinued operations and cumulative effect of accounting change .....	(41,970)	(32,210)	(1,162)	(1,458)	454	(12,837)	47,213	(41,970)
Discontinued operations, net of tax .....	(1,012)	—	(1,012)	(1,012)	—	(1,012)	3,036	(1,012)
Income (loss) before cumulative effect of accounting change ...	(42,982)	(32,210)	(2,174)	(2,470)	454	(13,849)	50,249	(42,982)
Cumulative effect of accounting change, net of tax .....	(54,235)	—	(54,235)	(42,902)	(11,333)	(52,048)	160,518	(54,235)
Net loss .....	<u>\$ (97,217)</u>	<u>\$ (32,210)</u>	<u>\$ (56,409)</u>	<u>\$ (45,372)</u>	<u>\$ (10,879)</u>	<u>\$ (65,897)</u>	<u>\$ 210,767</u>	<u>\$ (97,217)</u>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Balance Sheet**  
**December 31, 2004**

	Time Warner	America Online	Historic TW	TW Companies	TBS (millions)	Non- Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and equivalents .....	\$ 5,568	\$ 12	\$ (1)	\$ 84	\$ (15)	\$ 491	\$ —	\$ 6,139
Restricted cash .....	—	150	—	—	—	—	—	150
Receivables, net .....	30	201	—	(2)	(7)	5,290	—	5,512
Inventories .....	—	3	—	—	5	1,729	—	1,737
Prepaid expenses and other current assets .....	50	113	—	—	4	934	—	1,101
<b>Total current assets .....</b>	<b>5,648</b>	<b>479</b>	<b>(1)</b>	<b>82</b>	<b>(13)</b>	<b>8,444</b>	<b>—</b>	<b>14,639</b>
Noncurrent inventories and film costs .....	—	—	—	—	—	4,415	—	4,415
Investments in amounts due to and from consolidated subsidiaries .....	79,253	860	84,668	72,077	17,646	—	(254,504)	—
Investments, including available-for-sale securities .....	19	1,175	381	—	397	4,149	(1,418)	4,703
Property, plant and equipment .....	538	1,085	—	—	107	11,364	—	13,094
Intangible assets subject to amortization .....	—	38	—	—	—	3,854	—	3,892
Intangible assets not subject to amortization .....	—	—	—	—	641	39,015	—	39,656
Goodwill .....	1,795	1,477	—	—	2,795	33,600	—	39,667
Other assets .....	1,165	331	653	—	23	2,156	(1,055)	3,273
<b>Total assets .....</b>	<b>\$88,418</b>	<b>\$5,445</b>	<b>\$85,701</b>	<b>\$72,159</b>	<b>\$21,596</b>	<b>\$106,997</b>	<b>\$(256,977)</b>	<b>\$123,339</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
<b>Current liabilities</b>								
Accounts payable .....	\$ 8	\$ 96	\$ —	\$ —	\$ 2	\$ 1,388	\$ —	\$ 1,494
Participations payable .....	—	—	—	—	—	2,579	—	2,579
Royalties and programming costs payable .....	—	21	—	—	2	995	—	1,018
Deferred revenue .....	—	371	—	—	—	1,126	—	1,497
Debt due within one year .....	1,000	112	—	502	2	56	—	1,672
Other current liabilities .....	909	897	17	184	129	4,186	(9)	6,313
Current liabilities of discontinued operations .....	—	—	—	—	—	51	—	51
<b>Total current liabilities .....</b>	<b>1,917</b>	<b>1,497</b>	<b>17</b>	<b>686</b>	<b>135</b>	<b>10,381</b>	<b>(9)</b>	<b>14,624</b>
Long-term debt .....	10,024	154	1,483	4,752	320	5,026	(1,056)	20,703
Debt due (from) to affiliates .....	(1,056)	—	—	—	1,647	1,056	(1,647)	—
Deferred income taxes .....	14,943	(175)	15,118	13,349	1,849	15,198	(45,339)	14,943
Deferred revenue .....	—	2	—	—	—	903	—	905
Mandatorily convertible preferred stock .....	1,500	—	—	—	—	—	—	1,500
Other liabilities .....	319	65	689	—	13	3,255	—	4,341
Noncurrent liabilities of discontinued operations .....	—	—	20	—	—	18	—	38
Minority interests .....	—	—	—	—	—	6,981	(1,467)	5,514
<b>Shareholders' equity</b>								
Due (to) from Time Warner and subsidiaries .....	—	(454)	(1,544)	(4,700)	(3,963)	(23,018)	33,679	—
Other shareholders' equity .....	60,771	4,356	69,918	58,072	21,595	87,197	(241,138)	60,771
<b>Total shareholders' equity .....</b>	<b>60,771</b>	<b>3,902</b>	<b>68,374</b>	<b>53,372</b>	<b>17,632</b>	<b>64,179</b>	<b>(207,459)</b>	<b>60,771</b>
<b>Total liabilities and shareholders' equity .....</b>	<b>\$88,418</b>	<b>\$5,445</b>	<b>\$85,701</b>	<b>\$72,159</b>	<b>\$21,596</b>	<b>\$106,997</b>	<b>\$(256,977)</b>	<b>\$123,339</b>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Balance Sheet**  
**December 31, 2003**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non- Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(restated; millions)							
<b>ASSETS</b>								
<b>Current assets</b>								
Cash and equivalents	\$ 2,208	\$ (39)	\$ (1)	\$ 89	\$ 52	\$ 731	\$ —	\$ 3,040
Receivables, net	49	190	—	—	144	4,525	—	4,908
Inventories	—	—	—	—	1	1,389	—	1,390
Prepaid expenses and other current assets	33	138	—	—	7	1,077	—	1,255
Current assets of discontinued operations	—	—	—	—	—	1,675	—	1,675
<b>Total current assets</b>	<b>2,290</b>	<b>289</b>	<b>(1)</b>	<b>89</b>	<b>204</b>	<b>9,397</b>	<b>—</b>	<b>12,268</b>
Noncurrent inventories and film costs	—	—	—	—	—	4,465	—	4,465
Investments in amounts due to and from consolidated subsidiaries	75,674	676	87,030	74,184	18,054	—	(255,618)	—
Investments, including available-for-sale securities	18	521	282	—	282	3,806	(1,139)	3,770
Property, plant and equipment	417	1,159	—	—	384	10,599	—	12,559
Intangible assets subject to amortization	—	59	—	—	—	4,170	—	4,229
Intangible assets not subject to amortization	—	—	—	—	641	39,015	—	39,656
Goodwill	1,882	1,483	—	—	2,797	33,297	—	39,459
Other assets	1,096	431	228	1	—	1,967	(981)	2,742
Noncurrent assets of discontinued operations	—	—	—	—	—	2,632	—	2,632
<b>Total assets</b>	<b>\$81,377</b>	<b>\$ 4,618</b>	<b>\$87,539</b>	<b>\$74,274</b>	<b>\$22,362</b>	<b>\$109,348</b>	<b>\$(257,738)</b>	<b>\$121,780</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>								
<b>Current liabilities</b>								
Accounts payable	\$ 5	\$ 47	\$ —	\$ —	\$ 23	\$ 1,554	\$ —	\$ 1,629
Participations payable	—	—	—	—	—	1,955	—	1,955
Royalties and programming costs payable	—	—	—	—	—	1,022	—	1,022
Deferred revenue	—	457	—	—	—	1,274	—	1,731
Debt due within one year	—	1,325	—	303	455	204	—	2,287
Other current liabilities	489	1,146	21	190	227	4,041	(17)	6,097
Current liabilities of discontinued operations	—	—	—	—	—	1,574	—	1,574
<b>Total current liabilities</b>	<b>494</b>	<b>2,975</b>	<b>21</b>	<b>493</b>	<b>705</b>	<b>11,624</b>	<b>(17)</b>	<b>16,295</b>
Long-term debt	10,945	213	1,477	5,283	333	6,188	(981)	23,458
Debt due (from) to affiliates	(982)	—	—	—	1,647	982	(1,647)	—
Deferred income taxes	12,655	(3,743)	17,034	15,424	1,690	17,114	(47,519)	12,655
Deferred revenue	—	20	—	—	—	935	—	955
Mandatorily convertible preferred stock	1,500	—	—	—	—	—	—	1,500
Other liabilities	552	92	441	—	15	3,352	—	4,452
Noncurrent liabilities of discontinued operations	—	—	—	—	—	901	—	901
Minority interests	—	—	—	1	—	6,738	(1,388)	5,351
<b>Shareholders' equity</b>								
Due (to) from Time Warner and subsidiaries	—	2,028	4,187	259	(2,546)	(18,608)	14,680	—
Other shareholders' equity	56,213	3,033	64,379	52,814	20,518	80,122	(220,866)	56,213
<b>Total shareholders' equity</b>	<b>56,213</b>	<b>5,061</b>	<b>68,566</b>	<b>53,073</b>	<b>17,972</b>	<b>61,514</b>	<b>(206,186)</b>	<b>56,213</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$81,377</b>	<b>\$ 4,618</b>	<b>\$87,539</b>	<b>\$74,274</b>	<b>\$22,362</b>	<b>\$109,348</b>	<b>\$(257,738)</b>	<b>\$121,780</b>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Statement of Cash Flows**  
**For The Year Ended December 31, 2004**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non- Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(millions)							
<b>OPERATIONS</b>								
Net income (loss) .....	\$ 3,364	\$ 784	\$ 3,287	\$ 2,496	\$ 1,051	\$ 3,806	\$(11,424)	\$ 3,364
Adjustments for noncash and nonoperating items:								
Cumulative effect of accounting change, net of tax .....	(34)	(34)	—	—	—	(34)	68	(34)
Depreciation and amortization .....	42	604	—	—	25	2,536	—	3,207
Amortization of film costs .....	—	—	—	—	—	2,925	—	2,925
Asset impairments .....	—	10	—	—	—	—	—	10
Loss on writedown of investments .....	—	12	—	—	—	3	—	15
Gain on sale of investments, net .....	—	(300)	—	—	(120)	(27)	—	(447)
Excess (deficiency) of distributions over equity in pretax income of consolidated subsidiaries .....	(6,047)	(46)	(5,102)	(4,334)	(1,275)	—	16,804	—
Equity in losses of investee companies and cash distributions .....	—	(6)	—	—	(7)	33	—	20
Changes in operating assets and liabilities, net of acquisitions .....	6,801	(179)	7,903	7,094	2,140	1,548	(27,751)	(2,444)
Adjustment relating to discontinued operations .....	—	—	—	—	—	2	—	2
Cash provided (used) by operations .....	4,126	845	6,088	5,256	1,814	10,792	(22,303)	6,618
<b>INVESTING ACTIVITIES</b>								
Investments and acquisitions, net of cash acquired .....	—	(14)	—	—	2	(865)	—	(877)
Advances to parents and consolidated subsidiaries .....	(1,053)	—	(357)	—	(42)	—	1,452	—
Capital expenditures and product development costs from continuing operations .....	(165)	(329)	—	—	(119)	(2,411)	—	(3,024)
Investment proceeds from available-for-sale securities .....	—	525	—	—	—	7	—	532
Other investment proceeds .....	—	83	—	—	146	2,637	—	2,866
Cash provided (used) by investing activities .....	(1,218)	265	(357)	—	(13)	(632)	1,452	(503)
<b>FINANCING ACTIVITIES</b>								
Borrowings .....	—	—	—	—	—	1,631	—	1,631
Debt repayments .....	—	(1,285)	—	(302)	(450)	(2,797)	—	(4,834)
Change due to/from parent .....	74	402	(5,731)	(4,959)	(1,418)	(9,219)	20,851	—
Proceeds from exercise of stock options .....	353	—	—	—	—	—	—	353
Principal payments on capital leases .....	—	(176)	—	—	—	(15)	—	(191)
Other .....	25	—	—	—	—	—	—	25
Cash provided (used) by financing activities .....	452	(1,059)	(5,731)	(5,261)	(1,868)	(10,400)	20,851	(3,016)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>								
.....	3,360	51	—	(5)	(67)	(240)	—	3,099
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b>								
.....	2,208	(39)	(1)	89	52	731	—	3,040
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>								
.....	\$ 5,568	\$ 12	\$ (1)	\$ 84	\$ (15)	\$ 491	\$ —	\$ 6,139

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Statement of Cash Flows**  
**For The Year Ended December 31, 2003**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non- Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(restated; millions)							
<b>OPERATIONS</b>								
Net income (loss) .....	\$ 2,639	\$ 1,218	\$ 1,863	\$ 1,501	\$ 565	\$ 2,108	\$ (7,255)	\$ 2,639
Adjustments for noncash and nonoperating items:								
Cumulative effect of accounting change, net of tax .....	12	—	12	7	5	12	(36)	12
Depreciation and amortization .....	25	638	1	—	26	2,449	—	3,139
Amortization of film costs .....	—	—	—	—	—	2,584	—	2,584
Asset impairments .....	—	—	—	—	—	318	—	318
Loss on writedown of investments .....	12	96	—	—	—	104	—	212
Gain on sale of investments, net .....	—	(194)	—	—	—	(616)	—	(810)
Excess (deficiency) of distributions over equity in pretax income of consolidated subsidiaries .....	(5,237)	213	(4,053)	(3,789)	(600)	—	13,466	—
Equity in losses of investee companies and cash distributions .....	—	49	—	—	1	104	—	154
Changes in operating assets and liabilities, net of acquisitions .....	8,110	272	6,744	4,309	573	1,535	(24,035)	(2,492)
Adjustment relating to discontinued operations .....	—	—	—	—	—	845	—	845
Cash provided (used) by operations .....	5,561	2,292	4,567	2,028	570	9,443	(17,860)	6,601
<b>INVESTING ACTIVITIES</b>								
Investments and acquisitions, net of cash acquired .....	—	1	—	—	(103)	(468)	—	(570)
Investment and acquisitions from discontinued operations .....	—	—	—	—	—	(52)	—	(52)
Advances to parents and consolidated subsidiaries .....	(99)	(583)	(12)	(104)	—	103	695	—
Capital expenditures and product development costs from continuing operations .....	—	(411)	—	—	(116)	(2,234)	—	(2,761)
Capital expenditures of discontinued operations .....	—	—	—	—	—	(126)	—	(126)
Investment proceeds from available-for-sale securities .....	—	1,056	—	—	1	22	—	1,079
Investment proceeds from discontinued operations .....	—	—	—	—	—	1,056	—	1,056
Other investment proceeds .....	—	9	—	—	—	1,442	—	1,451
Cash provided (used) by investing activities .....	(99)	72	(12)	(104)	(218)	(257)	695	77
<b>FINANCING ACTIVITIES</b>								
Borrowings .....	1,163	—	—	—	—	1,329	—	2,492
Debt repayments .....	(4,314)	(121)	—	(370)	—	(4,509)	2,084	(7,230)
Change due to/from parent .....	—	(2,096)	(4,556)	(3,657)	(329)	(6,526)	17,164	—
Redemption of redeemable preferred securities of subsidiary .....	(813)	—	—	—	—	—	—	(813)
Proceeds from exercise of stock options .....	372	—	—	—	—	—	—	372
Principal payments on capital leases .....	—	(174)	—	—	—	(4)	—	(178)
Other .....	(11)	—	—	—	—	—	—	(11)
Cash provided (used) by financing activities .....	(3,603)	(2,391)	(4,556)	(4,027)	(329)	(9,710)	19,248	(5,368)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b> .....	1,859	(27)	(1)	(2,103)	23	(524)	2,083	1,310
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b> .....	349	(12)	—	2,192	29	1,255	(2,083)	1,730
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b> .....	<u>\$ 2,208</u>	<u>\$ (39)</u>	<u>\$ (1)</u>	<u>\$ 89</u>	<u>\$ 52</u>	<u>\$ 731</u>	<u>\$ —</u>	<u>\$ 3,040</u>

**TIME WARNER INC.**  
**SUPPLEMENTARY INFORMATION**  
**CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

**Consolidating Statement of Cash Flows**  
**For The Year Ended December 31, 2002**

	Time Warner	America Online	Historic TW	TW Companies	TBS	Non- Guarantor Subsidiaries	Eliminations	Time Warner Consolidated
	(restated; millions)							
<b>OPERATIONS</b>								
Net income (loss) .....	\$(97,217)	\$(32,210)	\$(56,409)	\$(45,372)	\$(10,879)	\$(65,897)	\$ 210,767	\$(97,217)
Adjustments for noncash and nonoperating items:								
Cumulative effect of accounting change, net of tax .....	54,235	—	54,235	42,902	11,333	52,048	(160,518)	54,235
Depreciation and amortization .....	16	549	1	—	23	2,174	—	2,763
Amortization of film costs .....	—	—	—	—	—	2,536	—	2,536
Asset impairments .....	8,120	19,959	—	—	—	14,432	—	42,511
Loss on writedown of investments .....	92	765	—	106	—	1,249	—	2,212
Gain on sale of investments, net .....	—	(35)	—	—	—	(101)	—	(136)
Excess (deficiency) of distributions over equity in pretax income of consolidated subsidiaries .....	34,623	13,310	875	714	(296)	—	(49,226)	—
AOL Europe capitalization .....	—	(7,160)	—	—	—	7,160	—	—
Equity in losses of investee companies and cash distributions .....	—	137	—	12	—	217	—	366
Changes in operating assets and liabilities, net of acquisitions .....	1,214	(1,400)	3,609	3,496	388	(2,224)	(7,247)	(2,164)
Adjustments relating to discontinued operations .....	—	—	—	—	—	1,651	—	1,651
Cash provided (used) by operations .....	1,083	(6,085)	2,311	1,858	569	13,245	(6,224)	6,757
<b>INVESTING ACTIVITIES</b>								
Investments and acquisitions, net of cash acquired .....	(159)	(102)	—	—	—	(7,133)	—	(7,394)
Investments and acquisitions from discontinued operations .....	—	—	—	—	—	(162)	—	(162)
Advances to parents and consolidated subsidiaries .....	(7,501)	—	(432)	(490)	—	(663)	9,086	—
Capital expenditures and product development costs from continuing operations .....	—	(490)	—	—	(30)	(2,323)	—	(2,843)
Capital expenditures from discontinued operations .....	—	—	—	—	—	(386)	—	(386)
Investment proceeds from available-for-sale securities .....	—	128	—	—	—	59	—	187
Other investment proceeds .....	—	198	—	—	—	163	—	361
Cash provided (used) by investing activities .....	(7,660)	(266)	(432)	(490)	(30)	(10,445)	9,086	(10,237)
<b>FINANCING ACTIVITIES</b>								
Borrowings .....	18,711	41	3,100	—	—	3,213	(1,530)	23,535
Debt repayments .....	(11,990)	—	(3,700)	—	—	(4,474)	1,180	(18,984)
Change in due to/from parent .....	—	6,313	(1,279)	(1,013)	(596)	(564)	(2,861)	—
Redemption of redeemable preferred securities of subsidiary .....	—	—	—	—	—	(255)	—	(255)
Proceeds from exercise of stock options .....	297	—	—	—	—	—	—	297
Current period repurchases of common stock .....	(102)	—	—	—	—	—	—	(102)
Dividends paid and partnership distributions of discontinued operations, net .....	—	—	—	—	—	(11)	—	(11)
Principal payments on capital leases .....	—	(56)	—	—	—	(5)	—	(61)
Other .....	20	—	—	—	—	—	—	20
Cash provided (used) by financing activities .....	6,936	6,298	(1,879)	(1,013)	(596)	(2,096)	(3,211)	4,439
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b> .....	359	(53)	—	355	(57)	704	(349)	959
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b> .....	(10)	41	—	1,837	86	551	(1,734)	771
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b> .....	<u>\$ 349</u>	<u>\$ (12)</u>	<u>\$ —</u>	<u>\$ 2,192</u>	<u>\$ 29</u>	<u>\$ 1,255</u>	<u>\$ (2,083)</u>	<u>\$ 1,730</u>

**TIME WARNER INC.**  
**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**  
**Years Ended December 31, 2004, 2003 and 2002**  
(millions)

<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Deductions</u>	<u>Balance at End of Period</u>
<b>2004:</b>				
Reserve deducted from accounts receivable:				
Allowance for doubtful accounts .....	\$ 799	\$ 344	\$ (521)	\$ 622
Reserves for sales returns and allowances .....	<u>1,280</u>	<u>2,059</u>	<u>(1,852)</u>	<u>1,487</u>
Total .....	<u>\$2,079</u>	<u>\$2,403</u>	<u>\$(2,373)</u>	<u>\$2,109</u>
<b>2003:</b>				
Reserve deducted from accounts receivable:				
Allowance for doubtful accounts .....	\$ 879	\$ 411	\$ (491)	\$ 799
Reserves for sales returns and allowances .....	<u>1,206</u>	<u>1,712</u>	<u>(1,638)</u>	<u>1,280</u>
Total .....	<u>\$2,085</u>	<u>\$2,123</u>	<u>\$(2,129)</u>	<u>\$2,079</u>
<b>2002:</b>				
Reserve deducted from accounts receivable:				
Allowance for doubtful accounts .....	\$ 794	\$ 680	\$ (595)	\$ 879
Reserves for sales returns and allowances .....	<u>740</u>	<u>1,536</u>	<u>(1,070)</u>	<u>1,206</u>
Total .....	<u>\$1,534</u>	<u>\$2,216</u>	<u>\$(1,665)</u>	<u>\$2,085</u>

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
2.1	Restructuring Agreement dated as of August 20, 2002 by and among Time Warner Entertainment Company, L.P. ("TWE"), AT&T Corp., Comcast of Georgia, Inc., (formerly named MediaOne of Colorado, Inc., "Comcast of Georgia"), MOTH Holdings, Inc. (renamed Time Warner Cable Inc. at closing of the TWE Restructuring, and successor to MOTH Holdings, Inc., which was formerly named MediaOne TWE Holdings, Inc., "TWC Inc."), Comcast Holdings Corporation (formerly named Comcast Corporation, "Comcast Holdings"), Comcast Corporation ("Comcast"), the Registrant, TWI Cable Inc. ("TWIC"), Warner Communications Inc. ("WCI"), and American Television and Communications Corporation ("ATC") (the "Restructuring Agreement") (incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated August 21, 2002).	*
2.2	Amendment No. 1 to the Restructuring Agreement, dated as of March 31, 2003, by and among TWE, Comcast of Georgia, TWC Inc., Comcast Holdings, Comcast, the Registrant, TWIC, WCI, ATC, TWE Holdings I Trust, a Delaware statutory trust ("Trust I"), TWE Holdings II Trust, a Delaware statutory trust ("Trust II"), and TWE Holdings III Trust, a Delaware statutory trust (incorporated herein by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated March 28, 2003 (the "March 2003 Form 8-K")).	*
3.1(a)	Restated Certificate of Incorporation of the Registrant as filed with the Secretary of State of the State of Delaware on January 11, 2001 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated January 11, 2001 (the "January 2001 Form 8-K")).	*
3.1(b)	Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations or Restrictions Thereof, of Series LMC Common Stock of the Registrant as filed with the Secretary of State of the State of Delaware on January 11, 2001 (incorporated herein by reference to Exhibit 3.2 to the Registrant's January 2001 Form 8-K).	*
3.1(c)	Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations or Restrictions Thereof, of Series LMCN-V Common Stock of the Registrant as filed with the Secretary of State of the State of Delaware on January 11, 2001 (incorporated herein by reference to Exhibit 3.3 to the Registrant's January 2001 Form 8-K).	*
3.1(d)	Certificate of the Voting Powers, Designations, Preferences and Relative, Participating, Optional or Other Special Rights and Qualifications, Limitations or Restrictions Thereof, of Series A Mandatorily Convertible Preferred Stock of the Registrant as filed with the Secretary of State of the State of Delaware on March 31, 2003 (incorporated herein by reference to Exhibit 4.1 to the Registrant's March 2003 Form 8-K).	*
3.1(e)	Certificate of Ownership and Merger merging a wholly owned subsidiary into the Registrant pursuant to Section 253 of the General Corporation Law of the State of Delaware as filed with the Secretary of State of the State of Delaware and as became effective on October 16, 2003 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated October 16, 2003).	*
3.2	By-laws of the Registrant as of January 22, 2004 (incorporated herein by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (the "2003 Form 10-K")).	*
4.1	Indenture dated as of June 1, 1998 among Historic TW Inc. ("Historic TW"), Time Warner Companies, Inc. ("TWCI"), Turner Broadcasting System, Inc. ("TBS") and JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank, as Trustee ("JPMorgan Chase Bank") (incorporated herein by reference to Exhibit 4 to Historic TW's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 1-12259)).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
4.2	First Supplemental Indenture dated as of January 11, 2001 among the Registrant, Historic TW, America Online, Inc. ("America Online"), TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.2 to the Registrant's Transition Report on Form 10-K for the period July 1, 2000 to December 31, 2000 (the "2000 Form 10-K")).	*
4.3	Indenture dated as of April 30, 1992, as amended by the First Supplemental Indenture, dated as of June 30, 1992, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and The Bank of New York ("BONY"), as Trustee (incorporated herein by reference to Exhibits 10(g) and 10(h) to TWCI's Current Report on Form 8-K dated July 14, 1992 (File No. 1-8637) ("TWCI's July 1992 Form 8-K")).	*
4.4	Second Supplemental Indenture, dated as of December 9, 1992, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.2 to Amendment No. 1 to TWE's Registration Statement on Form S-4 (Registration No. 33-67688) filed with the Commission on October 25, 1993 ("TWE's 1993 Form S-4")).	*
4.5	Third Supplemental Indenture, dated as of October 12, 1993, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.3 to TWE's 1993 Form S-4).	*
4.6	Fourth Supplemental Indenture, dated as of March 29, 1994, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.4 to TWE's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (File No. 1-12878) ("TWE's 1993 Form 10-K")).	*
4.7	Fifth Supplemental Indenture, dated as of December 28, 1994, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.5 to TWE's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 (File No. 1-12878)).	*
4.8	Sixth Supplemental Indenture, dated as of September 29, 1997, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.7 to Historic TW's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 (File No. 1-12259) (the "Historic TW 1997 Form 10-K")).	*
4.9	Seventh Supplemental Indenture, dated as of December 29, 1997, among TWE, TWCI, certain of TWCI's subsidiaries that are parties thereto and BONY, as Trustee (incorporated herein by reference to Exhibit 4.8 to the Historic TW 1997 Form 10-K).	*
4.10	Eighth Supplemental Indenture, dated as of December 9, 2003, among Historic TW, TWE, WCI, ATC, TWC Inc. and BONY, as Trustee (incorporated herein by reference to Exhibit 4.10 to the Registrant's 2003 Form 10-K).	*
4.11	Ninth Supplemental Indenture, dated as of November 1, 2004, among Historic TW, TWE, Time Warner NY Cable Inc., WCI, ATC, TWC Inc. and BONY, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).	*
4.12	Indenture dated as of January 15, 1993 between TWCI and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.11 to TWCI's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 (File No. 1-8637)).	*
4.13	First Supplemental Indenture dated as of June 15, 1993 between TWCI and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4 to TWCI's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (File No. 1-8637)).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
4.14	Second Supplemental Indenture dated as of October 10, 1996 among Historic TW, TWCI and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.1 to TWCI's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996 (File No. 1-8637)).	*
4.15	Third Supplemental Indenture dated as of December 31, 1996 among Historic TW, TWCI and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.10 to Historic TW's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 (File No. 1-12259) (the "Historic TW 1996 Form 10-K")).	*
4.16	Fourth Supplemental Indenture dated as of December 17, 1997 among Historic TW, TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.4 to Historic TW's, TWCI's and TBS's Registration Statement on Form S-4 (Registration Nos. 333-45703, 333-45703-02 and 333-45703-01) filed with the Commission on February 5, 1998 (the "1998 Form S-4")).	*
4.17	Fifth Supplemental Indenture dated as of January 12, 1998 among Historic TW, TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.5 to Historic TW's, TWCI's and TBS's 1998 Form S-4).	*
4.18	Sixth Supplemental Indenture dated as of March 17, 1998 among Historic TW, TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.15 to the Historic TW 1997 Form 10-K).	*
4.19	Seventh Supplemental Indenture dated as of January 11, 2001 among the Registrant, Historic TW, America Online, TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4.17 to the Registrant's 2000 Form 10-K).	*
4.20	Trust Agreement dated as of April 1, 1998 (the "Historic TW Trust Agreement") among Historic TW, as Grantor, and U.S. Trust Company of California, N.A., as Trustee ("US Trust Company") (incorporated herein by reference to Exhibit 4.16 to the Historic TW 1997 Form 10-K). (WCI and Time Inc., as grantors, have entered into Trust Agreements dated March 31, 2003 and April 1, 1998, respectively, with U.S. Trust Company that are substantially identical in all material respects to the Historic TW Trust Agreement).	*
4.21	Indenture dated as of April 19, 2001 among the Registrant, America Online, Historic TW, TWCI, TBS and JPMorgan Chase Bank, as Trustee (incorporated herein by reference to Exhibit 4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).	*
10.1	Time Warner 1989 Stock Incentive Plan, as amended through March 16, 2000 (incorporated herein by reference to Exhibit 10.3 to the Historic TW Annual Report on Form 10-K for the fiscal year ended December 31, 1999 (File No. 1-12259) (the "Historic TW 1999 Form 10-K")).	*
10.2	AOL Time Warner Inc. 1994 Stock Option Plan, as amended through January 16, 2003 (incorporated herein by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 (the "2002 Form 10-K")).	*
10.3	Time Warner Corporate Group Stock Incentive Plan, as amended through November 18, 1999 (incorporated herein by reference to Exhibit 10.4 to the Registrant's 2002 Form 10-K).	*
10.4	Time Warner Publishing Group Stock Incentive Plan, as amended through November 18, 1999 (incorporated herein by reference to Exhibit 10.5 to the Registrant's 2002 Form 10-K).	*
10.5	Time Warner Inc. 1997 Stock Option Plan, as amended through March 16, 2000 (incorporated herein by reference to Exhibit 10.7 to the Historic TW 1999 Form 10-K).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.6	America Online, Inc. 1992 Employee, Director and Consultant Stock Option Plan, as amended (incorporated herein by reference to Exhibit 10.2 to the America Online Annual Report on Form 10-K for the fiscal year ended June 30, 1999 (File No. 1-12143)).	*
10.7	Time Warner Inc. 1999 Stock Plan, as amended through January 21, 2005 (the "1999 Stock Plan") (incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K dated January 21, 2005 (the "January 2005 Form 8-K")).	*
10.8	Form of Non-Qualified Stock Option Agreement, Directors Version 4 (for awards of stock options to non-employee directors under the 1999 Stock Plan) (incorporated herein by reference to Exhibit 10.5 to the Registrant's January 2005 Form 8-K).	*
10.9	Form of Restricted Stock Purchase Agreement (for awards of restricted stock under the 1999 Stock Plan) (incorporated herein by reference to Exhibit 10.6 to the Registrant's January 2005 Form 8-K).	*
10.10	Form of Annex 1 to Restricted Stock Purchase Agreement, Version 3 (for awards of restricted stock under the 1999 Stock Plan) (incorporated herein by reference to Exhibit 10.7 to the Registrant's January 2005 Form 8-K).	*
10.11	Time Warner Inc. 1999 Restricted Stock and Restricted Stock Unit Plan, as amended through January 21, 2005 (the "1999 Restricted Stock Plan") (incorporated herein by reference to Exhibit 10.8 to the Registrant's January 2005 Form 8-K).	*
10.12	Form of Restricted Shares Agreement (for awards of restricted stock under the 1999 Restricted Stock Plan) (incorporated herein by reference to Exhibit 10.9 to the Registrant's January 2005 Form 8-K).	*
10.13	Form of Annex A to the Restricted Shares Agreement, Version 3 (for awards of restricted stock under the 1999 Restricted Stock Plan) (incorporated herein by reference to Exhibit 10.10 to the Registrant's January 2005 Form 8-K).	*
10.14	Form of Restricted Stock Units Agreement, General RSU Agreement, Version 1 (for awards of restricted stock units under the 1999 Stock Plan and the 1999 Restricted Stock Plan) (incorporated herein by reference to Exhibit 10.11 to the Registrant's January 2005 Form 8-K).	*
10.15	Time Warner Inc. 2003 Stock Incentive Plan, as amended through November 20, 2003 (the "2003 Stock Incentive Plan") (incorporated herein by reference to Exhibit 10.9 to the Registrant's 2003 Form 10-K).	*
10.16	Form of Notice of Grant of Stock Options (for awards of stock options under the 2003 Stock Incentive Plan and the 1999 Stock Plan) (incorporated herein by reference to Exhibit 10.12 to the Registrant's January 2005 Form 8-K).	*
10.17	Form of Non-Qualified Stock Option Agreement, Share Retention, Version 2 (for awards of stock options to executive officers of the Registrant under the 2003 Stock Incentive Plan) (incorporated herein by reference to Exhibit 10.13 to the Registrant's January 2005 Form 8-K).	*
10.18	Form of Notice of Grant of Restricted Stock (for awards of restricted stock under the 2003 Stock Incentive Plan) (incorporated herein by reference to Exhibit 10.14 to the Registrant's January 2005 Form 8-K).	*
10.19	Form of Restricted Stock Agreement, Version 2 (for awards of restricted stock under the 2003 Stock Incentive Plan) (incorporated herein by reference to Exhibit 10.15 to the Registrant's January 2005 Form 8-K).	*
10.20	Form of Notice of Grant of Restricted Stock Units (for awards of restricted stock units under the 1999 Stock Plan, the 1999 Restricted Stock Plan and the 2003 Stock Incentive Plan) (incorporated herein by reference to Exhibit 10.16 to the Registrant's January 2005 Form 8-K).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.21	Form of Restricted Stock Units Agreement (for awards of restricted stock units under the 2003 Stock Incentive Plan) (incorporated herein by reference to Exhibit 10.17 to the Registrant's January 2005 Form 8-K).	*
10.22	Time Warner Inc. 1988 Restricted Stock and Restricted Stock Unit Plan for Non-Employee Directors, as amended through January 21, 2005 (the "Directors' Restricted Stock Plan") (incorporated herein by reference to Exhibit 10.1 to the Registrant's January 2005 Form 8-K).	*
10.23	Form of Restricted Shares Agreement (for awards of restricted stock under the Directors' Restricted Stock Plan) (incorporated herein by reference to Exhibit 10.2 to the Registrant's January 2005 Form 8-K).	*
10.24	Form of Restricted Stock Units Agreement (for awards of restricted stock units under the Directors' Restricted Stock Plan) (incorporated herein by reference to Exhibit 10.3 to the Registrant's January 2005 Form 8-K).	*
10.25	Time Warner 1996 Stock Option Plan for Non-Employee Directors, as amended through January 18, 2001 (incorporated herein by reference to Exhibit 10.9 to the Registrant's 2000 Form 10-K).	*
10.26	Deferred Compensation Plan for Directors of Time Warner, as amended through November 18, 1993 (incorporated herein by reference to Exhibit 10.9 to TWCI's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 (File No. 1-8637)).	*
10.27	Time Warner Inc. Non-Employee Directors' Deferred Compensation Plan, as amended through May 21, 2004.	
10.28	Description of Director Compensation (incorporated herein by reference to the section titled "Director Compensation" in the Registrant's Proxy Statement for the 2004 Annual Meeting of Stockholders, as updated by the section titled "Changes to Director Compensation Program" of the Registrant's January 2005 Form 8-K).	*
10.29	Time Warner Retirement Plan for Outside Directors, as amended through May 16, 1996 (incorporated herein by reference to Exhibit 10.9 to the Historic TW 1996 Form 10-K).	*
10.30	Amended and Restated Time Warner Annual Bonus Plan for Executive Officers, as amended through January 22, 2004 (incorporated herein by reference to Exhibit 10.15 to the Registrant's 2003 Form 10-K).	*
10.31	Time Warner Inc. Deferred Compensation Plan, as amended and restated as of August 1, 2001 (the "Deferred Compensation Plan") (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001).	*
10.32	Amendment No. 1 to the Deferred Compensation Plan, effective October 15, 2001 (incorporated herein by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001).	*
10.33	Amendment No. 2 to the Deferred Compensation Plan, effective August 1, 2002 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002 (the "September 2002 Form 10-Q")).	*
10.34	Amendment No. 3 to the Deferred Compensation Plan, effective January 1, 2004 (incorporated herein by reference to Exhibit 10.19 to the Registrant's 2003 Form 10-K).	*
10.35	Employment Agreement made December 18, 2003, effective as of December 17, 2003, between the Registrant and Richard D. Parsons (incorporated herein by reference to Exhibit 10.20 to the Registrant's 2003 Form 10-K).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.36	Confidentiality, Non-Competition and Ownership of Work Product Agreement effective December 17, 2003, and as part of the Employment Agreement made December 18, 2003, between the Registrant and Richard D. Parsons (incorporated herein by reference to Exhibit 10.21 to the Registrant's 2003 Form 10-K).	*
10.37	Employment Agreement made December 22, 2003, effective as of December 22, 2003, between the Registrant and Jeffrey Bewkes (incorporated herein by reference to Exhibit 10.22 to the Registrant's 2003 Form 10-K).	*
10.38	Confidentiality, Non-Competition and Ownership of Work Product Agreement effective December 22, 2003, and as part of the Employment Agreement made December 22, 2003, between the Registrant and Jeffrey Bewkes (incorporated herein by reference to Exhibit 10.23 to the Registrant's 2003 Form 10-K).	*
10.39	Employment Agreement made March 20, 2001, effective as of March 1, 2001, between the Registrant and Paul T. Cappuccio.	
10.40	Employment Agreement made February 27, 2003, effective as of November 1, 2001, between the Registrant and Wayne H. Pace (incorporated herein by reference to Exhibit 10.25 to the Registrant's 2003 Form 10-K).	*
10.41	Employment Agreement effective as of January 1, 2002 between Time Inc., a Delaware corporation, and Don Logan (incorporated herein by reference to Exhibit 10.28 to the Registrant's 2002 Form 10-K).	*
10.42	Letter Amendment effective October 28, 2004, amending the Employment Agreement effective as of January 1, 2002, between the Registrant and Don Logan (incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated October 28, 2004).	*
10.43	Agreement Containing Consent Orders, including the Decision and Order, between the Registrant and the Federal Trade Commission signed December 13, 2000 (incorporated herein by reference to Exhibit 99.2 to the Registrant's January 2001 Form 8-K).	*
10.44	Public Notice issued by the Federal Communications Commission dated January 11, 2001 (incorporated herein by reference to Exhibit 99.4 to the Registrant's January 2001 Form 8-K).	*
10.45	Second Amended and Restated LMC Agreement dated as of September 22, 1995 among TWCI, Liberty Media Corporation ("LMC"), TCI Turner Preferred, Inc., Communication Capital Corp. and United Cable Turner Investment, Inc. (incorporated herein by reference to Exhibit 10(a) to TWCI's Current Report on Form 8-K dated September 6, 1996 (File No. 1-8637) ("TWCI's September 1996 Form 8-K")).	*
10.46	Agreement Containing Consent Order dated August 14, 1996 among TWCI, TBS, Tele-Communications, Inc., LMC and the Federal Trade Commission (incorporated herein by reference to Exhibit 2(b) to TWCI's September 1996 Form 8-K).	*
10.47	Investors Agreement (No. 1) dated as of October 10, 1996 among Historic TW, R.E. Turner, Turner Outdoor Inc. and Turner Partners, LP (incorporated herein by reference to Exhibit 10.23 to the Historic TW 1996 Form 10-K).	*
10.48	\$7.0 Billion Amended and Restated Five-Year Revolving Credit Agreement, dated as of July 8, 2002 and amended and restated as of June 30, 2004, among the Registrant and TW Finance Ireland, as Borrowers, the Lenders party thereto from time to time, JPMorgan Chase Bank, as Administrative Agent, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents, and ABN Amro Bank N.V. and BNP Paribas, as Co-Documentation Agents, with associated Guarantees (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.49	\$4.0 Billion 5-Year Revolving Credit Agreement, dated as of December 9, 2003 and amended and restated as of November 23, 2004, among TWC Inc. and TWE, as Borrowers, the Lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, Citibank, N.A. and Deutsche Bank AG New York Branch, as Co-Syndication Agents, and ABN Amro Bank N.V. and BNP Paribas, as Co-Documentation Agents, with associated Guarantees (incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated November 23, 2004).	*
10.50	Agreement of Limited Partnership, dated as of October 29, 1991, as amended by the Letter Agreement dated February 11, 1992, and the Letter Agreement dated June 23, 1992, among TWCI and certain of its subsidiaries, ITOCHU Corporation ("ITOCHU") and Toshiba Corporation ("Toshiba") ("TWE Partnership Agreement, as amended") (incorporated herein by reference to Exhibit(A) to TWCI's Current Report on Form 8-K dated October 29, 1991 (File No. 1-8637) and Exhibit 10(b) and 10(c) to TWCI's July 1992 Form 8-K).	*
10.51	Amendment Agreement, dated as of September 14, 1993, among ITOCHU, Toshiba, TWCI, US WEST, Inc., and certain of their respective subsidiaries, amending the TWE Partnership Agreement, as amended (incorporated herein by reference to Exhibit 3.2 to TWE's 1993 Form 10-K).	*
10.52	Amended and Restated Agreement of Limited Partnership of TWE, dated as of March 31, 2003, by and among TWC Inc., Trust I, ATC, Comcast and the Registrant (incorporated herein by reference to Exhibit 3.3 to the Registrant's March 2003 Form 8-K).	*
10.53	Registration Rights Agreement, dated as of August 20, 2002, by and between Comcast of Georgia and the Registrant (incorporated herein by reference to Exhibit 10.14 to the Registrant's September 2002 Form 10-Q).	*
10.54	Amendment No. 1 to the Registration Rights Agreement, dated as of March 31, 2003, by and between Trust II and the Registrant (incorporated herein by reference to Exhibit 4.3 to the Registrant's March 2003 Form 8-K).	*
10.55	Registration Rights Agreement, dated as of March 31, 2003, by and between the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 4.4 to the Registrant's March 2003 Form 8-K).	*
10.56	Registration Rights Agreement, dated as of March 31, 2003, by and among Trust II, the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 4.5 to the Registrant's March 2003 Form 8-K).	*
10.57	Tolling and Optional Redemption Agreement ("Tolling and Optional Redemption Agreement"), dated as of September 24, 2004, by and among Comcast Cable Communications Holdings, Inc. ("Comcast Holdings"), MOC Holdco II, Inc. ("MOC Holdco"), Trust I, Trust II, Comcast, Cable Holdco Inc. ("Holdco") and TWC Inc. (incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated September 24, 2004).	*
10.58	Amendment No. 1 to the Tolling and Optional Redemption Agreement, dated as of February 17, 2005, among Comcast Holdings, MOC Holdco, Trust I, Trust II, Comcast, Holdco and TWC Inc.	
10.59	Parent Agreement, dated as of March 31, 2003, by and among TWC Inc., the Registrant and Trust II (incorporated herein by reference to Exhibit 10.5 to the Registrant's March 2003 Form 8-K).	*
10.60	Partnership Interest Sale Agreement, dated as of March 31, 2003, by and among TWC Inc., the Registrant, Comcast and Trust I (incorporated herein by reference to Exhibit 10.6 to the Registrant's March 2003 Form 8-K).	*
10.61	Reimbursement Agreement, dated as of March 31, 2003, by and among TWC Inc., the Registrant, WCI, ATC and TWE (incorporated herein by reference to Exhibit 10.7 to the Registrant's March 2003 Form 8-K).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.62	Brand License Agreement, dated as of March 31, 2003, by and between Warner Bros. Entertainment Inc. and TWC Inc. (incorporated herein by reference to Exhibit 10.8 to the Registrant's March 2003 Form 8-K).	*
10.63	Tax Matters Agreement, dated as of March 31, 2003, between the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 10.9 to the Registrant's March 2003 Form 8-K).	*
10.64	Brand and Trade Name License Agreement, dated as of March 31, 2003, by and among the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 10.10 to the Registrant's March 2003 Form 8-K).	*
10.65	Amended and Restated Distribution Agreement, dated as of March 31, 2003, by and among TWE, WCI, the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 2.3 to the Registrant's March 2003 Form 8-K).	*
10.66	Intellectual Property Agreement dated as of August 20, 2002 by and between TWE and WCI, related to the Restructuring Agreement (incorporated herein by reference to Exhibit 10.16 to the Registrant's September 2002 Form 10-Q).	*
10.67	Amendment to the Intellectual Property Agreement, dated as of March 31, 2003, by and between TWE and WCI (incorporated herein by reference to Exhibit 10.2 to the Registrant's March 2003 Form 8-K).	*
10.68	Amended and Restated Contribution Agreement, dated as of March 31, 2003, by and among WCI, the Registrant and TWC Inc. (incorporated herein by reference to Exhibit 2.4 to the Registrant's March 2003 Form 8-K).	*
10.69	Intellectual Property Agreement dated as of August 20, 2002 by and between TWC Inc. and WCI, related to the Restructuring Agreement (incorporated herein by reference to Exhibit 10.18 to the Registrant's September 2002 Form 10-Q).	*
10.70	Amendment to the Intellectual Property Agreement, dated as of March 31, 2003, by and between TWC Inc. and WCI (incorporated herein by reference to Exhibit 10.4 to the Registrant's March 2003 Form 8-K).	*
10.71	Contribution Agreement dated as of September 9, 1994 among TWE, Advance Publications, Inc. ("Advance Publications"), Newhouse Broadcasting Corporation ("Newhouse"), Advance/Newhouse Partnership ("Advance/Newhouse"), and Time Warner Entertainment-Advance/Newhouse Partnership ("TWE-A/N Partnership") (incorporated herein by reference to Exhibit 10(a) to TWE's Current Report on Form 8-K dated September 9, 1994 (File No. 1-2878)).	*
10.72	Amended and Restated Partnership Agreement of TWE-A/N Partnership entered into as of February 1, 2001 by and between TWE, Advance/Newhouse and Paragon Communications ("Paragon") (incorporated herein by reference to Exhibit 10.46 to the Registrant's 2000 Form 10-K).	*
10.73	First Amendment to the Amended and Restated Partnership Agreement of TWE-A/N Partnership dated as of March 1, 2001 among TWE, Advance/Newhouse and Paragon (incorporated herein by reference to Exhibit 10.47 to the Registrant's 2000 Form 10-K).	*
10.74	Seconded Amended and Restated Partnership Agreement, dated as of August 1, 2002, by and among TWE-A/N Partnership, TWE, Paragon and Advance/Newhouse (incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 (the "June 2002 Form 10-Q")).	*
10.75	Third Amended and Restated Partnership Agreement of TWE-A/N Partnership dated as of December 31, 2002 among TWE, Paragon and Advance/Newhouse (incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated December 31, 2002 (the "December 2002 Form 8-K")).	*

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
10.76	Amended and Restated Transaction Agreement, dated as of October 27, 1997 among Advance Publications, Advance/Newhouse, TWE, TW Holding Co. and TWE-A/N Partnership (incorporated herein by reference to Exhibit 99(c) to Historic TW's Current Report on Form 8-K dated October 27, 1997 (File No. 1-12259)).	*
10.77	Transaction Agreement No. 2, dated as of June 23, 1998 among Advance Publications, Newhouse, Advance/Newhouse, TWE, Paragon and TWE-A/N Partnership (incorporated herein by reference to Exhibit 10.38 to Historic TW's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (File No. 1-12259) ("Historic TW's 1998 Form 10-K")).	*
10.78	Transaction Agreement No. 3, dated as of September 15, 1998 among Advance Publications, Newhouse, Advance/Newhouse, TWE, Paragon and TWE-A/N Partnership (incorporated herein by reference to Exhibit 10.39 to Historic TW's 1998 Form 10-K).	*
10.79	Amended and Restated Transaction Agreement No. 4, dated as of February 1, 2001 among Advance Publications, Newhouse, Advance/Newhouse, TWE, Paragon and TWE-A/N Partnership (incorporated herein by reference to Exhibit 10.53 to the Registrant's 2000 Form 10-K).	*
10.80	Master Transaction Agreement, dated as of August 1, 2002, by and among TWE-A/N Partnership, TWE, Paragon and Advance/Newhouse (incorporated herein by reference to Exhibit 10.1 to the Registrant's June 2002 Form 10-Q).	*
10.81	Consent and Agreement dated as of December 31, 2002 among TWE-A/N Partnership, TWE, Paragon, Advance/Newhouse, TWEAN Subsidiary LLC ("TWEAN Subsidiary") and JPMorgan Chase Bank (incorporated herein by reference to Exhibit 99.2 to the Registrant's December 2002 Form 8-K).	*
10.82	Pledge Agreement dated as of December 31, 2002 among TWE-A/N Partnership, Advance/Newhouse, TWEAN Subsidiary and JPMorgan Chase Bank (incorporated herein by reference to Exhibit 99.3 to the Registrant's December 2002 Form 8-K).	*
10.83	Deferred Prosecution Agreement entered into December 15, 2004 between America Online, the United States Attorney's Office for the Eastern District of Virginia ("EDVA") and the United States Department of Justice, Criminal Division ("DOJ") (incorporated herein by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated December 15, 2004) (the "December 2004 Form 8-K").	*
10.84	Letter Agreement dated December 15, 2004 between the Registrant, EDVA and DOJ (incorporated herein by reference to Exhibit 99.3 to the Registrant's December 2004 Form 8-K).	*
21	Subsidiaries of the Registrant.	
23	Consent of Ernst & Young LLP, Independent Auditors.	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.	
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.	
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2004.	†

\* Incorporated by reference.

† This certification will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to

be incorporated by reference into any filing under the Securities Act or Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.

The Registrant hereby agrees to furnish to the Securities and Exchange Commission at its request copies of long-term debt instruments defining the rights of holders of outstanding long-term debt that are not required to be filed herewith.