

AOL Time Warner

2001

fact book

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Our Mission

To become the world's most respected and valued company by connecting, informing and entertaining people everywhere in innovative ways that will enrich their lives.

Our Values

Creativity

We thrive on initiative and originality—encouraging risk taking and divergent voices.

Customer Focus

We value our customers—putting their needs and interests at the center of everything we do.

Agility

We move quickly—embracing change and seizing new opportunities.

Teamwork

We treat one another with respect—creating value by working together within and across our businesses.

Integrity

We rigorously uphold editorial independence and artistic expression—earning the trust of our readers, viewers, listeners, members and subscribers.

Diversity

We attract and develop the world's best talent—seeking to include the broadest range of people and perspectives.

Responsibility

We work to improve our communities—taking pride in serving the public interest as well as the interests of our shareholders.

Introduction

AOL Time Warner's brands touch consumers more than 2.5 billion times each month.

Our first AOL Time Warner Fact Book provides an overview of our unparalleled brands, powerful franchises, full range of consumer relationships, unprecedented business opportunities and ambitious philanthropic goals.

As the world's first Internet-powered media and communications company, AOL Time Warner's unique combination of businesses, financial flexibility and global growth opportunities transcends traditional industry categories and makes us a one-of-a-kind company. From AOL and Time Inc. to CNN and Time Warner Cable, our Company brings together the most highly respected and valuable online and offline brands to extend our customer relationships—the building blocks of value.

At the same time, the reach of AOL Time Warner's media brands and the power of the interactive medium offer our partners a rich array of opportunities to revolutionize how they do business and to build closer relationships with their customers. The possibilities for new growth are dramatic. For example, comparing the lists of the top 100 advertisers for Time Inc., Turner Broadcasting and AOL in 2000, just four of those 300 advertisers appear on all three lists.

Consumers are already demanding new interactive products and services that will provide them with even more convenience and value. AOL Time Warner is uniquely positioned to meet this consumer demand—connecting, informing and entertaining people everywhere in innovative ways that enrich their lives.

To accomplish this mission, we are building on four key strengths. First is the sheer extent of our customer base. AOL Time Warner's brands touch consumers more than 2.5 billion times each month. Together, we have approximately 130 million subscription relationships through AOL, HBO, Time Inc. and Time Warner Cable. Time Inc. reaches 268 million magazine readers, while CNN is available to a global audience of one billion people. AOL has surpassed 27 million members around the world. Turner networks are the preferred choice of 25% of basic cable viewers. ICQ has a global network of more than 85 million registrants.

Second is our ability to use America Online's interactive expertise and experience to enhance all our franchises. The tremendous potential of this combination was made clear by the success we have had in using the AOL service to showcase

Warner Music CDs, feature Warner Bros. movies and generate new magazine subscriptions. The truly transforming opportunities are still ahead, from digital music and interactive TV to advertising, marketing and commerce.

Third is our commitment to innovation and speed to market. We're the company that pioneered the newsmagazine, talking pictures, photojournalism, cable programming, the DVD, broadband delivery of the Internet, video on demand, instant messaging and interactive services. Today, in applying our AOL AnywhereSM strategy to television, AOLTVSM is bringing consumers the breakthrough experience of blending TV viewing and their favorite online features and new content. Thanks to our technological expertise, AOL Time Warner is not only at the forefront of making music available over multiple digital networks, but can do it faster than our competitors.

The fourth strength of AOL Time Warner is our people. This is reflected in who we are and all we do. More than ever, the name of the game is talent—attracting and keeping creatively inspired, entrepreneurially focused women and men who seek to be part of an enterprise that strives to live

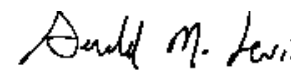
according to basic values. Beginning with Co-Chief Operating Officers Bob Pittman and Dick Parsons, and right through each division and every level, AOL Time Warner possesses such talent in abundance.

By whatever measure—customer relationships, global scale, financial strength, technological savvy, innovative spirit, creative and journalistic know-how, marketing and advertising reach, or trusted brands—no other company comes close to AOL Time Warner's potential. Building on what's already in place, we'll use interactivity to transform our industries and create dynamic new opportunities for our customers, employees, partners and shareholders.

And it doesn't stop there. By acting in ways that give meaning to our values and make a difference in our communities, worldwide as well as locally, we intend to build the world's most respected and valued company.



Stephen M. Case
Chairman



Gerald M. Levin
Chief Executive Officer

January 24, 2001

Advertising, Marketing and Commerce

AOL Time Warner's industry-leading consumer relationships provide partners with advertising, marketing and commerce opportunities of unprecedented range, value and power.

- Advertising and marketing companies ranked AOL and Time Warner as the two most attractive partners for long-term marketing relationships. *Source: The Myers Group LLC*
- AOL's promotion of Time Inc. magazines produced more than 750,000 gross subscriptions last year—of which 80% are ever-green subscriptions payable by credit card—a key indicator of the power of AOL Time Warner properties to deliver for advertisers.
- Seven Time Inc. magazines ranked in the top 25 in advertising revenues in 2000, with *People*, *Time* and *Sports Illustrated* again taking the top three spots.
- Every one of the top 10 national advertisers has partnered with AOL.
- 90% of AOL shoppers say they are satisfied with their online commerce experience. *Source: IRG*

Combining the world's strongest media brands, the deepest and broadest marketing relationships in the industry, the most advanced technologies and the unique power of the online medium itself, AOL Time Warner provides its partners with unmatched advertising, marketing and commerce capabilities.

AOL Time Warner's brands have enormous reach, touching consumers more than 2.5 billion times each month. The Company also has approximately 130 million subscription relationships. And through iPlanet E-Commerce Solutions—a Sun/Netscape Alliance—AOL Time Warner provides thousands of businesses, government agencies and organizations with the most comprehensive Internet software and services.

But what truly sets AOL Time Warner apart is its unique ability to help businesses pioneer creative new uses for interactivity and media, allowing its marketing partners to achieve their goals in new and more efficient ways.

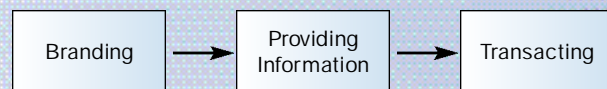


Through the brands of AOL, Time Inc., Turner Broadcasting, The WB, and Time Warner Cable, the Company can craft complete marketing solutions that meet a partner's every need—strategically uniting various brands to reach desired audiences effectively. These opportunities can span

traditional one-platform advertising programs and innovative multi-platform opportunities, creating revolutionary partnerships that ultimately transform marketers' relationships with their customers.

Companies can use AOL Time Warner's unprecedented range of

The Secret of Internet Advertising/ E-Commerce Success



AOL Time Warner enables
all three stages
of the selling process

AOL Time Warner brands have approximately **130** million subscription relationships

2,600

In 2000, Time Inc.'s more than **60** titles captured over 24% of U.S. consumer magazine ad revenues

local and national advertisers on Digital City

assets and the power of the online medium to achieve all three stages of traditional selling—branding, providing information and transacting—in one seamless process. The resulting paradigm shift greatly enhances marketing productivity.

That means companies can draw on the enormous brand-building capabilities of AOL Time Warner's magazines and television networks to create awareness and develop brand affinity, then use AOL's online distribution platforms to drive transactions.

Partners can work across AOL Time Warner on a strategic level, focusing on innovative solutions for common demographics such as young people, seniors or women; or common areas of interest like sports, news or entertainment.

Companies that want to reach teens, for example, will benefit from the natural affinity between

AOL, *Teen People* and The WB Television Network, while businesses can communicate with sports fans by advertising in *Sports Illustrated* and on Turner's sportscasts, as well as through an interactive presence on the AOL Sports Channel.

For even greater impact, marketers can draw on major franchise properties in the AOL Time Warner catalog—including such films as *Batman*, *The Matrix* and *Austin Powers*, as well as Warner Bros. cartoon characters and top musical acts—to create major cultural events. And, in the near future, they can look forward to new interactive opportunities created by convergence, such as AOLTVSM, digital music, and a broad range of AOL AnywhereSM devices.

Plus, iPlanet has one of the industry's broadest portfolios of e-commerce software, services and solutions. iPlanet's best-of-breed Internet platform gives companies fully scalable e-commerce capabilities that significantly enhance the Web experience for business users and consumers.

At the same time, iPlanet's industry-leading portal services, open marketplace solutions, and e-commerce applications enable partners to build and deploy comprehensive and customized "Smart" services that speed their time to market, meet their customers' demands and help position them to succeed in the next wave of the Net economy.

In summary, by helping marketers use these advertising vehicles in new and creative ways, AOL Time Warner is transforming the media business and the nature of marketing itself, adding new value and continually expanding the possibilities for the future.



America Online

AOL, CompuServe, Netscape.com and the Netscape 6 browser provide the most popular and valuable interactive experiences to consumers worldwide.

America Online, Inc.

Barry Schuler
Chairman & CEO

Ray Olgethorpe
President

Jan Brandt
Vice Chair &
Chief Marketing Officer

Ted Leonsis
Vice Chair & New Product Officer

Myer Berlow
President, Worldwide
Interactive Marketing

Joseph Ripp
Executive Vice President & CFO

Mark Stavish
Executive Vice President,
Human Resources

Randall Boe
Senior Vice President &
General Counsel

Ann Brackbill
Senior Vice President,
Corporate Communications

AOL Services & Products

Jonathan Sacks
President, AOL

Michael Lynton
President, AOL International

Dennis Patrick
President, AOL Mobile

Audrey Weil
President, CompuServe

Jim Bankoff
President, Netscape

Donn Davis
President,
Interactive Properties Group

David Gang
Senior Vice President &
Deputy General Manager, iPlanet

AOL, the world's leading interactive service, is transforming the lives of its more than 27 million members with the most convenient, easy-to-use and valuable online features, content and other benefits available anywhere. AOL members average about an hour online daily, signaling how central the AOL experience is to their lives by enabling them to keep in touch, stay informed, shop, find entertainment, manage their finances and schedules, and much more.



The next-generation AOL 6.0 software also makes AOL's hallmark features, content and services available any time and anywhere through multiple AOL AnywhereSM devices and across all broadband platforms. AOL 6.0 incorporates AOL PLUSTM multimedia content and features such as full-motion video and streaming audio. The all-new AOL Media Player supports all audio and video formats.

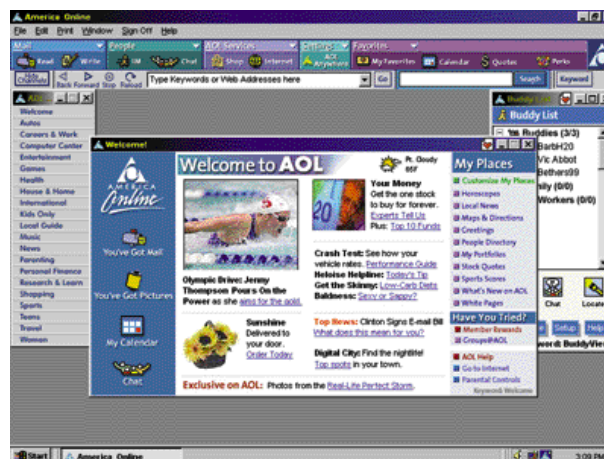
AOL is the world leader in online advertising, marketing and commerce, bringing members easy

and convenient access to the world's top mainstream brands and retailers—including American Airlines, Charles Schwab, Circuit City, Citigroup, Coca-Cola, General Motors, Office Depot, Sears, Target Stores and Walmart.com. Only AOL can offer its strategic advertising and commerce partners cutting-edge strategies like “commerce in context,” streamlined marketing capabilities and the most secure and convenient commerce available anywhere.

Dubbed the “Internet's Miracle Mile,” the newly enhanced Shop@AOLSM online shopping destination—available on the AOL service, AOL.COM, CompuServe, Netscape, Spinner and Digital



City—makes it easier and more convenient than ever for consumers to shop online. AOL members can shop for millions of products from hundreds of known and trusted brand-name merchants, in full confidence with AOL's 100% Guarantee of Satisfaction and Security. Millions of AOL members—cyberspace's largest single audience of buyers—regularly shop online and spent a record-breaking \$20 billion in 2000.



This page: AOL 6.0 Welcome Screen with Buddy List[®] and AOL Channels. Opposite page: CompuServe 2000 Version 6.0 Main Menu; Netscape.com—Netscape 6.

30 million+ AOL and CompuServe members worldwide

Nearly 75% of AOL members shop online

656 million Instant Messages,
245 million stock quotes,
180 million e-mails daily

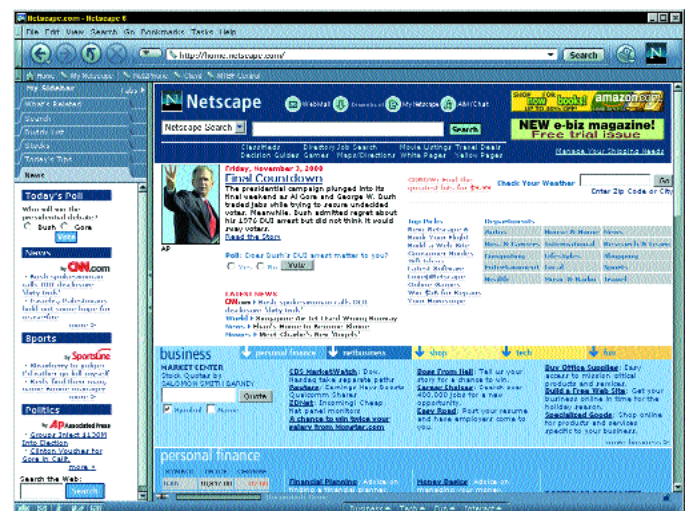


The Internet value leader, CompuServe provides access to three million worldwide members at home and in the workplace. CompuServe's exciting new software upgrade, CompuServe 2000 Version 6.0, offers powerful new features, such as expanded e-mail capabilities, new built-in audio and video player, new streamlined Toolbar and improved Address Book and My CalendarSM service now available from multiple locations; all of which add even greater value to the online experience.

Members also enjoy features like a customizable main menu with local news and personalized stock portfolios with real-time quotes, e-mail, Internet search, instant messaging, a wide variety of online shopping options, and Member Values—a regularly updated list of incredible savings and values exclusively for members.

Netscape has pioneered the development of world-class browsers, including, most recently, the groundbreaking Netscape 6 browser, based on the small, fast, standards-compliant Netscape Gecko browser engine, which provides a compelling Web experience across traditional PCs and new computing devices.

The newly redesigned Netscape.com Web site provides consumers with convenient and easy access to a complete package of innovative Web-based applications, content and features. In addition, Netscape Netbusiness meets the needs of small businesses with a free one-stop home on the Internet to enable them to better manage their everyday operations.



America Online, Inc.

AOL
CompuServe
Netscape.com

Netscape 6 browser
Netscape Netbusiness

America Online

The AOL AnywhereSM strategy gives members seamless access to many

of the most popular AOL features, content and services—any time, anywhere—across multiple platforms and mobile devices.

As interactivity becomes increasingly central to everyday life, consumers want to access their favorite online features, content and services—wherever and whenever they need them. Through its leading-edge AOL AnywhereSM product offerings, the AOL experience is being extended to a broad range of platforms and mobile devices. This will increase the time AOL members spend online, enable them to use their screen name, Buddy List and Address Book, and create new opportunities for AOL's advertising, marketing and commerce partners.

Among the exciting AOL AnywhereSM products currently offered to consumers:

AOLTVSM, the first interactive television service for mass-market consumers, enhances the TV-viewing experience by allowing consumers to take advantage of popular AOL features like e-mail, instant messaging and chat; to find, watch and record programs more conveniently with an easy-to-use program guide; and to take advantage of exciting new online features and content designed for

AOL Anywhere

specific TV programming. Winner of *Popular Science's* Best of What's New award, AOLTVSM has teamed with partners like The National Geographic Channel, E! NetworksTM and QVC.

AOL PLUSTM is the AOL service's multimedia content, offering video, audio and games to members signing on to the AOL service with a broadband connection—digital subscriber line (DSL), cable, satellite or TCP/IP.

- AOL's Tegic T9 Text Input—the No. 1 text input technology for wireless devices—is the global standard for quick and easy text input on a wireless phone.
- AOL's Quack.comTM technology enables simple spoken commands over any wireless, home or office telephone.
- AOLTV was awarded *Popular Science* magazine's Best of What's New award in 2000.

This page: AOLTV Program Guide, set-top box, universal remote control and wireless remote keyboard. Opposite page: Keyword: AOL Anywhere; AOL Mobile Communicator; AOL Mobile services via Sprint PCS Wireless Web.



AOL by Phone.

1-800-AOL-1234

51% of online users would like to check e-mail through their television*

72% of AOL members own a cell phone or pager*

54% of online Americans want ways to access the Internet beyond the PC*

**Sources: America Online/Roper Starch Cyberstudy; Simmons*

AOL Mobile Communicator is a pocket-size, two-way, wireless messaging device that lets AOL members stay in touch anywhere and any time through AOL e-mail and instant messaging.



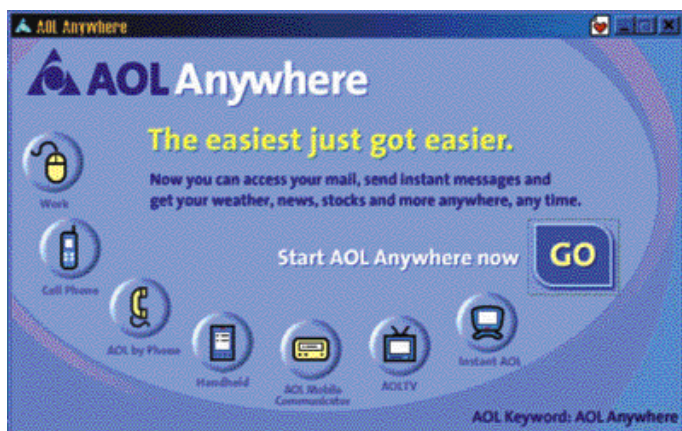
AOL Mobile makes AOL e-mail and instant messaging, customized news, weather and stock quotes and AOL brands like MapQuest.com, Digital City and AOL Moviefone available to members over a variety of other wireless devices. AOL Mobile services are available on Internet-ready

phones through AT&T Digital PocketNetSM service and the Sprint PCS Wireless WebSM. AOL's most popular features are also available on PalmTM and Palm OS[®], Windows CE/PocketPC and OmniSky-enabled handheld devices.

AOLbyPhoneSM enables AOL members to conveniently check their e-mail, news, weather, stock quotes and other popular features and content—by calling 1-800-AOL-1234 and just speaking over any telephone.

Instant AOLSM is a customized version of the AOL service for a new line of home Internet appliances created by Gateway. Instant AOL connects members to AOL as soon as they turn on the device, and offers hallmark AOL benefits like e-mail, instant messaging and the My CalendarSM service as well as special features and functionality for the Gateway appliances. The first of these devices, the Gateway Connected Touch Pad, is a compact, easy-to-use touchscreen device designed for use in high-traffic areas of the home such as the kitchen or family room.

The **AOL AnywhereSM** Web site offers a one-stop, customizable page for AOL members using any Internet-connected computer to access their favorite AOL features and content, including e-mail, stock portfolios, the My CalendarSM service, news, sports, traffic information, Shop@AOLSM, local movie times and AOL Search.



America Online, Inc.

AOL AnywhereSM
AOL 6.0
AOLTVSM
AOL Mobile Communicator

Instant AOLSM on the
Gateway Connected
Touch Pad
AOLbyPhoneSM

AOL PLUSSM
AOL on PDAs
AOL Mobile
AIM Mobile

America Online

AOL Interactive Properties are a unique combination of market-

leading businesses in the rapidly growing segments of local, messaging/communications, and Internet music.

AOL Local

Digital City is the No. 1 local guide for America Online members and other Internet consumers. Digital City products serve more than 200 markets—Digital City New York to Digital City San Jose—creating the first “local everywhere” coast-to-coast network. With its Entertainment Guide, Visitor’s Guide, Local Shopping & Services Directory, “Local Experts” and “Best of the City,” Digital City offers the leading portfolio of products to local consumers and local advertisers.



digitalcity

MapQuest is the No.1 service in mapping and navigation, and is one of the best-known and most trusted brands on the Internet. MapQuest provides unsurpassed online, voice and wireless mapping, directions, real-time traffic,



and destination information to consumers any time, anywhere. MapQuest is one of the most popular mobile applications for consumers. Its business unit licenses its branded solutions to more than 1,750 business partners.

AOL Moviefone is the No. 1 service connecting moviegoers with movie listings, show times, trailers, information and ticketing. Through Moviefone.com, its popular 777-FILM telephone service, and its wireless and Palm partnerships, Moviefone served more than 150 million moviegoers and

sold more than five million tickets in 2000. Through its partnerships with film studios and movie exhibitors, Moviefone makes the moviegoing experience more convenient and helps its partners promote movies and sell tickets. One in every five moviegoers uses Moviefone and Moviefone.com each week.



- The AOL local businesses—Digital City, MapQuest and Moviefone—are all the No. 1 leaders in their market segments.
- AOL’s popular interactive messaging services—AIM and ICQ—together have more than 165 million registered users.
- Winamp and Spinner are the most popular products that enable a new generation of consumers to enjoy both streamed and downloaded music via the Internet.

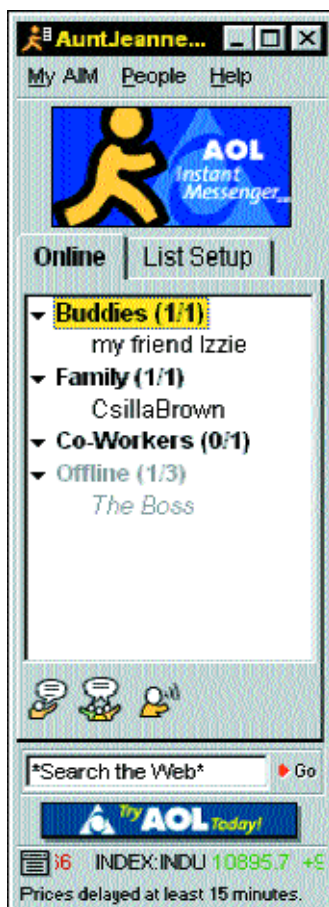
This page: Sample MapQuest map. Opposite page: AIM Buddy List®.

10 million+ 85 million+ ICQ registered users worldwide
 200+ MapQuest.com maps downloaded daily
 Digital City markets in U.S.



AOL Messaging

ICQ, with more than 85 million registered users worldwide, is the most comprehensive instant messaging product. Its audience is global (two-thirds outside the U.S.), Web-savvy and young (two-thirds between the ages of 18 and 35). On average, ICQ members have the service open on their desktops for three hours daily and in active use for 75 minutes each day. ICQ offers such free and compelling services as Instant Messenger, ICQ Web Mail, chat, ICQ Groups, IP telephony, SMS mobile messaging, Find a Friend Directory and ICQ Personal Assistant Tools. Every second of every day, someone around the world registers for ICQ. The software is free and available at ICQ.com.



AOL Instant MessengerSM (AIM),

with more than 80 million registered users worldwide, is the most convenient and easy-to-use instant messaging product.

AIM users are able to talk with AOL members, as well as with the users of AIM partners including Apple, EarthLink, Juno, Novell and Lotus instant messaging services. The software is free and available at AOL.com.

AOL Internet Music

AOL's **Spinner**, **Winamp** and **SHOUTcast** are leaders of the Internet music phenomenon, with the most listeners and the widest range of products that allow a new generation of consumers to enjoy music via the Internet. Spinner is the first and leading Internet streaming service, offering listeners convenient,



on-demand access to more than 150 channels of streaming music and other audio content. Winamp is the most popular high-fidelity music player, with more than 55 million registered users, and is adding an average of 100,000 new downloads a day. And SHOUTcast enables consumers to broadcast their own radio channels over the Internet. The software is free and available at Spinner.com and Winamp.com.



AOL Instant MessengerSM

America Online, Inc.

Digital City
 MapQuest
 AOL Moviephone
 ICQ

AOL Instant MessengerSM (AIM)
 Spinner
 Winamp

America Online

Since its launch in 1994, AOL International has been a leader of the Internet's tremendous worldwide growth with AOL and CompuServe services across 16 countries in eight languages.

With its joint venture partners, AOL International combines the hallmark features and services of AOL and CompuServe with top-flight local content and national management teams to serve the interests and needs of consumers in many different countries.

AOL Europe

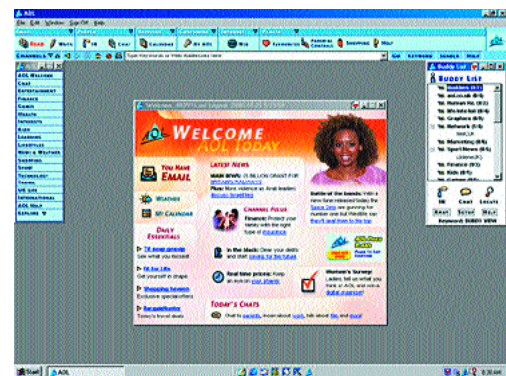
With record growth in the UK, Germany and France, AOL and CompuServe membership in Europe has risen to nearly 4.6 million. AOL not only ranks No. 1 in at-home usage (*Media Metrix*), but its members also spend far more time on the service than users of the competing services—a critical indicator of customer loyalty and advertising/commerce potential. AOL Europe is experiencing tremendous momentum across its services:

- The year 2000 was AOL International's most successful year ever, setting a subscriber growth record, with approximately 2 million new members for a total of nearly 6 million.
- Local strategic partners central to AOL's international growth and success include: Cisneros Group of Companies, Banco Itaú, Banco Santander Central Hispano, S.A., Cegetel, Canal Plus, Royal Bank of Canada, NTT DoCoMo, AAPT Limited and China Internet Corporation Ltd.
- In the first five years of operation, AOL International's subscriber total grew faster than AOL in the U.S.

of members research their holiday shopping online, and more than half planned to do holiday shopping online. A separate AOL women's survey found that two-thirds of female AOL UK members already shop online.

■ Marking its fifth anniversary as the first AOL service launched outside the U.S., AOL Germany's flagship AOL service is experiencing rapid membership growth—surpassing the million-member milestone in less than four years. AOL Germany has launched the new CompuServe Office service for daytime users, which has an experienced record in subscriber acceptance; AOL.de and cserve.de portals; and SMS services, which send 100,000 messages a day. The strength of the brand—buoyed by an innovative ad campaign starring Boris Becker—was demonstrated by a *Stern* survey naming AOL Germany as the best-known and best-liked German online brand.

■ Since launching flat-rate plans of its own, AOL France—a joint venture that includes America Online, Canal Plus and Cegetel—has also enjoyed accelerated



growth, and has helped expand the Internet into the French mass market. More than 50% of the members joining the service under the new flat-rate plans are new Internet users.

■ Through a joint venture with Banco Santander Central Hispano, S.A., AOL Europe has launched the AOL-Avant branded interactive service in Spain.



This page: AOL UK Welcome Screen.
Opposite page: AOL Hong Kong service; America Online Argentina Welcome Screen.

Nearly **6** million subscribers outside the U.S.
 Local dial-up access to AOL in more than **125** countries
 Services in **16** countries and **8** languages

America Online Latin America

As the exclusive provider of AOL-branded services in Latin America, America Online Latin America is one of the leading Internet and interactive service providers in the region. Founded with the Cisneros Group of Companies, America Online Latin America launched its successful IPO in August 2000. Since introducing its first service in Brazil in 1999, the company has added its first two Spanish-language services in Mexico and Argentina, with plans to launch additional Latin American services in the future.

America Online Latin America combines AOL's leading-edge technology, infrastructure, interactive services and world-class brand with the regional experience and media assets of the Cisneros Group of Companies, one of the region's foremost media groups. In addition, Banco Itaú, a leading Brazilian

bank, is also a minority shareholder of America Online Latin America, and together the two companies are poised to bring a new level of convenience and ease of use to both interactive and online banking services in Brazil.

AOL Japan

NTT DoCoMo, Japan's largest mobile communications company and the world leader in mobile Internet services with more than 15 million subscribers of its i-mode Internet service, has joined the AOL Japan joint venture. As part of this new alliance, NTT DoCoMo is marketing AOL Japan as its preferred ISP in its popular DoCoMo shops nationwide, and cross-promoting AOL Japan to DoCoMo's wireless voice and data subscribers through a full range of innovative initiatives. The two companies have also agreed to a global alliance to bring DoCoMo's services to new markets.



AOL Australia, AOL Hong Kong and AOL Canada

AOL's joint venture partner in AOL Australia is AAPT Limited, Australia's third largest telecommunications company and an emerging leader in cellular technology. With a retail customer base of more than 950,000 consumers, AAPT provides AOL Australia with a wide range of sales, marketing and distribution channels, plus an established network infrastructure.

The AOL Hong Kong service was launched in September 1999, as a distribution agreement between America Online, Inc., and the China Internet Corporation Ltd. As AOL's first Chinese-language service, AOL Hong Kong offers both Chinese- and English-language content for Hong Kong's diverse community.

A strategic alliance with the Royal Bank of Canada has helped AOL Canada accelerate its growth strategy and pursue its rollout of broadband services.

AOL International Services

Argentina
 Australia
 Austria
 Belgium

Brazil
 Canada
 France
 Germany

Hong Kong
 Japan
 Luxembourg
 Mexico

Netherlands
 Sweden
 Switzerland
 United Kingdom

Networks

The Networks group is home to many of the most valuable franchises in television news and entertainment, including CNN, the world's foremost news brand; HBO and Cinemax, the nation's two leading premium pay services; such leading brands in television entertainment as TBS Superstation, TNT, Cartoon Network and Turner Classic Movies; and The WB, the hottest television network with teens and young adults.

Turner Broadcasting System, Inc.

Terence F. McGuirk

Chairman & CEO, TBS, Inc.

Steven J. Heyer

President & COO, TBS, Inc.

Wayne H. Pace

Executive Vice President, CFO & Chief Administrative Officer, TBS, Inc.

W. Thomas Johnson

Chairman & CEO, CNN News Group

Julia Sprunt

Corporate Vice President, PR, HR & Corporate Resources, TBS, Inc.

Stan Kasten

Corporate Vice President, Sports Teams, TBS, Inc.

Betty Cohen

President, Cartoon Network Worldwide

Larry Goodman

President, CNN Sales & Marketing

Andrew T. Heller

President, Domestic Distribution, TBS, Inc.

Philip I. Kent

President & COO, CNN News Group

Mark Lazarus

President, Turner Sports

David Levy

Co-President, TBS International

Andrew Bird

Co-President, TBS International

Bradley J. Siegel

President of General Entertainment Networks, TBS, Inc.

Joe Uva

President, Turner Entertainment Group Sales & Marketing

Turner Entertainment Networks

With superior original and special-event programming, sports and the broadcast premieres of hit contemporary feature films, Turner's basic cable entertainment networks are ratings leaders in virtually all key demographic categories and have continued to generate strong growth in subscription and advertising revenues. Their quality programming continues to attract an increasing share of television viewers to cable, and to drive greater distribution of the networks.

For the 24th consecutive year, TBS Superstation is basic cable's most-watched network. Last fall, TBS Superstation became the first cable network to reach more than 80 million households.

Turner's strategy of acquiring broadcast network premiere rights to contemporary motion pictures for debut on TBS Superstation and TNT continues to prove successful, with the films shown on these networks consistently ranking among the highest-rated on basic cable. In 2000, TBS Superstation delivered seven of basic cable's 10 highest-rated theatrical films, while TNT



aired three of the top five original movies on basic cable.

TNT, which reaches 75% of U.S. television homes, has extended its programming to include original series. *Bull*, a Wall Street drama (produced in conjunction with Warner Bros. Television) and the first of 10 new original series in development, premiered to critical acclaim last summer on TNT.

Led by its highly rated lineup of original animated series, Cartoon Network is available in more than 68 million U.S. homes and 145 other countries. Since its launch in 1992, Cartoon Network has remained one of the highest-rated ad-supported cable networks. In the third quarter of 2000, Cartoon Network ranked No. 1 for the first time in quarterly primetime household ratings among ad-supported cable networks.

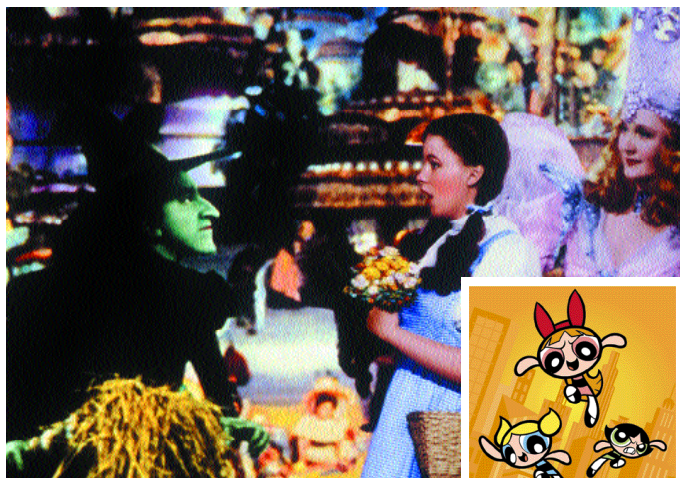
With more than 40 million U.S. subscribers, Turner Classic Movies has emerged as a global brand with the launch of language feeds in Poland, Spain, France and the UK and regional feeds in Scandinavia, the Netherlands, Eastern Europe, Africa and the Middle East.

Turner South, Turner's first regional entertainment network, launched in October 1999, offers a mix of movies, sitcoms, original programming, sports and regional news to cable and satellite affiliates in six southern states—reaching more than 3.6 million homes.

Last spring, Turner launched Boomerang, a 24-hour animation network targeting adults over 30 and young children. The new channel complements Cartoon Network with classic Hanna-Barbera cartoons from Time Warner's library.

In June 2000, Time Warner entered into a strategic alliance with China Entertainment Television (CETV). Turner Broadcasting System Asia Pacific, with Warner Bros. International Television, will provide global sales and marketing support, as well as specially selected Turner and Warner Bros.

3 of 5 more than **36.5** million U.S. premium TV subscribers
top-rated basic cable networks
39 news bureaus worldwide



content, to CETV. The companies also will develop original Chinese coproductions that will air on CETV and be distributed globally.

CNN News Group

The CNN News Group has continued to extend its global news leadership, with more than one billion people worldwide able to access its services. Celebrating its 20th year in 2000, CNN has not only built on its reputation for hard news coverage, but also

has developed exciting new programming, expanded into new regions internationally and grown its digital and interactive news platforms. As the No. 1 distributed news network in the U.S., CNN has more than 78 million subscribers. CNN International, the world's only global, 24-hour news network, is seen in more than 151 million television households in 212 countries and territories worldwide.

CNN Newsource, the world's most widely syndicated television news-feed service, has expanded its network of affiliates and independent television stations to more than 850 worldwide, including more than 650 in the U.S. and Canada.

Last summer, CNN launched a new channel for South Asia. The CNN South Asia channel features CNN's globally popular programs as well as region-specific programming for India, Pakistan, Bangladesh and other South Asian countries.

With its Election 2000 team of more than 45 anchors, correspondents, online journalists, analysts and talk-show hosts, CNN outperformed all 24-hour cable news competition combined in ratings, delivery and total primetime viewers during the Democratic and GOP conventions, election week and the Florida recount.

CNN's interactive services, which include CNN.com, CNNfn.com, CNNi.com and allpolitics.com, are among the most-visited news and information sites on the Web, serving nearly 730 million page views monthly in 2000. In February 2000, CNN.com's exclusive online news interview with President Clinton drew a record number of participants to CNN.com's chat studio.

In 2000, CNN Interactive launched cnn.co.jp, CNN's first Asian-language news Web site. The site combines CNN's global resources with content from Asahi.com to provide Japanese Internet users with regionalized and global news as well as feature content and resources.

Opposite page: *Atlanta Braves pitcher Tom Glavine, photo by Kyle Christy.* This page, from left: *The Wizard of Oz, as seen on Turner Classic Movies; Cartoon Network's original animated series The Powerpuff Girls.*

Turner Broadcasting System, Inc.

Turner Entertainment Networks and Businesses

TBS Superstation
Turner Network Television
Cartoon Network
Turner Classic Movies
Turner South

Boomerang
TCM Europe
Cartoon Network Europe
TNT Latin America
Cartoon Network Latin America

TCM & Cartoon Network/
Asia Pacific
Atlanta Braves
Atlanta Hawks
Atlanta Thrashers
The Goodwill Games

Joint Ventures
Cartoon Network Japan
Court TV (TWE-owned)
CETV

CNN News Group
CNN/U.S.
CNN Headline News
CNN International
CNNfn
CNN/Sports Illustrated
CNN en Español



HBO

Jeffrey L. Bewkes
Chairman & CEO

Chris Albrecht
President, HBO Original Programming

John Billock
President, US Network Group

Ross Greenburg
President, HBO Sports

Bill Nelson
Executive Vice President,
Finance, IT & Business Affairs

Richard Plepler
Executive Vice President,
Corporate Communications

John Redpath
Executive Vice President &
General Counsel

Steven Rosenberg
President, HBO International

Steve Scheffer
President, Film Programming,
Video & Enterprises

The WB Television Network

Jamie Kellner
CEO

Susanne Daniels
Co-President, Entertainment

Jordan Levin
Co-President, Entertainment

Jed Petrick
President & COO

Bob Bibb
Co-President, Marketing

Lew Goldstein
Co-President, Marketing

Mitch Nedick
Executive Vice President,
Finance & Operations

Brad Turell
Executive Vice President,
Network Communications

Other CNN Interactive Web sites launched in 2000 include CNN.de, Germany's first 24-hour news and information Web site; CNN.com Europe, an English-language site reporting European and world news; and CNNFYI.com, a news and educational site for students and teachers.

In June 2000, CNNfn, the business news network of the CNN News Group, expanded its operation to 24 hours of business programming each weekday.

CNN/Sports Illustrated, the 24-hour sports news network, last year broadcast (jointly with TNT) its first live event—tennis at Wimbledon.

Home Box Office

Home Box Office is America's most successful premium television network, whether measured by operating performance, subscribers, awards, ratings or critical acclaim. Its two 24-hour services—HBO and Cinemax—have grown to more than

36.5 million subscribers. HBO's international joint ventures reach 12 million subscribers in more than 50 countries in Latin America, Asia and Central Europe.

Known for offering blockbuster movies, innovative original programming, provocative documentaries, concert events and championship boxing, as well as having a reputation as sports television's best storyteller, HBO is the highest-rated pay service during the day and in prime time. The all-movie service Cinemax, the second-highest-rated pay service after HBO, features more than 1,600 movie titles a year—more than any other premium service.

Under the banner HBO Films, the network is producing a broad slate of original movies for 2001, from smaller-budget independents to major motion pictures. HBO's original movie highlights include: *Wit*, starring Emma Thompson and directed by

Mike Nichols; *61**, directed and executive-produced by Billy Crystal; *Boycott*, starring Jeffrey Wright and Terrence Howard; and *Dinner with Friends*, starring Dennis Quaid, Greg Kinnear, Andie MacDowell and Toni Collette, and directed by Norman Jewison.

HBO also presents in 2001 the highly anticipated 10-part miniseries *Band of Brothers*. Based on Stephen Ambrose's nonfiction best seller, the miniseries is executive-produced by Tom Hanks—who also directs one of the 10 parts—and Steven Spielberg.

HBO's original series *The Sopranos*, *Sex and the City*, *Oz*, *Arliss* and *Dennis Miller Live* return this year along with *Six Feet Under*, a new drama from Alan Ball, the Academy Award-winning screenwriter of *American Beauty*. HBO Sports will introduce a new sports talk/magazine show, *On the Record with Bob Costas*, hosted by one of television's most accomplished

Turner Broadcasting System, Inc.

CNNRadio
CNNRadio Noticias
CNN Newsource
CNN Airport Network

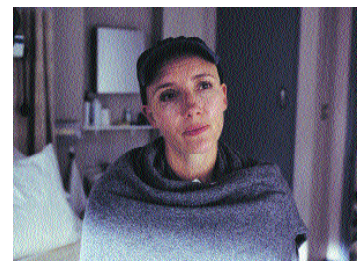
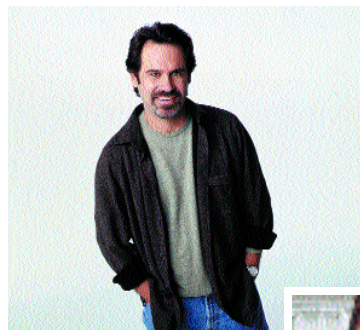
Joint Ventures
CNN+
CNN Turk
n-tv

Home Box Office

HBO
HBO Plus
HBO Signature
HBO Family
HBO Comedy
HBO Zone

HBO Latino
Cinemax
MoreMAX
ActionMAX
ThrillerMAX

HBO Independent
Productions
HBO Downtown
Productions



broadcasters. In addition, for the first time, HBO's acclaimed *America Undercover* documentaries will be presented as a weekly 11-part series.

In 2000, HBO won 20 Primetime Emmys, including lead actor in a drama series (James Gandolfini in *The Sopranos*); supporting actress in a miniseries or movie (Vanessa Redgrave in *If These Walls Could Talk 2*); five awards for *Introducing Dorothy Dandridge*; and three awards for *The Corner*, including best miniseries. HBO also received six George Foster Peabody Awards, four Screen Actors Guild Awards

and eight Golden Globe Awards in 2000. HBO won an Academy Award in 2000 for the short-subject documentary *King Gimp*, the ninth Academy Award the network has received.

Last year, HBO added a seventh channel to its multiplex package, HBO The Works, with the launch of HBO Latino, a new Spanish-language channel. Designed to reflect the diversity of Latino culture in the U.S., HBO Latino offers U.S. premieres of Spanish-language films and documentaries from North America, Latin America and Spain, as well as original short-form programming

and music videos featuring today's biggest Latino artists.

The WB Television Network

Dedicated to presenting programming that appeals to the entire family, The WB Television Network airs a diverse slate of critically acclaimed programming and has helped establish a new generation of young stars in Hollywood.

For the November 2000 sweeps ratings period, The WB scored the highest year-to-year increases of any network in almost every key demographic category. It also recorded its highest adult men and women 18-34 ratings ever for any sweeps period and the highest 18-49 ratings in its November sweeps history.

This season, the network launched six primetime series: *Gilmore Girls*, *Nikki*, *Hype*, *The PJs*, *Grosse Pointe* and *Sabrina, The Teenage Witch*. The WB's

fall season also featured its outstanding array of quality dramas, including *7th Heaven*, *Dawson's Creek*, *Felicity*, *Roswell*, *Buffy the Vampire Slayer*, *Angel*, *Charmed* and *Popular*.

Kids' WB! continues to be the No. 1 broadcast network in children's programming for the second consecutive season.

Opposite page, from top left: CNN's Larry King Live; the CNN/U.S. newsroom and studio. This page, clockwise from left: HBO series *The Sopranos*, photo by Anthony NESTE; HBO series *Dennis Miller Live*, photo by Stephen SIGOLOFF; Emma Thompson in HBO Films' *Wit*, photo by Clive COOTE; Sabrina, the Teenage Witch on The WB.



The WB Television Network

Joint Ventures
Comedy Central
HBO Asia
HBO India
HBO Korea
HBO Czech

HBO Hungary
HBO Poland
HBO Romania
HBO Brasil
HBO Olé
A&E Mundo

El Latin America
SET Latin America
WBTV Latin America

The WB
Kids' WB!

Cable Systems

Time Warner Cable owns and manages the most advanced, best-clustered cable television operations in the country, with more than 90% of its more than 12.7 million customers in systems serving 100,000 subscribers or more.

Time Warner Cable

Joseph J. Collins
Chairman & CEO

Glenn A. Britt
President

Thomas M. Rutledge
Senior Executive Vice President

Tommy J. Harris
CFO

Marc J. Apfelbaum
Senior Vice President & General Counsel

John R. Bickham
Executive Vice President

Ann L. Burr
Executive Vice President

Theodore J. Cutler
Executive Vice President

Charles W. Ellis
Executive Vice President

James D. Felhauer
Executive Vice President

Carl U. J. Rossetti
Executive Vice President

Time Warner Cable

Time Warner Cable is a pioneer in the rapidly changing cable industry, bringing the digital age into America's living rooms and transforming the way Americans receive information and entertainment. Time Warner Cable is solidifying its technological leadership through the digital upgrade of its systems and the introduction of such innovations as high-speed Internet service and video on demand.

In February 2000, Time Warner and AOL signed a Memorandum of Understanding ("MOU"), setting out the framework for Time Warner Cable to offer consumers a choice of multiple Internet Service Providers (ISPs), including

AOL, on its broadband cable systems. Consistent with the MOU, Time Warner entered into an agreement with EarthLink, the nation's second-largest ISP, to enable EarthLink to offer high-speed Internet access, content, applications and functionality—including video streaming—over Time Warner Cable's broadband cable systems. The agreement with EarthLink represents the cable industry's most far-reaching partnership with an unaffiliated ISP and is expected to become a model for future agreements.

The rollout of Road Runner, Time Warner Cable's jointly owned high-speed online service, continued at a rapid pace in 2000. Time Warner Cable had

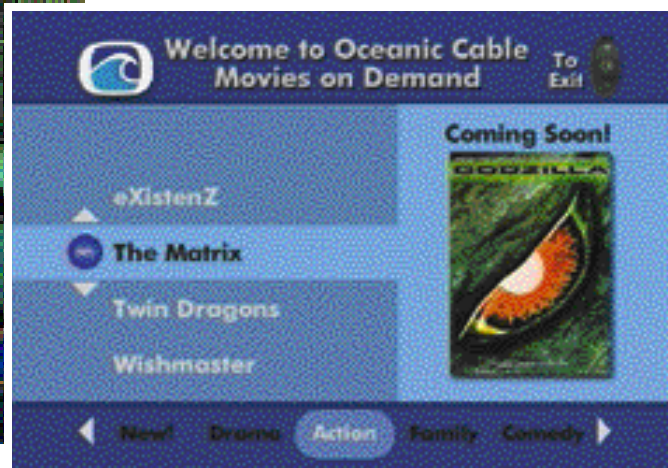


approximately 946,000 high-speed Internet customers at the end of 2000, up 187% compared to 1999.

By the end of last year, Time Warner Cable had upgraded approximately 92% of its cable plant. Continuing its aggressive national rollout of its digital cable service, Time Warner Cable had more than 1.7 million digital video subscribers at the end of 2000, representing 305% growth over a year earlier. The digital cable option provides customers with more than 150 crystal-clear channels of analog and digital television and 40 channels of digital music with CD-quality sound. The package includes a digital cable box with an on-screen programming guide that makes it simple to navigate through these expanded choices.



12.7 million+ customers
21.1 million homes passed
35 cable clusters with 100,000+ subscribers



Video-on-demand service, which allows customers to order and view a movie instantaneously, is being offered in Austin, Texas; Tampa, Florida; and Hawaii.

Demonstrating its commitment to the communities it serves, Time

Warner Cable operates five 24-hour local cable news channels, in New York City (NY1 News); Tampa Bay, Florida (Bay News 9); Orlando, Florida (Central Florida News 13); Rochester, New York (R/News); and Austin, Texas (News 8 Austin). The company

also has announced plans to launch over the next two years additional 24-hour local news channels in Houston and San Antonio, Texas; Raleigh and Charlotte, North Carolina; and Albany and Syracuse, New York.

Opposite page, from left: fiber optic cable; Time Warner Cable system upgrade. This page: NY1 News, one of Time Warner Cable's five 24-hour local cable news channels; Time Warner Cable's video-on-demand service.

Time Warner Cable

Local News Channels

Bay News 9, Tampa, FL
NY1 News, New York, NY
R/News, Rochester, NY
News 8 Austin, Austin, TX
Central Florida News 13, Orlando, FL (Joint Venture)

Joint Ventures

Road Runner
Time Warner Telecom, Inc.

Clusters of more than 100,000 subscribers as of December 31, 2000

Divisions/Clusters—
Subscribers (thousands)
New York City—1,183
Tampa Bay—925
Central Florida—677
Houston—638
Raleigh/Fayetteville—449
Milwaukee—426
Western Ohio—415

Northeast Ohio—391
Charlotte—375
Los Angeles—363
Hawaii—352
Greensboro—351
Syracuse—334
Cincinnati—332
San Antonio—330
Kansas City, MO—313
Columbia, SC—309
Rochester—309
Columbus—308

Austin—304
Albany—303
Suburban New York—258
Memphis—226
Minneapolis—210
San Diego—208
Binghamton—168
Green Bay—149
Wilmington—143
Desert Cities—129
Indianapolis—124
El Paso—123

Jackson/Monroe, MS—117
Waco—114
Lincoln—111
Portland, ME—106

Publishing

Time Inc. is the foremost creator of publishing and information brands, including many of America's most successful magazines. It is also a leading direct marketer of books, music and video. Time Warner Trade Publishing's imprints, Warner Books and Little, Brown and Company, balance entertainment, quality literature and informative nonfiction.

Time Inc.

Don Logan

Chairman & CEO, Time Inc.

Richard Atkinson

Executive Vice President & CFO,
Time Inc.

Lisa V. Long

Executive Vice President, Time Inc.

Jim Nelson

Executive Vice President, Time Inc.

Tom Angelillo

President & CEO,
Southern Progress Corporation

Steven Janas

President & COO, Time Life Inc.

Jack Haire

President, FORTUNE Group

E. Bruce Hallett

President, TIME

David Kieselstein

President, Personal Finance Group

Mike Klingensmith

President, SPORTS ILLUSTRATED

David Long

President, Media Sales & Marketing

Nora McAniff

President, PEOPLE

Ann Moore

President, PEOPLE Group

Michael Pepe

President, Time Inc. International

John Squires

President, Entertainment Weekly

Editorial Executives

Norman Pearlstine

Editor-in-Chief, Time Inc.

Walter Isaacson

Editorial Director, Time Inc.

Isolde Motley

Corporate Editor, Time Inc.

Time Warner Trade Publishing

Laurence J. Kirshbaum

Chairman & CEO

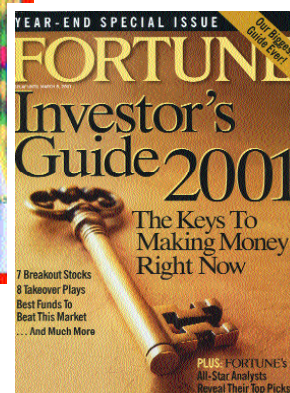
Maureen Mahon Egen

President & COO

Time Inc.

Driven by the success of its flagship brands and new magazine launches, Time Inc. has continued to outperform the publishing industry. The company generates consistent growth through its strategy of investing in core product lines, developing brand extensions and new products, and seeking opportunities to build its brands in an online environment.

Time Inc. publishes more than 60 magazines, reaching a total of 268 million readers. That includes the acquisition in late 2000 of Times Mirror Magazines—publisher of 26 magazine titles, including *Golf*, *Ski*, *Skiing*, *Popular Science*, *Field & Stream* and *Yachting*.



Time Inc. has launched nine major magazines in the past decade, including four in 2000: *Real Simple*, a monthly lifestyle title; *eCompany Now*, a business magazine and companion Web site reporting on the Internet economy; *Sports Illustrated For Women*, a bimonthly aimed at young sports enthusiasts; and *In Style Australia*, an Australian version of the popular fashion, beauty and celebrity lifestyle magazine.

Time Life Inc. is one of the nation's largest direct marketers of entertainment products. Time Life Music has sold over one million 8-CD sets of its "Classic Country" collection. Oxmoor House, Inc., Leisure Arts, Inc. and Sunset Books publish and distribute a variety of how-to books for the cooking, home repair, gardening, craft, needlework, decorating and travel markets.

Publishing

Time
Sports Illustrated
People
Entertainment Weekly
Fortune
Money
In Style
Real Simple
Time For Kids
ON
Sports Illustrated For Kids

Sports Illustrated For Women
Teen People
People en Español
FSB: Fortune Small Business
eCompany Now
Mutual Funds
Southern Living
Progressive Farmer
Southern Accents

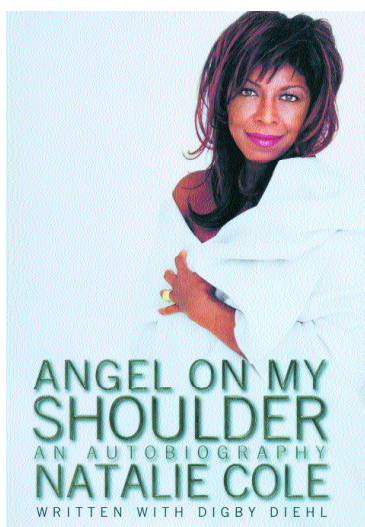
Sunset
Cooking Light
Coastal Living
Parenting
Family Life
Baby Talk
Bebe
Healthy Pregnancy
This Old House
Health
Asiaweek

Wallpaper*
Who Weekly
Popular Science
Outdoor Life
Field & Stream
Golf
Yachting
Motor Boating & Sailing
Salt Water Sportsman
Ski
Skiing

268 million magazine readers ³⁷ books on *The New York Times* best-seller list more than 60 magazines

Time Inc. has launched several joint marketing initiatives with America Online. Promotions of Time Inc. magazines on the AOL service last year generated more than 100,000 gross magazine subscriptions per month, while Time Inc. promoted the launch of AOL 6.0 with CD inserts in its magazines as well as retail distribution of CDs.

Time Inc. and Essence Communications, Inc., publisher and parent company of *Essence* magazine, formed a joint venture that lays the foundation for a number of new initiatives that will take advantage of the core strengths of each partner—publishing, new media and marketing to African-American women and the African-American community at large.



Last year, Book-of-the-Month Club formed a joint venture with Bertelsmann AG's Doubleday Direct. The new company—BOOKSPAN—operates 50 general consumer, special-interest and professional book clubs.

Time Warner Trade Publishing
In 2000, Time Warner Trade Publishing placed a record 37 titles on *The New York Times*

best-seller list from its Warner Books and Little, Brown and Company imprints. Time Warner Trade Publishing also serves as national distributor for books published by a number of other companies.

Warner Books and Little, Brown publish newsmakers (such as

Jack Welch and Andy Grove in 2001), leading theorists (such as Malcolm Gladwell's *The Tipping Point* in 2000), literary success stories (such as Anita Shreve and Billie Letts) and popular commercial writers (including Nicholas Sparks, James Patterson, David Baldacci, Nelson DeMille, Sandra Brown and Michael Connelly).

Time Warner Trade Publishing has announced it will launch iPublish.com this year, an unprecedented online publishing venture. An online community that will unite readers, authors and editors, it will also explore new avenues for the production, distribution and sales of new forms of content created specifically for the Internet.

Opposite page, from left: Time; Fortune; Southern Living. This page: Warner Books' *Angel on My Shoulder* by Natalie Cole; In Style.



Freeze
Snowboard Life
TransWorld Stance
TransWorld Surf
TransWorld Skateboarding
TransWorld Snowboarding
TransWorld Motocross
Ride BMX
Snap
Skiing Trade News

TransWorld Skateboarding Business
TransWorld Snowboarding Business
TransWorld Surf Business
BMX Business News
First Moments
Time Life Inc.
Leisure Arts
Media Networks Inc.

Oxmoor House
Sunset Books
Targeted Media Inc.
Time Inc. Custom Publishing
Time Distribution Services
Time Inc. Home Entertainment
Warner Publisher Services

Joint Ventures
BOOKSPAN
Essence Communications Partners

Time Warner Trade Publishing
iPublish.com
Little, Brown and Company
Little, Brown and Company UK
Warner Books
Time Warner AudioBooks

Filmed Entertainment

Warner Bros. is
a global leader in

the creation, distribution, licensing and marketing of theatrical motion pictures, television programming, video/DVD and related products. New Line Cinema is a leading independent producer and distributor of feature films.

Warner Bros.

Barry M. Meyer
Chairman & CEO

Alan Horn
President & COO

Edward A. Romano
Executive Vice President & CFO

John A. Schulman
Executive Vice President &
General Counsel

Gary Credle
Executive Vice President,
Administration & Studio
Operations

Richard J. Fox
Executive Vice President,
International

Sanford E. Reisenbach
Executive Vice President,
Marketing & Planning

Bruce Rosenblum
Executive Vice President,
Television

Kevin Tsujihara
Executive Vice President, New
Media

Barbara S. Brogliatti
Senior Vice President & Chief
Corporate Communications
Officer

Brad Ball
President, Domestic Marketing,
Warner Bros. Pictures

Lorenzo di Bonaventura
President, Worldwide Production,
Warner Bros. Pictures

Dan Fellman
President, Domestic Distribution,
Warner Bros. Pictures

Eric Frankel
President, Domestic Cable
Distribution

Jon Gilbert
President, Warner Bros. Studio
Facilities

Jenette Kahn
President, DC Comics

Sue Kroll
President, International
Marketing, Warner Bros. Pictures

Veronika-Kwan Rubenik
President, International
Distribution, Warner Bros.
Pictures

Gary LeMel
President, Music, Warner Bros.
Pictures

Warren Lieberfarb
President, Warner Home Video

Jean MacCurdy
President, Warner Bros.
Animation

Millard Ochs
President, Warner Bros.
International Theatres

Jim Paratore
President, Telepictures
Productions

Richard T. Robertson
President, Warner Bros.
Domestic Television Distribution

Dan Romanelli
President, Warner Bros.
Worldwide Consumer Products

Peter Roth
President, Warner Bros.
Television

Jeffrey Schlesinger
President, Warner Bros.
International Television

New Line Cinema

Robert K. Shaye
Co-Chairman & CEO

Michael Lynne
Co-Chairman & CEO

Warner Bros.

A fully integrated global entertainment company, Warner Bros. stands at the forefront of feature films, television, home video, animation, product and brand licensing, interactive media and international theaters.

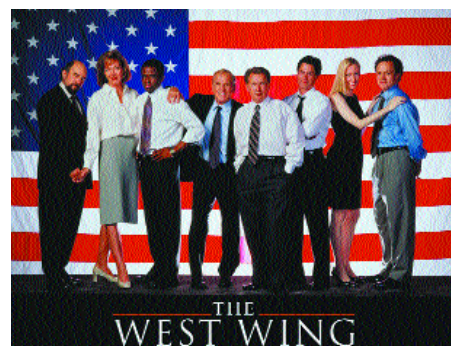
Warner Bros. Pictures' most recent franchise, *The Matrix*, became the studio's highest-grossing film ever, at more than \$450 million at the worldwide box office, and won four Academy Awards in 2000. It also became the best-selling DVD of all time, with more than 3 million units sold in the U.S. Warner Bros. Pictures begins production on *The Matrix* 2 and 3 in early spring 2001.

Warner Bros. Pictures' summer hit *The Perfect Storm* reached \$100 million at the North American box office in just 10 days, ranking with *Batman* and *Batman Forever*

among the studio's fastest films to reach that mark. Also contributing to the 2000 worldwide box-office success of Warner Bros. Pictures were *Space Cowboys*, *Best in Show*, *Miss Congeniality* and an extraordinary reissue of *The Exorcist*. Warner Bros. Pictures' schedule of 2001 releases includes *A.I.*, Castle Rock's *The Majestic*, *Ocean's 11* and the highly anticipated *Harry Potter and the Sorcerer's Stone*.

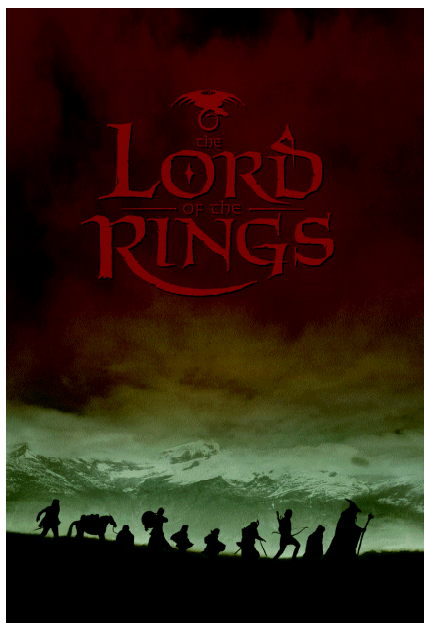
Warner Bros. Television, one of the leading suppliers of prime-time series on television, is responsible for such current hit shows as *ER*, *Friends*, *The Drew Carey Show*, *Whose Line Is It Anyway?* and *The West Wing*. Last year, the highly acclaimed *The West Wing* was honored with a prestigious George Foster

This page: Warner Bros. Television's *The West Wing*. Opposite page, from left: New Line Cinema's *The Lord of the Rings*; Warner Bros. Pictures' *Harry Potter and the Sorcerer's Stone*; Warner Bros. Pictures' *A.I.*



7,000 feature films
 32,000 Warner Bros. television titles
 13,500 Warner Bros. animated titles

Peabody Award and won nine Primetime Emmys, breaking two records (most Emmys ever in a debut season and most Emmys ever by a series in a single season).



With its partner, Toshiba, Warner Home Video has spearheaded the development of the DVD, now considered the fastest-growing new packaged-media format launch ever. Since their launch in 1997, DVD players have significantly outsold the VCR and the CD player at comparable stages in their introduction.

New Line Cinema

Formed in 1967, New Line Cinema has created such popular

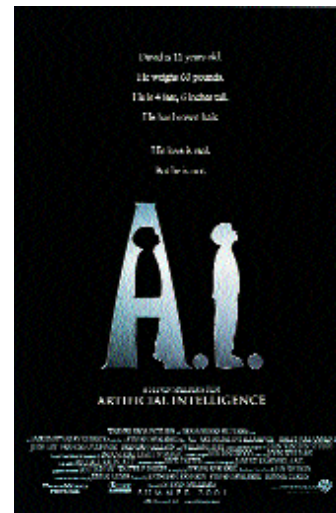
franchises as *Austin Powers*, *Rush Hour* and *Blade*.

In December 2000, New Line Cinema completed 15 months of production on the epic adventure trilogy *The Lord of the Rings*, the most ambitious project in the company's history. Last April, New Line launched the most highly trafficked Internet event in the history of film marketing when it unveiled five minutes of behind-



the-scenes footage from the production. Approximately 1.7 million users downloaded the footage in the first 24 hours.

New Line's slate of 2000 releases included *Next Friday*, *Final Destination*, *The Cell*, *Frequency*, *Thirteen Days* and *State and Main* (Fine Line). Its 2001 releases include *Simone*, starring Al Pacino; *15 Minutes*, starring Robert De Niro and Edward Burns; and the first installment of the highly anticipated *The Lord of the Rings* trilogy.



New Line Television and Warner Bros. Television signed a first-look deal under which the two companies will jointly develop, produce and distribute prime-time network programming. The two-year coproduction pact will focus on creating half-hour comedy series, hour dramas and specials specifically for network television.

Filmed Entertainment

Warner Bros.

Warner Bros. Pictures
 Warner Bros. Television
 Warner Bros. Animation
 Looney Tunes
 Hanna-Barbera

Castle Rock Entertainment
 Telepictures Productions
 Warner Home Video
 Warner Bros. Consumer Products
 Warner Bros. Studio Stores
 Warner Bros. International Theatres

Warner Bros. New Media
 Warner Bros. Online
 DC Comics
 MAD Magazine

New Line Cinema

New Line Cinema
 Fine Line Features
 New Line Home Video
 New Line International
 New Line Television
 New Line New Media

Music

Home to an international roster of established stars and new artists, Warner Music Group is one of the world's leading music entertainment companies.

Warner Music Group

Roger Ames

*Chairman & CEO,
Warner Music Group*

Jerome N. Gold

*Executive Vice President, CFO,
Warner Music Group*

David H. Johnson

*Executive Vice President,
General Counsel,
Warner Music Group*

Paul J. Vidich

*Executive Vice President, Strategic
Planning & Business Development,
Warner Music Group*

Ahmet M. Ertegun

*Co-Chairman & Co-CEO,
The Atlantic Group*

Val Azzoli

*Co-Chairman & Co-CEO,
The Atlantic Group*

Sylvia Rhone

*Chairman & CEO,
Elektra Entertainment Group*

Seymour Stein

*Chairman,
London-Sire Records, Inc.*

Peter Koepke

*President & CEO,
London-Sire Records, Inc.*

Russ Thyret

*Chairman & CEO,
Warner Bros. Records, Inc.*

Phil Quartararo

*President,
Warner Bros. Records, Inc.*

Stephen Shrimpton

*Chairman & CEO,
Warner Music International*

Leslie E. Bider

*Chairman & CEO,
Warner/Chappell Music, Inc.*

David Mount

Chairman & CEO, WEA Inc.

Warner Music Group

The worldwide appeal of artists signed to Warner Music Group's (WMG) record companies—Atlantic, Elektra, London-Sire Records Inc., Rhino, Warner Bros. Records and Warner Music International—is at the core of its growth strategy.

As the demand for local repertoire increases, WMG is expanding its signing of local artists. In addition, it is devoting greater resources to marketing U.S. artists overseas and to creating greater global marketing opportunities for artists with worldwide appeal. WMG operates in 68 countries through various subsidiaries, affiliates and nonaffiliated licensees.

WMG artists won 20 Grammys at last year's awards ceremony. Top domestic best-sellers in 2000 included matchbox twenty, Faith Hill, Madonna, Kid Rock, Red Hot Chili Peppers, Tim McGraw, Barenaked Ladies and Don Henley. Internationally, top sellers included The Corrs, Alejandro Sanz, Eric Clapton, Yuki Koyanagi, AC/DC, Cher, Luis Miguel, All Saints and Maná.

In 2000, WMG significantly expanded its online presence. The company announced plans to offer one of the industry's largest collections of music via digital distribution through leading online retailers. At launch, the downloads included current

singles and exclusive Internet-only tracks from such artists as Barenaked Ladies, Björk, Natalie Cole, Collective Soul, Hootie & the Blowfish, k.d. lang, Paul Simon and Keith Sweat. Building on its pioneering digital-download promotional campaign in 1999, WMG entered into a number of Internet licensing, cross-promotional, marketing and e-commerce agreements in 2000 with leading Internet companies.

WMG began working with AOL last year on several groundbreaking initiatives. Warner Bros. Records and AOL's music service Spinner launched Madonna's latest CD, *Music*, with a world-premiere global listening party in September, followed by Madonna's first-ever live AOL chat, with 120,000-plus fans. The album debuted the following week at No. 1 on the *Billboard*



Artists from Warner Music Group labels—this page, from left: Madonna (Warner Bros. Records); Yolanda Adams (Elektra). Opposite page, from left: Alejandro Sanz (WMI); matchbox twenty (Atlantic).

68 **#1** manufacturer of DVDs
1 million+ music copyrights worldwide
countries

best-selling album chart. Atlantic Records and AOL had similar success with an innovative campaign to launch matchbox twenty's multiplatinum *mad season* album.

Last fall, WMG became the first of the major music companies to offer albums in the DVD-Audio format. DVD-Audio is the most significant industry format launch since the introduction of the CD nearly 20 years ago.

WEA Inc., WMG's manufacturing and distribution operation, is comprised of three companies: WEA Corp., a leading U.S. distribution company; WEA Manufacturing, one of the world's largest CD manufacturers as well as the No. 1 DVD manufacturer; and Ivy Hill, an award-winning design and packaging firm.

WMG's publishing division, Warner/Chappell Music, Inc., is one of the world's leading music publishers, controlling more than one million copyrights worldwide.



Warner Music Group

The Atlantic Group
 Elektra Entertainment Group
 London-Sire Records Inc.
 Rhino Entertainment
 Warner Bros. Records
 Warner Music International

Warner/Chappell Music, Inc.
 Warner Bros. Publications
 WEA Inc.
 Ivy Hill Corp.
 WEA Corp.
 WEA Manufacturing

Alternative Distribution Alliance
 Warner Special Products
 Giant Merchandising

Joint Ventures
 143 Records
 Columbia House
 Giant (Revolution) Records
 Maverick
 Music Choice
 Qwest Records

RuffNation Records
 Strictly Rhythm Records
 Sub Pop Records
 Tommy Boy Records

The AOL Time Warner Foundation

Using the power of media, communications and information technology to serve the public interest and strengthen society.

■ **Government Guide** [www.governmentguide.com] is a comprehensive online government services resource with information about everything from health and retirement benefits to small business advice to government auctions; **Government Guide** also includes links to federal, state and local agencies.

■ **Digital Heroes** [www.mentoring.org] is a national mentoring program created by *People* magazine in partnership with America Online in association with The National Mentoring Partnership, PowerUP and The Waitt Family Foundation.

■ **Time To Read** [timetoread.com], an award-winning volunteer literacy program, pairs trained tutors with children and adults who need to increase their skills. It provides kids with caring mentors and prepares adults to get their GED and pursue higher education.

The AOL Time Warner Foundation believes that media, communications and information technology have an unlimited potential to empower communities and improve people's lives—and it is committed to engaging the full range of AOL Time Warner's unique capacities to help unleash that potential.

The Foundation focuses its efforts on building innovative and sustainable programs in four priority areas—Equipping Kids for a Better Future, Extending Internet Benefits to All, Engaging Communities in the Arts, and Empowering Citizens and Civic Participation.

Equipping Kids for a Better Future

Whether you call it the Information Age or the Internet Century, a new world is emerging—a world in which our children need to learn new skills to succeed...and people of all ages must have a chance to go on learning for a lifetime. There is an extraordinary opportunity for the Internet and information technology to improve our educational systems at every level.



**AOL Time Warner
FOUNDATION**

The AOL Time Warner Foundation is committed to using its unique capabilities to improve education and literacy. From "Time To Read," the largest corporate literacy program in the United States, to the AOL@School education portals for students, teachers and administrators, AOL Time Warner has developed and implemented a host of initiatives to expand educational opportunities for kids and adults, provide teachers and administrators with the means to enhance their own skills, and ensure that the online medium provides a safe and enriching environment for children of any age.

Extending Internet Benefits to All

The Internet can be a powerful democratizing force, offering greater economic, political and social participation to communities that have traditionally been underserved—and helping developing nations meet pressing needs. But unless we take concrete action to ensure that everyone has a chance to share in the

benefits of the Digital Age, information technology could just as easily become another resource that is denied to the people who need it the most.

The AOL Time Warner Foundation puts special emphasis on extending digital opportunity around the world, by supporting innovative programs to ensure that underserved communities have the infrastructure, tools and skills to take full advantage of the online medium. For the Foundation, bridging the Digital Divide is a strategic imperative—because the more people come online, the more valuable the global network becomes to everyone. To realize the full economic and social potential of this technology, we must ensure digital opportunity for all.

Engaging Communities in the Arts

From the first cave paintings to contemporary urban street performance, the arts reflect the way we see ourselves and the world

400

Time To Read operates more than 400 locations nationwide

Helping.org connects up to **6,000** people each month to local volunteer opportunities and enables Internet users to make online contributions to any of more than 650,000 charitable organizations.

7

Cable in the Classroom reaches more than **7** million students around the country.

around us. Today, the arts and culture are not only a vehicle for self-expression and self-knowledge; they are also the vital means by which we challenge ourselves to develop greater understanding of others—giving voice to diverse ideas, uniting people across divides of class and culture, and helping us to build stronger communities.

From arts education and the creation and performance of music, dance, theater and film, to the preservation and exhibition of great works, the AOL Time Warner Foundation supports a broad range of efforts to ignite the spirit of artistic innovation, foster freedom of expression, and ensure that the arts continue to enrich society.

Empowering Citizens and Civic Participation

Robust public debate, open communication between citizens and their representatives, community

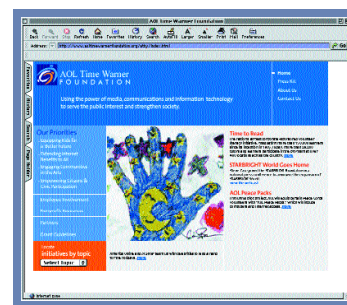
participation and philanthropy—these are the pillars of democracy. The AOL Time Warner Foundation believes that the convergence of media, communications and interactive technology can greatly strengthen these pillars—and build on them in innovative new ways.

The Foundation supports initiatives that use media, communications and information technology to make communication between and among citizens and their representatives more immediate, relevant and interactive. It promotes programs that spark new forms of local decision-making and problem solving. It supports new ideas for building an open media environment to invigorate our civic discourse. And the Foundation is dedicated both to expanding people's opportunities to participate in social causes and give back—and to helping nonprofit organizations expand their communities and fulfill their missions more effectively.



250

PowerUP [www.powerup.org] is a national campaign to provide kids with high-tech skills, career and other guidance, and a chance to serve in their communities. With more than **250** centers in **43** states, PowerUP is helping young people around the country to make the most of their potential in the Information Age.



www.aoltwfoundation.org

Priorities

Equipping Kids for a Better Future

Extending Internet Benefits to All

Engaging Communities in the Arts

Empowering Citizens and Civic Participation

Who's Who

Senior Corporate Executives

Stephen M. Case

Chairman of the Board

Gerald M. Levin

Chief Executive Officer

Richard D. Parsons

Co-Chief Operating Officer

Robert W. Pittman

Co-Chief Operating Officer

R.E. "Ted" Turner

Vice Chairman and
Senior Advisor

Kenneth J. Novack

Vice Chairman

Richard J. Bressler

Executive Vice President and
Chief Executive Officer,
AOL Time Warner Investments

Paul T. Cappuccio

Executive Vice President,
General Counsel and
Secretary

David M. Colburn

Executive Vice President and
President of Business
Development

J. Michael Kelly

Executive Vice President and
Chief Financial Officer

Lennert J. Leader

President, Venture Group of
AOL Time Warner Investments

Kenneth B. Lerer

Executive Vice President

William J. Raduchel

Executive Vice President and
Chief Technology Officer

Mayo Stuntz, Jr.

Executive Vice President

George Vradenburg, III

Executive Vice President,
Global and Strategic Policy

Edward I. Adler

Senior Vice President,
Corporate Communications

Kathy Bushkin

Senior Vice President and
President, AOL Time Warner
Foundation

Marshall Cohen

Senior Vice President

Richard E. Hanlon

Senior Vice President,
Investor Relations

Spencer B. Hays

Senior Vice President and
Deputy General Counsel

Andrew J. Kaslow

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People Development

John A. LaBarca

Senior Vice President,
Financial Operations

Robert D. Marcus

Senior Vice President

Frederick C. Yeager

Senior Vice President, Finance

AOL Time Warner Board of Directors

Stephen M. Case

Chairman of the Board,
AOL Time Warner Inc.

Gerald M. Levin

Chief Executive Officer,
AOL Time Warner Inc.

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AOL Time Warner Inc.

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R.E. "Ted" Turner

Vice Chairman and Senior
Advisor, AOL Time Warner Inc.

Kenneth J. Novack

Vice Chairman,
AOL Time Warner Inc.

Daniel F. Akerson

Chairman and
Chief Executive Officer,
XO Communications Inc.

James L. Barksdale

Partner,
The Barksdale Group

Stephen F. Bollenbach

President and
Chief Executive Officer,
Hilton Hotels Corporation

Frank J. Caufield

Partner,
Kleiner Perkins Caufield & Byers

Miles R. Gilburne

Partner, CGLS Fund

Ambassador Carla A. Hills

Chairman and
Chief Executive Officer,
Hills & Company,
and former United States
Trade Representative

Reuben Mark

Chairman and
Chief Executive Officer,
Colgate-Palmolive Company

Michael A. Miles

Former Chairman and
Chief Executive Officer,
Philip Morris Companies Inc.

Franklin D. Raines

Chairman and
Chief Executive Officer,
Fannie Mae

Francis T. Vincent, Jr.

Chairman, Vincent Enterprises

Glossary

Access Number—The number a modem calls to connect to an Internet Service Provider (ISP).

Ad Button or Banner—A graphic image placed on a Web page that links to an advertiser's Web site or a rea.

Ad Server—AOL's system for managing advertising on its brands. This system provides advertisers with advertisement deployment, rotation and click-through tracking functionality.

Audit Bureau of Circulation—Industry watchdog that tracks and audits the average net paid circulation of all U.S. magazines.

Bandwidth—A measure of the information-carrying capacity of a communication channel. The bandwidth corresponds to the range between the lowest and highest frequency signal that can be carried by the channel. The more complex the data sent, the more bandwidth required.

Beta—A prerelease version of software, distributed to a select group of users to test before general release.

Box Office—Total value of tickets sold for an event such as a movie, concert or sports event.

Broadband—A transmission network with a bandwidth exceeding that of the basic telephone network. This includes line systems with a transmission rate of at least 1 MHz, whereby the transmission may also occur via satellite, coaxial cable or fiber-optic cable.

Browser—A software application used to navigate and view information from the Internet.

Buddy Lists—A feature developed by AOL that helps users keep track of and communicate with other people online.

Cable TV Penetration—The ratio of the number of cable customers to the total number of households passed by the cable system.

Chat—An online feature that allows members to type messages to one another in real time in a common window.

Click-through Rate—Number of times users respond to an online advertisement by clicking on an ad button/banner, divided by the total number of times the advertisement is presented.

Cookies—Applets (small application programs) that enable a Web site to collect information about each user, typically the user's preferences within a particular site, for later reference.

Cost Per Thousand (CPM)—The price advertisers pay for each 1,000 impressions they purchase.

Direct to Video—Films that are produced expressly to be released on home video, eliminating the in-theaters stage.

Digital Versatile Disk (DVD)—Looks like a CD-ROM but offers a considerably higher storage capacity because of a reduction in gauge and a more sensitive reader.

High Definition Television (HDTV)—A digital television technology that provides enhanced sound and picture quality, by using a rectangular screen with either 720 or 1,080 lines.

Interactive Program Guide (IPG)—An application allowing viewers to select TV programs based on title, time slot or genre.

Interactive TV (iTV)—Services that allow consumers to customize and/or interact with their television viewing experience.

Modem—An electronic device that lets computers communicate electronically, via telephone or cable television lines, or through wireless applications.

MP3—Acronym for MPEG Audio Layer 3, a revolutionary standard for audio compression on the Internet. This enables a compression of high quality audio recordings to an average of $\frac{1}{10}$ of their original size.

Newsstand Circulation—The number of magazine copies sold at retail outlets and newsstands.

Nielsen Ratings—A barometer of the public's television viewing habits, estimating audience size and composition for TV programmers and advertisers. A rating is a percentage of the universe that is being measured, most commonly a percentage of all television households. A share is the percentage of households or persons using television at a specific time, and who are watching a particular program.

Page View—A method of counting how many pages on a Web site have been viewed by a user; as opposed to server hits, which reflect the number of graphics and text block on a single page.

Portal Site—A World Wide Web site that is a major entry point to the Internet for a significant number of users.

Rate Base—The number of copies through newsstand circulation and subscription sales that a magazine publisher commits to deliver to its advertisers.

Remote Access—The ability to log on to a computer or a network from a remote distance.

Scalability—The ability of computer software or hardware to continue to accommodate growth while still continuing to function well.

Selective Binding—Binding different sections into one publication; e.g., to include specific regional information in a national publication.

Set-top Box—A hardware device used to receive and unscramble TV signals for display on the TV.

Streaming Media—Data streams that are not transmitted as a whole but as a continuous stream of data on the Internet, making the live transmission of radio stations or Web movies possible.

Trade Book—Any hardbound or paperback title produced for general retail and public library sales. Adult and juvenile trade books are generally in fiction and nonfiction categories.

Video on Demand—Video streaming downloaded on demand by the consumer, and streamed digitally via cable and satellite transmission.

Webcasting—Sending updated content (news, weather, etc.) to a user's computer desktop interface on a regularly scheduled basis, instead of waiting for the user to request it.

Caution Concerning Forward-Looking Statements. This document includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are naturally subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic, business, competitive, technological and/or regulatory factors and factors affecting the integration of the businesses of Time Warner Inc. and America Online, Inc. More detailed information about those factors is set forth in filings by AOL Time Warner, Time Warner and America Online with the Securities and Exchange Commission, including AOL Time Warner's registration

statement on Form S-4, Time Warner's most recent quarterly report on Form 10-Q and America Online's most recent annual report on Form 10-K. AOL Time Warner is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Substantially all of the assets of Home Box Office and Warner Bros. and most of the Cable Systems are held in Time Warner Entertainment Company, L.P. AOL Time Warner owns 74.49% of the residual equity and certain priority interests of TWE. A portion of the Cable Systems are held in a partnership of which approximately two-thirds is owned by TWE.

AOL Time Warner



The above logos represent a sampling of AOL Time Warner brands, and are service marks or trademarks of AOL Time Warner and/or its affiliated companies.

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