

TIME WARNER CABLE INC.  
Form DEF 14A  
April 03, 2012  
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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**TIME WARNER CABLE INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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April 3, 2012

Dear Stockholder:

We cordially invite you to attend Time Warner Cable Inc.'s annual meeting of stockholders. The meeting will be held on Thursday, May 17, 2012, at 10:00 a.m. in the Garden Room at the Hotel del Coronado, 1500 Orange Avenue, Coronado, California 92118. A map with directions to the meeting is provided on the back cover of the Proxy Statement.

As a stockholder, you will be asked to vote on a number of important matters, which are listed in the Notice of Annual Meeting of Stockholders:

to re-elect twelve members of the Company's Board of Directors for another annual term;

to ratify the Board's selection of independent auditors;

to approve a new annual bonus plan;

to consider a non-binding advisory vote on the compensation of our named executive officers as described in the proxy statement; and

to consider a stockholder proposal described in more detail in the proxy statement.

The Board of Directors recommends a vote **FOR** the proposals listed as items 1, 2, 3 and 4 in the Notice and **AGAINST** the stockholder proposal.

We are again this year taking advantage of Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders on the Internet. We believe that these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of producing and distributing materials for our annual meeting. Under these rules, you can vote in one of several ways. Instructions are provided in our communications to you. If you received a Notice of Internet Availability of Proxy Materials in the mail, you can vote over the Internet, or, if you request printed copies of the proxy materials by mail, you also can vote by mail or by telephone.

If you are planning to attend the annual meeting in person, because of security procedures, **you will need to register in advance to gain admission to the meeting.** You can register by calling 1-866-892-8925 by May 15, 2012. In addition to registering in advance, you will be required to present government-issued identification (*e.g.*, driver's license or passport) to enter the meeting. The meeting also will be audicast live on the Internet at [www.timewarnercable.com/investors](http://www.timewarnercable.com/investors).

I look forward to greeting those of you who are able to attend the annual meeting.

Sincerely,

Glenn A. Britt

*Chairman and*

*Chief Executive Officer*

**PLEASE PROMPTLY SUBMIT YOUR PROXY**

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Time Warner Cable Inc.

60 Columbus Circle

New York, New York 10023

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The Annual Meeting (the Annual Meeting ) of Stockholders of Time Warner Cable Inc. (the Company ) will be held on Thursday, May 17, 2012, at 10:00 a.m. (local time). The meeting will take place at:

The Garden Room

Hotel del Coronado

1500 Orange Avenue

Coronado, California 92118

The purposes of the meeting are:

1. To elect twelve directors for a term of one year, and until their successors are duly elected and qualified;
2. To ratify the appointment of the firm of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012;
3. To approve the Time Warner Cable Inc. 2012 Annual Bonus Plan;
4. To adopt, on an advisory basis, a resolution approving the compensation of the Company's named executive officers, as described in the proxy statement under Executive Compensation;
5. To consider and vote on a stockholder proposal described in the Proxy Statement, if properly presented at the Annual Meeting; and
6. To transact such other business as may properly come before the Annual Meeting.

The close of business on March 22, 2012 is the record date for determining stockholders entitled to vote at the Annual Meeting. Only holders of the Company's common stock, par value \$0.01 per share (the Common Stock ), as of the record date are entitled to vote on the matters listed in this Notice of Annual Meeting.

**Your vote is important. Whether or not you plan to attend the Annual Meeting in person, it is important that your shares be represented. Please follow the instructions in the Notice you received by mail or e-mail and vote as soon as possible.** Any stockholder of record who is present at the meeting may vote in person instead of by proxy, thereby canceling any previous proxy. You may not appoint more than three persons to act as your proxy at the meeting.

**Please note that, if you plan to attend the Annual Meeting in person, you will need to register in advance to be admitted.** You may register in advance by telephone at 1-866-892-8925. The Annual Meeting will start promptly at 10:00 a.m. To avoid disruption, admission may

be limited once the meeting begins.

TIME WARNER CABLE INC.

MARC LAWRENCE-APFELBAUM

*Executive Vice President, General*

*Counsel and Secretary*

April 3, 2012

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# TIME WARNER CABLE INC.

60 Columbus Circle

New York, New York 10023

## PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Time Warner Cable Inc., a Delaware corporation ("TWC" or the "Company"), for use at the Annual Meeting of the Company's stockholders (the "Annual Meeting") to be held on Thursday, May 17, 2012, in the Garden Room at the Hotel del Coronado, 1500 Orange Avenue, Coronado, California 92118 commencing at 10:00 a.m., local time, and at any adjournment or postponement, for the purpose of considering and acting upon the matters set forth in the accompanying Notice of Annual Meeting of Stockholders. Stockholders attending the Annual Meeting in person should refer to the driving directions provided on the back cover of the Proxy Statement.

The Company is again taking advantage of Securities and Exchange Commission ("SEC") rules that allow companies to furnish proxy materials to stockholders via the Internet. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (the "Notice") to its stockholders of record and beneficial owners, unless they have directed the Company to provide the materials in a different manner. The Notice provides instructions on how to access and review all of the important information contained in the Company's Proxy Statement and Annual Report to Stockholders, as well as how to submit a proxy over the Internet. If a stockholder receives the Notice and would still like to receive a printed copy of the Company's proxy materials, instructions for requesting these materials are included in the Notice. The Company plans to mail the Notice to stockholders by April 4, 2012. The Company will continue to mail a printed copy of this Proxy Statement and form of proxy to certain stockholders, and it expects that mailing to begin on or about April 4, 2012.

At the close of business on March 22, 2012, the record date for determining the stockholders entitled to notice of, and to vote at, the Annual Meeting, there were outstanding and entitled to vote 313,890,395 shares of the Company's common stock, par value \$0.01 per share ("Common Stock"). For information about stockholders' eligibility to vote at the Annual Meeting, shares outstanding on the record date and the ways to submit and revoke a proxy, please see "Voting at the Annual Meeting" below. Each issued and outstanding share of Common Stock has one vote on any matter submitted to a vote of stockholders.

### Voting Shares in Your Brokerage Account

If you hold your TWC shares through a broker, bank or other financial institution, your broker is not permitted to vote on your behalf on most of the matters presented at the Annual Meeting, including the election of directors, unless you provide specific instructions **by completing and returning the Voting Form or following the instructions provided to you to vote your shares via telephone or the Internet. For your vote to be counted, you will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the Annual Meeting.**

If you have any questions about this rule or the proxy voting process in general, please contact the broker, bank or other financial institution where you hold your shares. The SEC also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about your rights as a shareowner.

### Annual Report

A copy of the Company's Annual Report to Stockholders for the year 2011 is available on the Company's website at [www.timewarnercable.com/annualmeetingmaterials](http://www.timewarnercable.com/annualmeetingmaterials).

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### **Recommendations of the Board of Directors**

The Board of Directors recommends a vote:

**FOR** the election of each of the twelve nominees for election as directors;

**FOR** ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2012;

**FOR** approval of the Time Warner Cable Inc. 2012 Annual Bonus Plan;

**FOR** the adoption of the resolution approving the compensation of the Company's named executive officers; and

**AGAINST** the stockholder proposal described in this Proxy Statement.

**Important Notice Regarding the Availability of Proxy Materials for the**

**Annual Meeting of Stockholders to be Held on Thursday, May 17, 2012:**

This Proxy Statement and the Company's 2011 Annual Report to Stockholders are available at [www.timewarnercable.com/annualmeetingmaterials](http://www.timewarnercable.com/annualmeetingmaterials).

## **CORPORATE GOVERNANCE**

### **General**

The Company is committed to maintaining strong corporate governance practices that allocate rights and responsibilities among stockholders, the Board of Directors and management in a manner that benefits the long-term interests of the Company's stockholders. Accordingly, the Company's corporate governance practices are designed not merely to satisfy regulatory requirements, but to provide for effective oversight and management of the Company.

The Board has devoted substantial attention to the subject of corporate governance. Among other things, the Board has established a Nominating and Governance Committee and has developed a Corporate Governance Policy. The Board refines this Policy from time to time as it deems necessary. The Corporate Governance Policy sets forth the basic rules of the road to guide how the Board and its committees operate.

The Board of Directors also regularly holds executive sessions without management present, conducts examinations of management's and the Board's performance, has adopted a code of conduct for employees and has enacted a set of ethics guidelines specifically for outside directors. The Board of Directors engages in a regular process of reviewing its corporate governance practices, including comparing its practices with those recommended by various corporate governance groups, the expectations of the Company's stockholders, and the practices of other leading public companies. The Company also regularly reviews its practices in light of proposed and adopted laws and regulations, including the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the rules of the SEC, and the rules and listing standards of the New York Stock Exchange ( NYSE ) on which the Common Stock is listed for trading.

Information on the Company's corporate governance is available to the public under Corporate Governance at [www.timewarnercable.com/investors](http://www.timewarnercable.com/investors) on the Company's website. The information on the website includes: the Company's by-laws, its Corporate Governance Policy (which includes the Board's categorical standards for determining director independence), the charters of the Board's five standing committees, the Company's codes of conduct, and information regarding the process by which stockholders may communicate with members of the Board of Directors. These documents are also available in print by writing to the Company's Corporate Secretary at the following address: Time Warner Cable Inc., 60 Columbus Circle, New York, New York 10023, Attn: General Counsel.

The remainder of this section of the Proxy Statement summarizes the key features of the Company's corporate governance practices:

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### **Board Size**

The number of directors constituting the full Board is currently set at twelve. The Board of Directors has adopted a policy, consistent with the Company's Certificate of Incorporation and by-laws, that it may determine the size of the Board from time to time. In establishing its size, the Board considers a number of factors, including (i) resignations and retirements from the current Board, (ii) the availability of appropriate and qualified candidates and (iii) balancing the desire of having a small enough Board to facilitate deliberations with, at the same time, having a large enough Board to have the diversity of backgrounds, professional experience and skills so that the Board and its committees can effectively perform their responsibilities in overseeing the Company's businesses.

### **Criteria for Membership on the Board**

While a significant amount of public attention has been focused on the need for directors to be independent, independence is just one of the important factors that the Board and its Nominating and Governance Committee take into consideration in selecting nominees for director. The Nominating and Governance Committee and the Board of Directors apply the same criteria to all candidates, regardless of whether the candidate is proposed by a stockholder or is identified through some other source.

**Overall Composition.** As a threshold matter, the Board of Directors believes it is important for the Board as a whole to reflect an appropriate combination of skills, professional experience and diversity of backgrounds in light of the Company's current and future business needs.

**Personal Qualities.** Each director must possess certain personal qualities, including financial literacy and a demonstrated reputation for integrity, judgment, business acumen, and high personal and professional ethics. In addition, each director must be at least 21 years of age at the commencement of service as a director.

**Commitment to the Company and its Stockholders.** Each director must have the time and ability to make a constructive contribution to the Board, as well as a clear commitment to fulfilling the director's fiduciary duties and serving the interests of all the Company's stockholders.

**Other Commitments.** Each director must satisfy the requirements of antitrust laws that limit service as an officer or director of a significant competitor of the Company. In addition, in order to ensure that directors have sufficient time to devote to their responsibilities, the Board has determined that directors should generally serve on no more than four other public company boards.

**Additional Criteria for Incumbent Directors.** During their terms, all incumbent directors on the Company's Board are expected to attend the meetings of the Board and committees on which they serve and the annual meetings of stockholders; to stay informed about the Company and its business; to participate in discussions; to comply with applicable Company policies; and to provide advice and counsel to the Company's management.

**Additional Criteria for New Directors.** As part of its annual assessment of the Board's composition in light of the Company's current and expected business needs, the Nominating and Governance Committee has identified additional criteria for new members of the Board. The following attributes may evolve over time depending on changes in the Board and the Company's business needs and environment, and may be changed before the proxy statement for the 2013 annual meeting of stockholders is furnished to stockholders.

**Professional Experience.** New candidates for the Board should have significant experience in areas such as the following: (i) senior officer (*e.g.*, president, chief executive officer or chief financial officer) of a major corporation (or a comparable position in the government, academia or non-profit sector); or (ii) a high-level position and expertise in one of the following areas: cable, telecommunications, media and entertainment, marketing or consumer technology.

**Diversity.** The Nominating and Governance Committee also believes it would be desirable for new candidates for the Board to enhance the gender, ethnic, and/or geographic diversity of the Board.

**Committee Eligibility.** In addition to satisfying the independence requirements that apply to directors generally (see below), the Nominating and Governance Committee believes that it would be desirable



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for new candidates for the Board to satisfy the requirements for serving on the Board's committees, as set forth in the charters for those committees and applicable regulations.

**Director Experience.** The Nominating and Governance Committee believes it would also be desirable for candidates for the Board to have experience as a director of a public corporation.

**Independence.** Under NYSE rules, a majority of the directors on the Board must be independent. The Board has determined that eleven of the twelve current directors, each of whom is also a nominee for director (or 92% of the Board), are currently independent in accordance with the Company's criteria. The Board applies the following NYSE criteria in making its independence determinations.

**No Material Relationship.** The director must not have any material relationship with the Company. In making this determination, the Board considers all relevant facts and circumstances, including commercial, charitable, and familial relationships that exist, either directly or indirectly, between the director and the Company.

**Employment.** The director must not have been an employee of the Company at any time during the past three years. In addition, a member of the director's immediate family (including the director's spouse; parents; children; siblings; mothers-, fathers-, brothers-, sisters-, sons- and daughters-in-law; and anyone who shares the director's home, other than household employees) must not have been an executive officer of the Company in the prior three years.

**Other Compensation.** The director or immediate family member (as an executive officer) must not have received more than \$100,000 per year in direct compensation from the Company, other than in the form of director fees, pension or other forms of deferred compensation, during the past three years.

**Auditor Affiliation.** The director must not be a current partner or employee of the Company's internal or external auditor and the director's immediate family member must not be a current employee of such auditor who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice or a current partner of such auditor. In addition, the director or an immediate family member must not have been within the last three years a partner or employee of such firm who personally worked on the Company's audit.

**Interlocking Directorships.** During the past three years, the director or immediate family member cannot have been employed as an executive officer by another entity where one of the Company's current executive officers served at the same time on the compensation committee.

**Business Transactions.** The director must not be an employee of another entity that, during any one of the past three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of \$1 million or 2% of the other entity's annual consolidated gross revenues. In addition, a member of the director's immediate family cannot have been an executive officer of another entity that, during any one of the past three years, received payments from the Company, or made payments to the Company, for property or services that exceed the greater of \$1 million or 2% of the other entity's annual consolidated gross revenues.

**Additional Categorical Criteria.** In addition to applying the NYSE requirements summarized above, the Board has also developed categorical standards, which it uses to guide it in determining whether a material relationship exists with the Company that would affect a director's independence:

Ø

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Charitable Contributions. Discretionary charitable contributions by the Company to established non-profit entities with which a director or a member of the director's family is affiliated will generally be deemed not to create a material relationship, unless they occurred within the last three years and (i) were inconsistent with the Company's philanthropic practices; or (ii) were provided to an organization where the director or spouse is an executive officer or director and the Company's contributions for the most recently completed fiscal year represent more than (a) the greater of \$100,000 or 10% of that organization's annual gross revenues for organizations with gross revenues up to \$10 million per year or (b) the greater of \$1 million or 2% of that organization's annual gross

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revenues for organizations with gross revenues of more than \$10 million per year; or (iii) the aggregate amount of the Company's contributions to the organizations where a director or spouse is an executive officer or director is more than the greater of \$1 million or 2% of all such organizations' annual gross revenues.

- Ø **Employment and Benefits.** The employment by the Company of a member of a director's family will generally be deemed not to create a material relationship, unless such employment involves employment at a salary of more than \$60,000 per year of a director's current spouse, domestic partner or child. Further, vested and non-forfeitable equity-based benefits and retirement benefits provided to directors or their family members under qualified plans as a result of prior employment will generally be deemed not to create a material relationship.
  
- Ø **Other Transactions.** Transactions between the Company and another entity with which a director or a member of a director's family is affiliated will generally be deemed not to create a material relationship unless (i) they are the type set forth above under Business Transactions; (ii) they occurred within the last three years and were inconsistent with other transactions in which the Company has engaged with third parties; (iii) they occurred within the last three years and the director is an executive officer, employee, or substantial owner, or an immediate family member is an executive officer, of the other entity and such transactions represent more than 2% of the other entity's gross revenues for the prior fiscal year or more than 5% of the Company's consolidated gross revenues for its prior fiscal year.
  
- Ø **Interlocking Directorships.** Service by an employee of the Company as a director of an entity where one of the Company's directors or director's family members serves as an executive officer will generally be deemed not to create a material relationship, unless the employee (i) is an executive officer of the Company; (ii) reports directly to the Board or a committee of the Board; or (iii) has annual compensation approved by the Board's Compensation Committee. In addition, service by an employee of the Company as a director of an entity where one of the Company's directors or a member of the director's family serves as a non-employee director will generally be deemed not to create a material relationship.
  
- Ø **Educational and Other Affiliations.** Attendance by an employee of the Company at an educational institution affiliated with one of the Company's directors or a member of the director's family, or membership by an employee of the Company in a professional association, social, fraternal or religious organization, club or institution affiliated with a Company director or member of the director's family, will generally be deemed not to create a material relationship.
  
- Ø **Security Ownership.** Ownership by an employee of the Company of the securities of an entity where one of the Company's directors or a member of the director's family serves as a director or an employee will generally be deemed not to create a material relationship, unless (i) the Company employee (a) is an executive officer of the Company or reports directly to the Board or a committee of the Board or has annual compensation approved by the Board's Compensation Committee and (b) beneficially owns more than 5% of any class of the other entity's voting securities; and (ii) the Company director or a member of a director's family is a director or executive officer of the other entity.

***Independent Judgment.*** Finally, in addition to the foregoing independence criteria, which relate to a director's relationship with the Company, the Board also requires that independent directors be free of any other affiliation whether with the Company or another entity that would interfere with the exercise of independent judgment.

**Director Nomination Process**

There are a number of different ways in which an individual may be nominated for election to the Board of Directors.



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***Nominations Developed by the Nominating and Governance Committee.*** The Nominating and Governance Committee may identify and propose an individual for election to the Board. This involves the following steps:

***Assessment of Needs.*** As described above, the Nominating and Governance Committee conducts periodic assessments of the overall composition of the Board in light of the Company's current and expected business needs and, as a result of such assessments, the Committee may establish specific qualifications that it will seek in Board candidates. The Committee reports on the results of these assessments to the full Board of Directors.

***Identifying New Candidates.*** In light of such assessments, the Committee may seek to identify new candidates for the Board who possess the specific qualifications established by the Committee and satisfy the other requirements for Board service. In identifying new director candidates, the Committee seeks advice and names of candidates from Committee members, other members of the Board, members of management, and other public and private sources. The Committee may also, but need not, retain a search firm in order to assist it in these efforts.

***Reviewing New Candidates.*** The Committee reviews the potential new director candidates identified through this process. This involves reviewing the candidates' qualifications as compared to the specific criteria established by the Committee and the more general criteria established by the by-laws and Corporate Governance Policy. The Committee may also select certain candidates to be interviewed by one or more Committee members.

***Reviewing Incumbent Candidates.*** On an annual basis, the Committee also reviews incumbent candidates for renomination to the Board. This review involves an analysis of the criteria set forth above that apply to incumbent directors.

***Recommending Candidates.*** The Committee recommends a slate of candidates for the Board of Directors to submit for approval to the stockholders at the annual stockholders meeting. This slate of candidates may include both incumbent and new nominees. In addition, apart from this annual process, the Committee may, in accordance with the by-laws, recommend that the Board elect new members of the Board who will serve until the next annual stockholders meeting.

***Stockholder Nominations Submitted to the Committee.*** Stockholders may also submit names of director candidates, including their own, to the Nominating and Governance Committee for its consideration. The process for stockholders to use in submitting suggestions to the Nominating and Governance Committee is set forth below at **Other Procedural Matters Procedures for Submitting Director Recommendations and Nominations.**

***Stockholder Nominations Submitted to Stockholders.*** Stockholders may choose to submit nominations directly to the Company's stockholders. The Company's by-laws set forth the process that stockholders may use if they choose this approach, which is described below at **Other Procedural Matters Procedures for Submitting Director Recommendations and Nominations.**

***Director Elections Majority Vote.*** The Company's by-laws provide, among other things, that in any uncontested election of directors, each person receiving a majority of the votes cast will be deemed elected. Any abstentions or broker non-votes will not be counted as a vote cast. Accordingly, any new director nominee in an uncontested election who receives more **against** votes than **for** votes will not be elected to the Board. If any incumbent director receives more **against** votes than **for** votes, he or she must submit an offer to resign from the Board no later than two weeks after the certification by the Company of the voting results. The Board will then consider the resignation offer and may either (i) accept the resignation offer or (ii) reject the resignation offer and seek to address the underlying cause(s) of the **against** votes. The Board is required to make its determination within 90 days following the certification of the stockholder vote and make a public announcement of its decision, including a statement regarding the reasons for its decision if the Board rejects the resignation offer. This procedure also provides that the Chairman of the Nominating and Governance Committee has the authority to manage the Board's review of the resignation offer, unless it is the Chairman of the Nominating and Governance Committee who has received the majority-withheld vote, in which case, the remaining independent directors who received a majority of the votes cast will select a director, which director will have the authority



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otherwise delegated to the Chairman of the Nominating and Governance Committee, to manage the process. In any contested election of directors, the election will be subject to a plurality vote standard, where the persons receiving the highest numbers of the votes cast, up to the number of directors to be elected in such election, will be deemed elected. A contested election is generally one in which the number of persons nominated exceeds the number of directors to be elected.

### **Board Responsibilities**

The Board's primary responsibility is to seek to maximize long-term stockholder value. The Board selects senior management of the Company, monitors management's and the Company's performance, and provides advice and counsel to management. Among other things, the Board at least annually reviews the Company's long-term strategy and longer-term business plan and also approves an annual budget for the Company. The Board also reviews and approves transactions in accordance with guidelines that the Board may adopt from time to time. In fulfilling the Board's responsibilities, directors have full access to the Company's management, internal and external auditors, and outside advisors.

### **Board Meetings and Executive Sessions**

The Board of Directors holds at least five meetings each year, including at least four quarterly meetings and generally one meeting devoted to addressing the Company's strategy. In 2011, the Board of Directors met thirteen times. The meeting schedule is normally established in the summer of the previous year. The Board of Directors also communicates informally with management on a regular basis.

Non-employee directors meet by themselves, without management or employee directors present, at every regularly scheduled Board meeting. Additionally, the independent directors meet together without any other directors or management present at least once a year. Any director may request additional executive sessions. The lead director generally presides at these executive sessions with the Chair of the committee that is responsible for the subject matter at issue (*e.g.*, the Audit Committee Chair would lead a discussion of audit-related matters) leading the discussion, if appropriate.

### **Board Leadership: Chair and Lead Director**

The Company's Corporate Governance Policy provides that the Nominating and Governance Committee may from time to time make recommendations to the Board regarding the leadership structure of the Board, including whether to combine or separate the positions of Chairman and Chief Executive Officer (CEO), or to establish the position of lead or presiding director. In making the leadership structure determination, the Board considers many factors, including the specific needs of the business and what is in the best interests of the Company's stockholders. In connection with the Company's separation from Time Warner Inc. (Time Warner) in March 2009 (the Separation), the Board named Glenn A. Britt, the Company's Chief Executive Officer, to the additional position of Chairman and named Peter R. Haje to serve as the independent lead director. Each of them has served in those roles since the Separation. In connection with its periodic review of lead director rotation, the Board has approved the rotation of the independent lead director and has appointed N.J. Nicholas, Jr. to serve as independent lead director effective at the Annual Meeting, subject to his re-election as a director.

The lead director chairs the Board's executive sessions, serves as a liaison between the Chairman of the Board and the independent directors, approves Board meeting schedules and agenda items, has the authority to call meetings of the independent directors and organizes the Board evaluation of the CEO. The Board believes that it is in the best interest of the Company and its stockholders to have Mr. Britt, who is responsible for the Company's operations and strategy, chair the Board's discussions. The combined position enhances Mr. Britt's ability to provide insight and direction on important strategic initiatives to both management and the Board, and to ensure that they act with a common purpose. The Company believes that its overall corporate governance policies and practices combined with the presence of a lead director, whose role closely parallels that of an independent Chairman, adequately addresses any governance concerns raised by the dual CEO and Chairman role. The lead director, along with the other non-employee directors, provides independent oversight of management and the Company's strategy. The Company believes that separating the roles would potentially

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result in less effective management and governance processes through undesirable duplication of work and, in worst case, lead to a blurring of the current clear lines of accountability and responsibility.

### **Board Risk Oversight**

While risk management is primarily the responsibility of the Company's management, the Board provides overall risk oversight with a focus on the most significant risks facing the Company. Throughout the year, in conjunction with its regular business presentations to the Board and its committees, management highlights any significant related risks. In addition, annually a meeting of the Board is dedicated to reviewing the Company's short- and long-term strategies, including consideration of significant risks facing the Company.

The Board has delegated responsibility for the oversight of specific risks to the Board committees as follows:

*Audit Committee.* The Audit Committee oversees the Company's risk policies and processes relating to the financial statements and financial reporting process as well as overseeing the Company's enterprise risk management processes. In that role, the Company's management discusses with the Committee the Company's major risk exposures and how these risks are managed and monitored. At least annually, the Audit Committee receives a report from management regarding the manner in which the Company is assessing and managing the Company's exposure to financial and other risks.

*Compensation Committee.* The Compensation Committee monitors the risks associated with the Company's compensation philosophy and programs.

*Nominating and Governance Committee.* The Nominating and Governance Committee oversees risks related to the Company's governance structure and processes and risks from related person transactions.

*Finance Committee.* The Finance Committee monitors the risks associated with the Company's financing activities, capital structure, pension obligations and hedging programs.

*Marketing and Customer Care Committee.* The Marketing and Customer Care Committee oversees the Company's marketing and customer care activities, including risks related to its strategies and programs.

The Board's risk oversight process builds upon the Company's enterprise risk