

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE AOL TIME WARNER  
ERISA LITIGATION

Civil Action No. 02 CV 8853 (SWK)

THIS DOCUMENT RELATES TO:  
ERISA ACTION

**NOTICE OF CLASS ACTION SETTLEMENT**

**Your legal rights might be affected if you are a member of the following class:**

ALL CURRENT AND FORMER PARTICIPANTS AND BENEFICIARIES OF THE AOL TIME WARNER SAVINGS PLAN, THE AOL TIME WARNER THRIFT PLAN AND THE TIME WARNER CABLE SAVINGS PLAN (COLLECTIVELY THE "PLANS") FOR WHOSE INDIVIDUAL ACCOUNTS THE PLANS PURCHASED AND/OR HELD INTERESTS IN THE AOLTW STOCK FUND AT ANY TIME DURING THE PERIOD JANUARY 27, 1999 THROUGH AND INCLUDING JULY 3, 2003 (THE "SETTLEMENT CLASS").

**A FEDERAL COURT AUTHORIZED THIS NOTICE.  
THIS IS NOT A SOLICITATION FROM A LAWYER.  
YOU HAVE NOT BEEN SUED.**

- U.S. District Court Judge Shirley Wohl Kram of the United States District Court, Southern District of New York (the "Court") has preliminarily approved a proposed settlement of a class action lawsuit brought under the Employee Retirement Income Security Act (often referred to as ERISA) (the "Settlement"). The *Settlement* will provide for payments to the AOL Time Warner Savings Plan (The "AOLTW Savings Plan"), the AOL Time Warner Thrift Plan (The "AOLTW Thrift Plan") and the Time Warner Cable Savings Plan (The "TWC Savings Plan") (collectively The "Plans") and for allocation of those payments to the accounts of members of the *Settlement Class* who had portions of their *Plan* accounts invested in the AOLTW Stock Fund. The *Settlement* is summarized below.
- The *Court* has scheduled a hearing on final approval of the *Settlement* and on *Named Plaintiffs'* motion for attorneys' fees and expenses and for compensation to the *Named Plaintiffs*. That hearing before Judge Kram has been scheduled for July 19, 2006, at 2:30 p.m. in Courtroom 15A of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007.
- Any objections to the *Settlement* or the motion for attorneys' fees and expenses and compensation to the *Named Plaintiffs* must be served in writing on *Co-Lead Counsel* for the *Settlement Class* identified on page 8 of this Notice, and on *Defendants'* attorneys, who are identified on page 8 of this Notice. The procedure for objecting is described below.
- This Notice contains summary information with respect to the *Settlement*. The terms and conditions of the *Settlement* are set forth in a Class Action Settlement Agreement (the "*Settlement Agreement*"). Capitalized and italicized terms used in this Notice but not defined in this Notice have the meanings assigned to them in the *Settlement Agreement*. The *Settlement Agreement*, and additional information with respect to this lawsuit and the *Settlement*, are available from *Co-Lead Counsel* at their addresses listed below, on their Internet sites: [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), and [www.sbclasslaw.com](http://www.sbclasslaw.com), or at an Internet site dedicated to the *Settlement* – <http://www.AOLTWerisasettlement.com>.

**PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS TO WHOM THIS NOTICE IS ADDRESSED, THE SETTLEMENT WILL AFFECT YOUR RIGHTS. YOU ARE NOT BEING SUED IN THIS MATTER. YOU DO NOT HAVE TO APPEAR IN COURT, AND YOU DO NOT HAVE TO HIRE AN ATTORNEY IN THIS CASE. IF YOU ARE IN FAVOR OF THE SETTLEMENT, YOU NEED NOT DO ANYTHING. IF YOU DISAPPROVE, YOU MAY OBJECT TO THE SETTLEMENT PURSUANT TO THE PROCEDURES DESCRIBED BELOW.**

**YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT:**

**YOU CAN DO NOTHING.**

**NO ACTION IS NECESSARY  
TO RECEIVE PAYMENT.**

If the *Settlement* is approved by the *Court* and you are a member of the *Settlement Class*, you will not need to do anything to receive a payment. The portion, if any, of the *Settlement Fund* to be allocated to your *Plan* account will be calculated as part of the implementation of the *Settlement*.

If you are currently participating in one of the *Plans* and are a member of the *Settlement Class*, any share of the *Settlement Fund* to which you are entitled will be deposited into your *Plan* account. If you no longer are a *Plan* participant and are a member of the *Settlement Class*, any share of the net *Settlement Fund* to which you are entitled will be deposited in a *Plan* account that will be established for you, if necessary, and you will be notified of such account.

**QUESTIONS? CALL (800) 613-8579 TOLL FREE, OR VISIT [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTWerisasettlement.com](http://www.AOLTWerisasettlement.com). Do not call the Court or Time Warner Inc. with your questions.**

<b>OBJECT (BY JUNE 30, 2006)</b>	If you wish to object to any part of the <i>Settlement</i> , you may (as discussed below) write to the <i>Court</i> and counsel about why you object to the <i>Settlement</i> .
<b>GO TO A HEARING (TO BE HELD ON JULY 19, 2006)</b>	If you submit a written objection to the <i>Settlement</i> to the <i>Court</i> and counsel before the <i>Court</i> -approved deadline, you may (but do not have to) attend the <i>Court</i> hearing about the <i>Settlement</i> and present your objections to the <i>Court</i> . You may attend the Hearing even if you do not file a written objection, but you will only be allowed to speak at the Hearing if you file written comments in advance of the Hearing.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The *Court* in charge of this case still has to decide whether to approve the *Settlement*. Payments will be made only if the *Court* approves the *Settlement* and that approval is upheld in the event of any appeals.

Further information regarding the litigation and this *Notice* may be obtained by contacting *Plaintiffs' Co-Lead Counsel*:

Edwin J. Mills, Esq.  
Stull, Stull & Brody  
6 East 45th Street  
New York, NY 10017

Richard S. Schiffrin, Esq.  
Joseph H. Meltzer, Esq.  
Edward W. Ciolko  
SCHIFFRIN & BARROWAY, LLP  
280 King of Prussia Road  
Radnor, PA 19087

Robert A. Izard, Esq.  
Andrew M. Schatz, Esq.  
CHATZ & NOBEL, P.C.  
One Corporate Center  
20 Church Street, Suite 1700  
Hartford, CT 06103

*Plaintiffs' Co-Lead Counsel* have established a toll-free phone number to receive your comments and questions: (800) 613-8579.

*Plaintiffs' Co-Lead Counsel* may also be contacted via e-mail: [ssbny@aol.com](mailto:ssbny@aol.com), [info@snlaw.net](mailto:info@snlaw.net) and [aoltwerisasettlement@sbclasslaw.com](mailto:aoltwerisasettlement@sbclasslaw.com).

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This litigation (the "Action") is a consolidated case in which *Plaintiffs* allege that the *Defendants* breached fiduciary duties owed to the participants in and beneficiaries of the *Plans* under the Employee Retirement Income Security Act of 1974 ("ERISA"). Copies of the *Action's* operative Complaint and other documents filed in the *Action* are available at [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTwerisasettlement.com](http://www.AOLTwerisasettlement.com).

## SUMMARY OF SETTLEMENT

1. A *Settlement Fund* consisting of \$100 million in cash is being established in the *Action*.

2. The net amount in the *Settlement Fund*, including interest, and after payment of any taxes, expenses, approved attorneys' fees and costs, and compensation to the *Named Plaintiffs*, will be paid to the *Plans* and be allocated to *Settlement Class* members according to a *Plan of Allocation* to be approved by the *Court*.

### Statement of Potential Outcome of the Action

As with any litigated case, the *Named Plaintiffs* would face an uncertain outcome if the *Action* were to continue against the *Defendants*. Continued litigation of the *Action* against *Defendants* could result in a judgment or verdict greater or lesser than the recovery under the *Settlement Agreement*, or in no recovery at all or a judgment or verdict in favor of the *Defendants*.

Throughout this *Action*, the *Named Plaintiffs* and the *Defendants* have disagreed on both liability and damages, and they do not agree on the amount that would be recoverable even if the *Plaintiffs* were to prevail at trial. The *Defendants* have denied and continue to deny all claims and contentions alleged by the *Named Plaintiffs*, that they are liable at all to the *Settlement Class*, and that the *Settlement Class* or the *Plans* have suffered any damages for which the *Defendants* could be legally responsible. Nevertheless, the *Defendants* have taken into account the uncertainty and risks inherent in any litigation, particularly in a complex case such as this, and have concluded that it is desirable that the *Action* be fully and finally settled as to them on the terms and conditions set forth in the *Settlement Agreement*.

### Statement of Attorneys' Fees and Costs Sought in the Action

*Co-Lead Counsel* in the *Action* will apply to the *Court* for an order awarding to counsel for the *Named Plaintiffs* attorneys' fees not in excess of 25% of the amount recovered in the *Settlement*, plus reimbursement of expenses. Any amount awarded will be paid from the proceeds of the *Settlement Fund*. *Defendants* have not agreed to the amount of fees that will be requested by counsel for the *Named Plaintiffs* and will not take any position on that matter before the *Court*.

### What Will the Named Plaintiffs Get?

The *Named Plaintiffs* named in the *Action* will share in the allocation of the money paid to the *Plans* on the same basis and to the same extent as all other members of the *Settlement Class*, except that, in addition, the *Named Plaintiffs* may apply to the *Court* for a case contribution award of up to \$20,000 each, plus reimbursement of the reasonable costs and expenses directly relating to their representation of the *Settlement Class*. Any compensation awarded to *Named Plaintiffs* by the *Court* will be paid from the proceeds of the *Settlement Fund*.

### Further Information

*Plaintiffs' Co-Lead Counsel* have established a toll-free phone number to receive your comments and questions: (800) 613-8579.

As noted above, *Plaintiffs' Co-Lead Counsel* may also be contacted via e-mail at: [ssbny@aol.com](mailto:ssbny@aol.com), [info@snlaw.net](mailto:info@snlaw.net) and [aoltwerisasettlement@sbclasslaw.com](mailto:aoltwerisasettlement@sbclasslaw.com).

Further information regarding the *Action* and this *Notice* may be obtained **at an Internet site dedicated to the Settlement – <http://www.AOLTwerisasettlement.com>**, or by contacting either:

Edwin J. Mills, Esq.  
STULL, STULL & BRODY  
6 East 45th Street  
New York, NY 10017  
[www.ssbny.com](http://www.ssbny.com)

or

Robert A. Izard, Esq.  
Andrew M. Schatz, Esq.  
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20 Church Street, Suite 1700  
Hartford, CT 06103  
[www.snlaw.net](http://www.snlaw.net)

or

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## BASIC INFORMATION

### 1. **Why did I get this Notice package?**

You or someone in your family are or may have been a participant in or beneficiary of one of the *Plans* and/or one of their predecessors.

The *Court* caused this Notice to be sent to you because, if you fall within that group, you have a right to know about the *Settlement* and all of the options available to you regarding the *Settlement*, before the *Court* decides whether to approve the *Settlement*. If the *Court* approves the *Settlement*, and after any objections and appeals are resolved, the net amount of the *Settlement Fund* will be paid to the *Plans* and then allocated among *Settlement Class* members according to a *Court*-approved *Plan of Allocation*. This Notice package describes the litigation, the *Settlement*, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The *Court* in charge of this case is the United States District Court for the Southern District of New York. The people who sued are called "*Named Plaintiffs*," and the people they sued are called "*Defendants*." The *Named Plaintiffs* in the *Action* are Barbara Grant, Rita Roberts and Steven Winfield. The *Defendants* are: AOL Time Warner Inc. ("Time Warner"), Time Warner Entertainment Company, L.P., Stephen M. Case, Gerald M. Levin, Kenneth J. Novack, Daniel F. Akerson, James L. Barksdale, Frank J. Caufield, Miles R. Gilburne, Robert W. Pittman, Robert E. (Ted) Turner, Richard D. Parsons, Stephen F. Bollenbach, Carla A. Hills, Reuben Mark, Michael A. Miles, Franklin D. Raines, Francis T. Vincent, Jr., J. Michael Kelly, Wayne H. Pace, Christopher P. Bogart, Richard J. Bressler, the AOL Time Warner Savings Plan Administrative Committee, the AOL Time Warner Thrift Plan Administrative Committee, Pascal Desroches, Peter R. Haje, John A. LaBarca, Shelly D. Fischel, Derek Q. Johnson, Carolyn K. McCandless, R. Mackereth Ruckman, Andra D. Sanders, Paul D. Williams, the Time Warner Cable Savings Plan Administrative Committee, Glenn A. Britt, Charles W. Ellis, Landel C. Hobbs, Beth A. Wann, Ann L. Burr, Tommy J. Harris, Thomas M. Rutledge, the AOLTW Investment Committee, Raymond G. Murphy, Joseph A. Ripp, Mark A. Wainger, Frederick C. Yeager, and Fidelity Management Trust Company. The legal action that is the subject of this Notice and the *Settlement* is known as *In re AOL Time Warner ERISA Litigation*, No. 02 CV 8853 (S.D.N.Y.) (the "*Action*").

### 2. **What is the Action about?**

The *Action* claims that the *Defendants* were fiduciaries of the *Plans* and violated fiduciary duties of loyalty, care and prudence under *ERISA* that they owed to participants in the *Plans* regarding the *Plans*' investment of significant assets in the stock of AOL Time Warner Inc. ("AOLTW").<sup>1</sup> In the Complaint, *Named Plaintiffs* asserted causes of action for the losses they allege were suffered by the *Plans* as the result of the alleged breaches of fiduciary duty by the *Defendants*.

Participants in the *Plans* were able to allocate their account balances among various investment funds. The investment funds included a fund primarily invested in AOLTW common stock (the "AOLTW Stock Fund"). Many *Plan* participants chose to have contributions to the *Plans* invested in the AOLTW Stock Fund. In addition, Time Warner made matching contributions, which were invested in the AOLTW Stock Fund and credited to *Plan* participants' accounts.

The *Complaint* in the *Action* alleges that Time Warner and other fiduciaries of Time Warner's 401(k) defined contribution retirement plans violated *ERISA* by, among other things, (1) failing to prudently manage the assets of the *Plans*, (2) failing to provide required disclosures to the participants and beneficiaries of the *Plans* and (3) failing to properly appoint, monitor and inform other fiduciaries of the *Plans*. *Named Plaintiffs* allege that the *Defendants* knew or should have known that AOLTW stock was not a prudent retirement investment during the *Class Period* and that the *Defendants* acted imprudently by not preventing further investment in AOLTW stock and not liquidating the *Plans*' AOLTW common stock holdings. *Named Plaintiffs* also assert that certain *Defendants* violated their alleged fiduciary duties by failing to provide *Plan* participants with complete and accurate information about Time Warner.

#### **The Defenses in the Action**

The *Defendants* deny that they have liability to the *Plans* or its participants or beneficiaries. If the litigation were to continue, the *Defendants* would raise numerous defenses to liability, including the following:

- They were not fiduciaries of the *Plans*, or, if they were fiduciaries, their fiduciary duties did not extend to the matters at issue in the *Action*;
- AOLTW common stock and the AOLTW Stock Fund were at all relevant times a prudent investment for the *Plans* and their participants, especially in view of the fact that the *Plans* qualified as employee stock ownership plans under relevant law;
- To the extent they were fiduciaries as to the matters at issue in the *Action*, *Defendants* fully and prudently discharged all of their fiduciary duties imposed on them by *ERISA*;

<sup>1</sup> In October 2003, AOL Time Warner Inc. changed its name to Time Warner Inc.

- Even if they failed to discharge one or more of their *ERISA* fiduciary duties, any such breach of fiduciary duty did not cause the losses alleged by the *Plaintiffs*; and
- The relief sought by the *Plaintiffs* in the *Action* is not permitted by *ERISA*.

### **The *Action* Has Been Aggressively Litigated**

Counsel for the *Named Plaintiffs* have conducted an extensive investigation of the allegations in the *Action* and of the losses suffered by the *Plans*. In addition, through that investigation and through discovery of information in the *Action*, counsel for the *Named Plaintiffs* have obtained and reviewed millions of pages of documents, including *Plan* governing documents and materials, communications with *Plan* participants, internal Time Warner documents regarding the *Plans*, SEC filings, press releases, public statements, news articles and other publications, and other documents regarding the underlying corporate issues that the *Named Plaintiffs* allege made investment of the *Plans*' assets in the AOLTW Stock Fund imprudent.

*Named Plaintiffs*' counsel previously opposed a motion by the *Defendants* to dismiss the *Named Plaintiffs*' claims. The *Court* granted in part and denied in part that motion, including dismissing certain claims originally asserted by *Named Plaintiffs*.

*Named Plaintiffs*' counsel filed a motion for certification of the *Action* as a class action. The *Court* has not yet decided that motion. If the litigation were to continue, the *Defendants* would be permitted to raise objections to the *Named Plaintiffs*' motion for class certification, including that the *Action* should not be certified as a class action.

*Named Plaintiffs*' counsel have drafted and served on *Defendants* numerous discovery requests, and they have prepared and served responses to written discovery requests made by *Defendants*. *Named Plaintiffs*' attorneys have taken several depositions. *Named Plaintiffs*' counsel have retained several proposed experts to investigate the facts, develop opinions, and prepare formal reports concerning the merits of the *Action* and estimates of the extent and scope of losses, damages and available relief.

Before the *Settlement* was reached, *Defendants* had filed a motion asking the *Court* to grant summary judgment in *Defendants*' favor (which would deny any recovery whatsoever to the *Settlement Class*) on the ground that any decline in value in AOLTW stock held in the participants' 401(k) accounts was due to the "burst of the Internet bubble" and other macroeconomic and market condition factors, and not to any disclosures relating to problems or issues specific to Time Warner. *Defendants* had also asked the *Court* to grant *Defendants* judgment on the pleadings on the grounds that *Plaintiffs* have no legal right to assert the claims in this case.

### **Settlement Discussions**

This *Settlement* is the product of extensive negotiations between *Named Plaintiffs*' counsel and the *Defendants*' counsel, aided by the services of a *Court*-appointed special master. Throughout the settlement negotiations, counsel for the *Named Plaintiffs* and the *Defendants* were advised by various consultants and experts, including individuals with expertise in *ERISA* fiduciary liability issues, insurance coverage issues, and the estimation of potential losses or damages in cases involving *ERISA* fiduciary liability.

### **3. Why is this case a class action?**

In a class action, one or more plaintiffs, called "class representatives" or "named plaintiffs" sue on behalf of people who have similar claims. All of these people who have similar claims collectively make up the "Class" and are referred to individually as "Class Members." One court resolves the issues for all Class Members together. Because the wrongful conduct alleged by *Named Plaintiffs* in this *Action* affected a large group of people in a similar way, the *Named Plaintiffs* filed this case as a class action. U.S. District Judge Shirley Wohl Kram is presiding over this case. In its Order setting the *Fairness Hearing*, the *Court* conditionally certified the *Settlement Class* in the *Action*.

### **4. Why is there a Settlement?**

The *Court* has not reached any final decisions in connection with *Named Plaintiffs*' claims against the *Defendants*. Instead, the *Named Plaintiffs* and the *Defendants* have agreed to a settlement. In reaching the *Settlement*, they have avoided the cost and time of a trial.

As with any litigated case, the *Named Plaintiffs* would face an uncertain outcome if this case went to trial. On the one hand, continuation of the case against the *Defendants* could result in a verdict greater than this *Settlement*. On the other hand, continuing the case against them could result in a verdict for less money than *Named Plaintiffs* have obtained in this *Settlement*, or even no recovery at all. Based on these factors, the *Named Plaintiffs* and their attorneys in this case think the *Settlement* is best for all *Settlement Class* members.

### **5. How do I know whether I am part of the Settlement?**

The proceeds of this *Settlement* will be allocated only to members of the *Settlement Class*, and then only according to a *Court*-approved *Plan of Allocation*.

You are a member of the *Settlement Class* if you fall within the definition of the *Settlement Class* approved by United States District Judge Shirley Wohl Kram:

**QUESTIONS? CALL (800) 613-8579 TOLL FREE, OR VISIT [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTWerisasettlement.com](http://www.AOLTWerisasettlement.com). Do not call the Court or Time Warner Inc. with your questions.**

All current and former participants and beneficiaries of the AOL Time Warner Savings Plan (the "AOLTW Savings Plan"), the AOL Time Warner Thrift Plan (the "AOLTW Thrift Plan") and the Time Warner Cable Savings Plan (the "TWC Savings Plan") (collectively the "Plans") for whose individual accounts the Plans purchased and/or held interests in the AOLTW Stock Fund (the "Stock Fund") at any time from January 27, 1999 to July 3, 2003.

If you are a member of the *Settlement Class*, the amount of money you will receive, if any, will depend upon the Court-approved *Plan of Allocation*, described below in Section 7.

## THE SETTLEMENT BENEFITS - WHAT YOU GET

### 6. What does the Settlement provide?

A *Settlement Fund* consisting of one hundred million dollars in United States currency (\$100 million cash) is being established in the *Action*. The net amount in the *Settlement Fund*, including interest, and after payment of, and establishment of reserves for, any taxes and Court-approved costs, fees, and expenses, including any Court-approved compensation to be paid to the *Named Plaintiffs*, will be paid to the *Plans* and, after payment of implementation expenses, the remaining amount will be allocated to the *Plan* accounts of members of the *Settlement Class* according to a *Plan of Allocation* to be approved by the *Court*. If necessary, a *Plan* account will be created for those members of the *Settlement Class* who no longer have *Plan* accounts.

All *Settlement Class* members and anyone claiming through them are deemed to fully release the "*Released Parties*" from "*Released Claims*." The *Released Parties* include the *Defendants* and their officers, directors, employees, attorneys, and agents. The *Released Claims* generally include all claims which were or could have been asserted in the *Action*. This means that *Settlement Class* members will not have the right to sue the *Released Parties* for anything related to the investment of *Plan* assets in Time Warner (or its predecessors) stock or to other alleged fiduciary misconduct during the *Class Period* concerning the *Plans*.

The above description of the operation of the *Settlement* is only a summary. The governing provisions are set forth in the *Settlement Agreement* (including its exhibits), which may be obtained at [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTWerisasettlement.com](http://www.AOLTWerisasettlement.com) or by contacting *Co-Lead Counsel* listed on pages 3 and 4 above.

### 7. How much will my payment be?

Your share of the net *Settlement* proceeds paid into the *Plans* (the "*Net Proceeds*"), less the *Plan* expenses associated with implementing the *Plan of Allocation*, will depend on your alleged loss, compared to other *Class* members' alleged losses, related to *Plan* investments in the AOLTW Stock Fund at any time during the period January 27, 1999 through and including July 3, 2003. Each *Settlement Class* member's share of the *Net Proceeds* will be determined using a Court-approved *Plan of Allocation*. Because the *Net Proceeds* are less than the total losses alleged by the *Class*, each *Class* member's proportionate recovery will be less than his or her alleged loss. You are not responsible for calculating the amount you may be entitled to receive under the *Settlement*. This calculation will be done as part of the implementation of the *Settlement*.

In general, your proportionate share of the *Net Proceeds* will be calculated as follows:

- The "*Net Loss*" for each member of the *Settlement Class* will be calculated. *Net Loss* shall be equal to (a) the dollar amount of a participant's *Plan* account balance invested in the AOLTW Stock Fund at the beginning of the *Class Period* plus the dollar amount added to a participant's *Plan* account balance invested in the AOLTW Stock Fund during the *Class Period* minus (b) the dollar amount of a participant's *Plan* account balance invested in the AOLTW Stock Fund at the end of the *Class Period* plus the dollar amount of all dispositions of the AOLTW Stock Fund during the *Class Period* credited to a participant's *Plan* account balance.
- The *Net Losses* of the participants will be aggregated to yield the loss of the *Plans* as a whole over the *Class Period* (the "*Plans' Loss*").
- Each participant will be assigned an *Alleged Net Loss Percentage*, showing the percentage of the participant's *Net Loss* in relation to all participants' *Net Losses*.
- Fidelity, any successor *Plan* Trustee, or third-party vendor selected by counsel for all parties, shall then calculate for each participant his "*Preliminary Individual Dollar Recovery*", or personal share of the *Net Proceeds*, by multiplying the Participant's *Alleged Net Loss Percentage* by the *Net Proceeds*.
- All participants whose *Preliminary Individual Dollar Recovery* is less than or equal to ten dollars (\$10.00) shall be deemed to have a final share of the *Net Proceeds* of zero. Fidelity, any successor *Plan* Trustee, or an agreed-to third party vendor shall then recalculate the *Alleged Net Loss Percentages* of the participants whose *Preliminary Individual Dollar Recovery* was greater than \$10.00, so as to arrive at each such Participant's "*Final Individual Dollar Recovery*". The sum of the *Final Individual Dollar Recoveries* must equal the *Net Proceeds*.

**Do not worry if you do not have records that show your *Plan* activity.** If you are entitled to a share of the net *Settlement Fund*, you will receive a statement showing the amount of your share. If you have questions regarding the *Settlement* or the *Plan of Allocation*, please contact the *Co-Lead Counsel* listed on page pages 3 and 4 above.

QUESTIONS? CALL (800) 613-8579 TOLL FREE, OR VISIT [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTWerisasettlement.com](http://www.AOLTWerisasettlement.com). Do not call the Court or Time Warner Inc. with your questions.

**8. How can I get a payment?**

You do not need to file a claim. If you are a *Settlement Class* member entitled to a share of the *Net Proceeds*, your share will be deposited in your *Plan* account. If you are a former *Plan* participant, if necessary, an account will be established for you in one of the *Plans*, and you will be notified of such account. If you are a former participant and have not provided one of the *Plans* with your current address, please contact the *Plans'* trustee, Fidelity Management Trust Company, at 1-800-354-3435, email [aoltwerisasettlement@sbclasslaw.com](mailto:aoltwerisasettlement@sbclasslaw.com), or contact (in writing) the counsel listed on page pages 3 and 4 above.

**9. When would I get my payment?**

Payment is conditioned on several matters, including the *Court's* approval of the *Settlement* and such approval becoming final and no longer subject to any appeals to any court. Upon satisfaction of various conditions, the *Net Proceeds* will be paid to the *Plans* and allocated to the accounts of *Settlement Class* members pursuant to the *Plan of Allocation* (described in the Answer to Question No. 8, above) as soon as possible after final approval has been obtained for the *Settlement* (which, as noted, includes exhaustion of any appeals). Any appeal of the final approval may take several years. Any accrued interest on the *Settlement Fund* will be included in the amount paid to the *Plans* and allocated to the *Plan* accounts of *Settlement Class* members.

**There Will Be No Payments If The Settlement Agreement Is Terminated.**

The *Settlement Agreement* may be terminated on several grounds, including if (1) the *Court* does not approve or materially modifies the *Settlement* or (2) either as modified by the *Court* or as a result of reversal or modification on appeal, the *Court's Final Order* in the case does not satisfy certain terms of the *Settlement*. Should the *Settlement Agreement* be terminated, the *Settlement* will be terminated, the certification of the *Class* for settlement purposes will be vacated, and the *Action* will proceed as if the *Settlement Agreement* had not been entered into.

**10. Can I get out of the Settlement?**

**You do not have the right to exclude yourself from the Settlement.** The *Action* was conditionally certified under Federal Rule of Civil Procedure 23(b)(1) as a non "opt-out" class action because the *Court* preliminarily determined the requirements of that rule were satisfied. Thus, it is not possible for any participants or beneficiaries to exclude themselves from the benefits of the *Settlement*. As a *Settlement Class* member, you will be bound by any judgments or orders that are entered in the *Action* for all claims that were or could have been asserted in the *Action* or are otherwise included in the release under the *Settlement*.

Although you cannot opt out of the *Settlement*, you can object to the *Settlement* and ask the *Court* not to approve it. See Answer to Question No. 13, below.

**THE LAWYERS REPRESENTING YOU**

**11. Do I have a lawyer in the case?**

The *Court* has appointed the law firm Stull, Stull & Brody, the law firm Schatz & Nobel, P.C., and the law firm Schiffrin & Barroway, LLP as *Co-Lead Counsel* for *Named Plaintiffs* in the *Action*. These lawyers are also called "*Class Counsel*." You will not be charged directly by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

**12. How will the lawyers be paid?**

*Co-Lead Counsel* will file a motion for the award of attorneys' fees and expenses. This motion will be considered at the *Fairness Hearing*. As previously described, *Co-Lead Counsel* have agreed to limit their application for an award of attorneys' fees to not more than 25% of the *Settlement Fund*, plus reimbursement of expenses incurred in connection with the prosecution of the *Action*. *Defendants* have not agreed to the amount of fees that will be requested by counsel for the *Named Plaintiffs* and will not take any position on that matter before the *Court*.

**Objecting to the Settlement or the Attorneys' Fees**

You can tell the *Court* that you do not agree with the *Settlement* or some part of it, including the attorneys' fees and expenses the attorneys intend to seek.

**13. How do I tell the Court if I don't like the Settlement?**

If you are a *Settlement Class* member, you can object to the *Settlement* if you do not like any part of it. You can give reasons why you think the *Court* should not approve it. To object, you must send a letter or other written filing saying that you object to the *Settlement* in *In re AOL Time Warner ERISA Litigation*, No. 02 CV 8853. Be sure to include your name, address, telephone number, signature, and a full explanation of all reasons you object to the *Settlement*. **Your written objection must be served on the following counsel and must be postmarked by no later than June 30, 2006:**

PLAINTIFFS' CO-LEAD COUNSEL	DEFENDANTS' COUNSEL
Edwin J. Mills, Esq. Stull, Stull & Brody 6 East 45th Street New York, NY 10017  Robert A. Izard, Esq. Andrew M. Schatz, Esq. Schatz & Nobel, P.C. One Corporate Center 20 Church Street, Suite 1700 Hartford, CT 06103  Richard S. Schiffrin, Esq. Joseph H. Meltzer, Esq. Edward W. Ciolko, Esq. Schiffrin & Barroway, LLP 280 King of Prussia Road Radnor, PA 19087	Robert D. Joffe, Esq. Evan R. Chesler, Esq. Peter T. Barbur, Esq. Cravath, Swaine & Moore LLP Worldwide Plaza 825 Eighth Avenue New York, NY 10019  Howard Shapiro, Esq. Robert Rachal, Esq. Charles F. Seemann III, Esq. Proskauer Rose, LLP 909 Poydras Street LL&E Tower, Suite 1100 New Orleans, Louisiana 70112

You must also file your objection with the Clerk of the United States District Court for the Southern District of New York. The address is: Clerk of the U.S. District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007. **Your objection must be postmarked no later than 30, 2006.**

### THE COURT'S FAIRNESS HEARING

The *Court* will hold a hearing to decide whether to approve the *Settlement* as fair, reasonable and adequate (the "*Fairness Hearing*"). You may attend the *Fairness Hearing*, and you may ask to speak, but you do not have to attend.

#### 14. ***When and where will the Court decide whether to approve the Settlement?***

The *Court* will hold a *Fairness Hearing* at 2:30 p.m. on July 19, 2006, at the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007, in Courtroom 15A or in the Courtroom then occupied by United States District Judge Shirley Wohl Kram. At that hearing, the *Court* will consider whether the *Settlement* is fair, reasonable, and adequate. If there are objections, the *Court* will consider them. After the *Fairness Hearing*, the *Court* will decide whether to approve the *Settlement*. The *Court* will also rule on the motions for attorneys' fees and expenses. We do not know how long these decisions will take.

#### 15. ***Do I have to come to the hearing?***

No. *Class Counsel* will answer questions Judge Kram might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to *Court* to talk about it. As long as you mailed your written objection on time, it will be before the *Court* when the *Court* considers whether to approve the *Settlement* as fair, reasonable and adequate. You also may pay your own lawyer to attend the *Fairness Hearing*, but such attendance is not necessary.

#### 16. ***May I speak at the hearing?***

If you are a *Settlement Class* member, you may ask the *Court* for permission to speak at the *Fairness Hearing*. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re AOL Time Warner ERISA Litigation*, No. 02 CV 8853." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be served on the attorneys listed in the Answer to Question No. 13, above, postmarked no later than June 30, 2006, and must be filed with the Clerk of the Court at the address listed in the Answer to Question No. 14.

### IF YOU DO NOTHING

#### 17. ***What happens if I do nothing at all?***

If you do nothing and you are a *Settlement Class* member, you will participate in the *Settlement* of the *Action* as described above in this Notice if the *Settlement* is approved.

### GETTING MORE INFORMATION

#### 18. ***Are there more details about the Settlement?***

This Notice summarizes the proposed *Settlement*. The complete settlement is set forth in the *Settlement Agreement*. You may obtain a copy of the *Settlement Agreement* by making a written request to the *Co-Lead Counsel* listed at page pages 3 and 4 above. Copies may also be obtained at [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), or [www.sbclasslaw.com](http://www.sbclasslaw.com). The *Settlement Agreement* also was filed with the Clerk of the Court and may be obtained from the Clerk's office directly.

**QUESTIONS? CALL (800) 613-8579 TOLL FREE, OR VISIT [www.ssbny.com](http://www.ssbny.com), [www.snlaw.net](http://www.snlaw.net), [www.sbclasslaw.com](http://www.sbclasslaw.com), or [www.AOLTwerisasettlement.com](http://www.AOLTwerisasettlement.com). Do not call the Court or Time Warner Inc. with your questions.**