

TIME INC.
2015 TRENDING SCHEDULES
BASIS OF PRESENTATION

Time Inc. utilizes Adjusted Operating Income Before Depreciation and Amortization ("Adjusted OIBDA"), among other measures, to evaluate the performance of its business. Adjusted OIBDA is defined as Operating income (loss) excluding Depreciation and Amortization of intangible assets ("OIBDA") and adjusted for impairments of Goodwill, intangibles, fixed assets and investments; Restructuring and severance costs; gains and losses on operating assets; pension plan settlements and/or curtailments; and Other costs related to mergers, acquisitions, investments and dispositions.

Free Cash Flow is defined as Cash provided by (used in) operations less Capital expenditures. The company uses Free Cash Flow to evaluate its business and this measure is considered an important indicator of the company's liquidity, including its ability to reduce net debt, make strategic investments, and pay dividends to common stockholders.

We believe that the presentation of OIBDA, Adjusted OIBDA and Free Cash Flow helps investors analyze underlying trends in our business, evaluate the performance of our business both on an absolute basis and relative to our peers and the broader market, provides useful information to both management and investors by excluding certain items that may not be indicative of our core operating results and operational strength of our business and helps investors evaluate our ability to service our debt.

Some limitations of OIBDA, Adjusted OIBDA and Free Cash Flow are that they do not reflect certain charges that affect the operating results of the company's business and they involve judgment as to whether items affect fundamental operating performance.

A general limitation of these measures is that they are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and may not be comparable to similarly titled measures of other companies due to differences in methods of calculation and excluded items. OIBDA, Adjusted OIBDA and Free Cash Flow should be considered in addition to, not as a substitute for, the company's Operating income (loss), Net income (loss) and various cash flow measures (e.g., Cash provided by (used in) operations), as well as other measures of financial performance and liquidity reported in accordance with GAAP.

The pro forma share information presented herein gives effect to the issuance of 108.94 million common shares of the company in connection with the spin-off of the company from Time Warner as if it had occurred at the beginning of each period presented through the date of the spin-off, June 6, 2014.

TIME INC.
2015 TRENDING SCHEDULES
CONSOLIDATED AND COMBINED BALANCE SHEETS
(In millions, except share amounts; Unaudited)

	2013				2014				2015		
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31	March 31	June 30	September 30
ASSETS											
Current assets											
Cash and cash equivalents	\$ 70	\$ 69	\$ 63	\$ 46	\$ 51	\$ 204	\$ 325	\$ 519	\$ 458	\$ 338	\$ 265
Short-term investments	—	—	—	—	—	—	—	—	—	60	60
Receivables, less allowances	530	520	502	489	414	383	407	488	413	414	428
Inventories, net of reserves	98	99	71	56	63	62	59	48	42	42	42
Deferred tax assets	82	82	82	75	75	98	99	84	84	75	56
Prepaid expenses and other current assets	73	84	96	97	133	113	125	113	137	157	186
Assets held for sale	—	—	—	—	—	51	4	4	4	—	—
Total current assets	853	854	814	763	736	911	1,019	1,256	1,138	1,086	1,037
Property, plant and equipment, net	544	529	521	534	494	475	442	369	341	394	439
Intangible assets, net	627	617	608	582	1,150	1,130	1,108	1,085	1,066	1,065	1,064
Intangible assets not subject to amortization	636	636	637	586	—	—	—	—	—	—	—
Goodwill	3,123	3,123	3,132	3,162	3,174	3,163	3,143	3,117	3,104	3,167	2,249
Other assets	45	45	44	47	72	78	88	73	86	82	92
Total assets	\$ 5,828	\$ 5,804	\$ 5,756	\$ 5,674	\$ 5,626	\$ 5,757	\$ 5,800	\$ 5,900	\$ 5,735	\$ 5,794	\$ 4,881
LIABILITIES AND STOCKHOLDERS' EQUITY											
Current liabilities											
Accounts payable and accrued liabilities	\$ 454	\$ 495	\$ 514	\$ 534	\$ 499	\$ 564	\$ 596	\$ 621	\$ 509	\$ 524	\$ 541
Deferred revenue	509	486	463	449	468	437	438	458	474	463	454
Current portion of long-term debt	—	—	—	—	—	7	7	7	7	7	7
Liabilities held for sale	—	—	—	—	—	12	—	—	—	—	—
Total current liabilities	963	981	977	983	967	1,020	1,041	1,086	990	994	1,002
Long-term debt	36	37	37	38	38	1,370	1,369	1,368	1,367	1,365	1,364
Deferred tax liabilities	306	315	326	313	298	296	291	313	316	312	320
Deferred revenue	140	133	128	135	129	122	118	94	94	92	89
Other noncurrent liabilities	146	135	130	163	213	191	188	168	161	168	197
Stockholders' Equity											
Common stock, \$0.01 par value, 400 million shares authorized	—	—	—	—	—	1	1	1	1	1	1
Preferred stock, \$0.01 par value, 40 million shares authorized; none issued	—	—	—	—	—	—	—	—	—	—	—
Additional paid-in-capital	—	—	—	—	—	12,654	12,669	12,665	12,649	12,633	12,619
Time Warner investment	4,431	4,392	4,332	4,158	4,079	—	—	—	—	—	—
Accumulated deficit	—	—	—	—	—	(9,819)	(9,771)	(9,626)	(9,635)	(9,611)	(10,524)
Accumulated other comprehensive loss, net	(194)	(189)	(174)	(116)	(98)	(78)	(106)	(169)	(208)	(160)	(187)
Total stockholders' equity	4,237	4,203	4,158	4,042	3,981	2,758	2,793	2,871	2,807	2,863	1,909
Total liabilities and stockholders' equity	\$ 5,828	\$ 5,804	\$ 5,756	\$ 5,674	\$ 5,626	\$ 5,757	\$ 5,800	\$ 5,900	\$ 5,735	\$ 5,794	\$ 4,881

TIME INC.
2015 TRENDING SCHEDULES
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
(In millions, except per share amounts; Unaudited)

	Three Months Ended					Year Ended	Three Months Ended					Year Ended	Three Months Ended		
	3/31/2013	6/30/2013	9/30/2013	12/31/2013		12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014		12/31/2014	3/31/2015	6/30/2015	9/30/2015
Revenues															
Advertising															
Print and other advertising	\$ 322	\$ 382	\$ 368	\$ 455	\$	1,527	\$ 318	\$ 387	\$ 363	\$ 409	\$	1,477	\$ 280	\$ 343	\$ 319
Digital advertising	67	66	62	85		280	72	74	65	87		298	73	77	79
Total advertising	389	448	430	540		1,807	390	461	428	496		1,775	353	420	398
Circulation															
Subscription	166	174	176	205		721	180	171	174	191		716	165	166	168
Newsstand	88	95	105	101		389	86	83	98	89		356	77	82	86
Other circulation	4	4	4	7		19	4	4	7	8		23	8	6	7
Total circulation	258	273	285	313		1,129	270	258	279	288		1,095	250	254	261
Other	90	112	103	113		418	85	101	114	111		411	77	99	114
Total revenues	737	833	818	966		3,354	745	820	821	895		3,281	680	773	773
Costs of revenues															
Production costs	171	182	182	244		779	175	191	180	196		742	160	176	168
Editorial costs	110	107	109	117		443	108	111	113	103		435	89	93	100
Other	19	30	31	20		100	23	26	29	26		104	22	26	42
Total costs of revenues	300	319	322	381		1,322	306	328	322	325		1,281	271	295	310
Selling, general and administrative expenses	361	359	345	381		1,446	375	384	357	368		1,484	359	362	359
Amortization of intangible assets	10	10	10	12		42	19	20	19	20		78	19	20	21
Restructuring and severance costs	53	1	4	5		63	115	55	(6)	28		192	2	12	8
Asset impairments	—	—	—	79		79	26	—	—	—		26	—	—	—
Goodwill impairment	—	—	—	—		—	—	26	—	—		26	—	—	952
Depreciation	22	20	22	21		85	24	28	25	24		101	24	23	22
Gain on sale of operating assets	—	—	—	(13)		(13)	—	—	(2)	(85)		(87)	—	—	—
Total operating expenses	746	709	703	866		3,024	865	841	715	680		3,101	675	712	1,672
Operating income (loss)	(9)	124	115	100		330	(120)	(21)	106	215		180	5	61	(899)
Interest expense, net	1	—	1	1		3	1	11	19	20		51	19	20	19
Other (income) expense, net	—	3	—	(2)		1	(5)	1	3	7		6	3	2	(2)
Income (loss) before income taxes	(10)	121	114	101		326	(116)	(33)	84	188		123	(17)	39	(916)
Income tax provision (benefit)	(2)	46	46	35		125	(42)	(1)	36	43		36	(8)	15	(3)
Net income (loss)	\$ (8)	\$ 75	\$ 68	\$ 66	\$	201	\$ (74)	\$ (32)	\$ 48	\$ 145	\$	87	\$ (9)	\$ 24	\$ (913)
Basic net income (loss) per common share	\$ (0.07)	\$ 0.69	\$ 0.62	\$ 0.61	\$	1.85	\$ (0.68)	\$ (0.30)	\$ 0.44	\$ 1.33	\$	0.80	\$ (0.08)	\$ 0.22	\$ (8.30)
Diluted net income (loss) per common share	\$ (0.07)	\$ 0.69	\$ 0.62	\$ 0.61	\$	1.85	\$ (0.68)	\$ (0.30)	\$ 0.44	\$ 1.32	\$	0.80	\$ (0.08)	\$ 0.22	\$ (8.30)
Weighted average basic common shares outstanding ⁽¹⁾	108.94	108.94	108.94	108.94		108.94	108.94	108.97	109.15	109.13		109.10	109.53	109.78	110.00
Weighted average diluted common shares outstanding ⁽¹⁾	108.94	108.94	108.94	108.94		108.94	108.94	108.97	109.74	110.01		109.52	109.53	110.18	110.00

- (1) The pro forma share information presented herein gives effect to the issuance of 108.94 million common shares of the company in connection with the spin-off of the company from Time Warner as if it had occurred at the beginning of each period presented through the date of the spin-off, June 6, 2014.

TIME INC.
2015 TRENDING SCHEDULES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(In millions; Unaudited)

	2013				2014				2015		
	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30
OPERATING ACTIVITIES											
Net income (loss)	\$ (8)	\$ 67	\$ 135	\$ 201	\$ (74)	\$ (106)	\$ (58)	\$ 87	\$ (9)	\$ 15	\$ (898)
Adjustments to reconcile net income (loss) to cash provided by (used in) operations											
Depreciation and amortization	32	62	94	127	43	91	135	179	43	86	129
Amortization of deferred financing costs and discounts on indebtedness	—	—	—	—	—	—	1	3	1	2	3
(Gain) loss on pension settlement	—	—	—	—	—	—	—	—	—	—	6
Asset impairments	—	—	—	79	26	26	26	26	—	—	—
Goodwill impairment	—	—	—	—	—	26	26	26	—	—	952
(Gain) loss on operating assets	—	—	—	—	1	—	(2)	(87)	—	—	—
(Gain) loss on non-operating assets	—	—	—	—	—	—	—	—	—	(2)	(2)
(Gain) loss on equity method of investee companies, net of cash distributions	1	2	3	2	2	2	4	12	3	7	8
Equity-based compensation expense	7	9	13	18	2	10	25	35	13	20	28
Deferred income taxes	(5)	3	13	28	(11)	(11)	(17)	(23)	2	7	32
Changes in operating assets and liabilities	(28)	(25)	(11)	(37)	11	42	30	23	(73)	(92)	(131)
Cash provided by (used in) operations	(1)	118	247	418	—	80	170	281	(20)	43	127
INVESTING ACTIVITIES											
Acquisitions, net of cash acquired	—	—	—	13	—	(18)	(18)	(18)	(13)	(51)	(115)
(Investments in) divestitures of equity affiliates	(1)	(2)	(3)	(3)	(12)	(11)	(11)	(20)	—	2	1
Proceeds from dispositions	—	—	—	1	—	—	41	176	—	4	4
(Purchases) sales of short-term investments, net	—	—	—	—	—	—	—	—	—	(60)	(60)
Capital expenditures	(6)	(12)	(19)	(34)	(7)	(23)	(30)	(41)	(4)	(63)	(132)
Cash (used in) provided by investing activities	(7)	(14)	(22)	(23)	(19)	(52)	(18)	97	(17)	(168)	(302)
FINANCING ACTIVITIES											
Proceeds from the issuance of debt	—	—	—	—	—	1,377	1,377	1,377	—	—	—
Financing costs	—	—	—	—	—	(13)	(13)	(13)	—	—	—
Principal payments on Term Loan	—	—	—	—	—	—	(2)	(4)	(2)	(4)	(5)
Withholding taxes paid on equity-based compensation	—	—	—	—	—	—	—	—	—	(12)	(12)
Excess tax benefits from equity-based compensation	18	26	30	34	12	—	—	—	—	1	1
Dividends paid	—	—	—	—	—	—	—	(21)	(21)	(42)	(63)
Transfer to Time Warner in connection with Spin-Off	—	—	—	—	—	(1,400)	(1,400)	(1,400)	—	—	—
Net transfers (to) from Time Warner	(21)	(142)	(273)	(464)	12	166	166	159	—	—	—
Cash (used in) provided by financing activities	(3)	(116)	(243)	(430)	24	130	128	98	(23)	(57)	(79)
Effect of exchange rate changes on Cash and cash equivalents	—	—	—	—	—	—	(1)	(3)	(1)	1	—
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11)	(12)	(18)	(35)	5	158	279	473	(61)	(181)	(254)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	81	81	81	81	46	46	46	46	519	519	519
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 70	\$ 69	\$ 63	\$ 46	\$ 51	\$ 204	\$ 325	\$ 519	\$ 458	\$ 338	\$ 265
Free Cash Flow:											
Cash provided by (used in) operations	\$ (1)	\$ 118	\$ 247	\$ 418	\$ —	\$ 80	\$ 170	\$ 281	\$ (20)	\$ 43	\$ 127
Less capital expenditures	(6)	(12)	(19)	(34)	(7)	(23)	(30)	(41)	(4)	(63)	(132)
Free Cash Flow ⁽¹⁾	<u>\$ (7)</u>	<u>\$ 106</u>	<u>\$ 228</u>	<u>\$ 384</u>	<u>\$ (7)</u>	<u>\$ 57</u>	<u>\$ 140</u>	<u>\$ 240</u>	<u>\$ (24)</u>	<u>\$ (20)</u>	<u>\$ (5)</u>

(1) Free cash flow is defined as Cash provided by (used in) operations less Capital expenditures.

TIME INC.
2015 TRENDING SCHEDULES
RECONCILIATION OF OPERATING INCOME (LOSS) TO ADJUSTED OIBDA
(In millions; Unaudited)

	Three Months Ended					Year Ended 12/31/2013	Three Months Ended					Year Ended 12/31/2014	Three Months Ended		
	3/31/2013	6/30/2013	9/30/2013	12/31/2013			3/31/2014	6/30/2014	9/30/2014	12/31/2014			3/31/2015	6/30/2015	9/30/2015
Operating income (loss)	\$ (9)	\$ 124	\$ 115	\$ 100	\$ 330		\$ (120)	\$ (21)	\$ 106	\$ 215	\$ 180		\$ 5	\$ 61	\$ (899)
Depreciation	22	20	22	21	85		24	28	25	24	101		24	23	22
Amortization of intangible assets	10	10	10	12	42		19	20	19	20	78		19	20	21
OIBDA ⁽¹⁾	23	154	147	133	457		(77)	27	150	259	359		48	104	(856)
Asset impairments	—	—	—	79	79		26	—	—	—	26		—	—	—
Goodwill impairment	—	—	—	—	—		—	26	—	—	26		—	—	952
Restructuring and severance costs	53	1	4	5	63		115	55	(6)	28	192		2	12	8
(Gain) loss on operating assets	—	—	—	(13)	(13)		—	—	(2)	(85)	(87)		—	—	—
Pension settlements and curtailments ⁽²⁾	—	—	—	—	—		—	—	—	1	1		—	—	6
Other costs ⁽³⁾	—	—	1	—	1		—	5	2	—	7		1	1	3
Adjusted OIBDA ⁽⁴⁾	\$ 76	\$ 155	\$ 152	\$ 204	\$ 587		\$ 64	\$ 113	\$ 144	\$ 203	\$ 524		\$ 51	\$ 117	\$ 113

(1) OIBDA is defined as Operating income (loss) excluding Depreciation and Amortization of intangible assets.

(2) Pension settlement charges in connection with our domestic pension plan are included within Selling, general and administrative expenses within the Statements of Operations.

(3) Other costs are primarily transaction costs related to acquisitions and dispositions during the periods presented and are included within Selling, general and administrative expenses within the Statements of Operations.

(4) Adjusted OIBDA is defined as OIBDA adjusted for impairments of Goodwill, intangibles, fixed assets and investments; Restructuring and severance costs; gains or losses on operating assets; pension plan settlements and/or curtailments and Other costs related to mergers, acquisitions, investments and dispositions.