

In the Matter of:

Time Inc.

Respondent.

ASSURANCE OF VOLUNTARY COMPLIANCE OR DISCONTINUANCE

This Assurance of Voluntary Compliance or Discontinuance (“Assurance”) is entered into by the Attorneys General of the States of Alaska, California, Delaware, Florida, Hawaii¹, Illinois, Iowa, Maine, Maryland, Michigan, Missouri, Nevada, New Jersey, New Mexico, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, West Virginia and Wisconsin (“States” or “Participating States”), acting pursuant to their respective consumer protection statutes,² and Time Inc. (“Time”) as defined herein.

¹ Hawaii is not represented by its Attorney General. Hawaii is represented by its Office of Consumer Protection, an agency which is not part of the state Attorney General’s Office, but which is statutorily authorized to undertake consumer protection functions, including legal representation of the State of Hawaii. For simplicity purposes, the entire group will be referred to as the “Attorneys General,” and such designation, as it includes Hawaii, refers to the Executive Director of the State of Hawaii Office of Consumer Protection.

² Alaska Unfair Trade Practices and Consumer Protection Act, AS 45.50.471, *et seq.*; California Business and Professions Code sections 17200, *et seq.* and 17500, *et seq.*; Delaware Consumer Fraud Act, 6 Del. C. §2511, *et seq.* and Delaware Deceptive Trade Practices Act, 6 Del. C. §2531, *et seq.*; Chapter 501, Part II, Florida Statutes (2005); Hawaii Revised Statutes Chapters 480 & 481A; 815 ILCS 505/1, *et seq.*; Iowa Code Section 714.16 (2005); 5 Maine Revised Statutes Annotated section 207 and 209; Maryland Consumer Protection Act, Maryland Code Annotated, Commercial Law § 13-101, *et seq.*; Michigan Consumer Protection Act, MCL 445.901, *et seq.*; Mo. Rev. Stat. §§ 407.010, *et seq.*; Nevada Revised Statutes 598.0903 to 598.0999, inclusive; 2 New Jersey Consumer Fraud Act N.J.S.A. 56:8-1, *et seq.*, New Mexico Statutes Annotated 1978, S 57-12-1, *et seq.*; NY Executive Law, section 63(12) and NY General Business Law Article 22-A; Ohio Consumer Sales Practices Act, R.C. 1345.01, *et seq.*; Oregon’s Unlawful Trade Practices Act, ORS 646.605, *et seq.*; Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 PS Section 201, *et seq.*; Tennessee Consumer Protection Act of 1977; Tennessee Code Ann. 47-18-101, *et seq.*; Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. §17.41, *et seq.* (Vernon 2002 and Supp. 2005); Virginia Consumer Protection Act, Virginia Code §§ 59.1-196 through 59.1-207; West Virginia Consumer Credit and Protection Act, W. Va. Code § 46A-1-101, *et seq.*; Wis. Stat. Section 100.18.

I. MATTERS INVESTIGATED

1. The statements in the following “Matters Investigated” paragraphs 2 and 3 represent the concerns of the States regarding certain business practices of Time, and Time does not admit the truth of any statements contained in this “Matters Investigated” section. All references within this Assurance to the “Matters Investigated” shall refer to the matters identified in the following paragraphs 2 and 3 of this Section I, “Matters Investigated.”
2. Time’s Billing Efforts and Time’s Automatic Renewal subscription offers have been the primary focus of the States’ investigation. Customers who accept certain Time Automatic Renewal offers are required to notify Time if a subsequent subscription or subscription renewal is not wanted; otherwise the cost of the subscription is charged to the Customer’s credit card or the Customer is billed. These Automatic Renewal terms replace the industry’s prior practice of offering limited-term subscriptions that were renewed at the Customer’s affirmative election. As to Time’s use of such Automatic Renewal subscription offers, the States have investigated whether the terms were clearly and adequately disclosed; whether the Customer was given an opportunity to expressly consent to the offer; whether the Customer was likely to believe the purchase was for a limited-term subscription, rather than an automatically renewed subscription; whether Customers were subsequently informed of the activation of an Automatic Renewal, and if so, the manner in which they were so informed; the manner by which Customers were billed or charged; and how Time sought to collect payments for charges resulting from such an Automatic Renewal.
3. In addition, the States have investigated whether Time’s use of direct mail solicitations that are formatted similarly to Time’s invoices comply with Federal and State laws that prohibit

the use of solicitations that resemble invoices without certain conspicuous disclosures. Based on the States' investigations, the States believe that Time engaged in business conduct that had the capacity to be deceptive and misleading in violation of the States' consumer protection laws.

II. TIME'S POSITION

1. The statements contained in this section represent the position of Time only, and the States do not admit the truth of any of the statements contained in this section.
2. Time expressly denies any and all allegations, findings or conclusions by the States that it violated any law or engaged in deceptive and misleading conduct. Time believes that its consumer marketing practices are and have been lawful and do not and have not violated any consumer protection laws of the States. Time believes that its consumer marketing practices are not and have not been deceptive and do not and have not had the tendency or capacity to mislead consumers.

III. GENERAL AGREEMENTS

1. The parties have agreed to resolve the issues raised by the Matters Investigated by entering into this Assurance. Time is entering into this Assurance solely for the purpose of settlement and nothing contained herein may be taken as or construed to be an admission or concession of any violation of law, rule, or regulation, or of any other matter of fact or law, or of any liability or wrongdoing, all of which Time expressly denies. No part of this Assurance, including its statements and commitments, shall constitute evidence of any liability, fault, or

wrongdoing and shall not be construed or used as a waiver or limitation of any defense otherwise available to Time or of Time's right to defend itself from, or make any arguments in, any private individual or class claims or suits relating to the existence, subject matter or terms of this Assurance. No part of this Assurance shall create a private cause of action or confer any right to any third party for violation of any federal or state statute except that a State may file an action to enforce the terms of this Assurance.

2. Each State acknowledges that by the execution of this Assurance by its duly authorized representatives, this Assurance constitutes a complete settlement and release of all claims, causes of action, damages, fines, costs, fees and penalties, whether asserted or unasserted, arising under the consumer protection statutes set forth in footnote #2 above, and statutes related thereto, with respect to the issues expressly raised in the Matters Investigated for all periods prior to and through the Effective Date of this Assurance, on behalf of such State against Time Inc. (as defined herein), Time Warner Inc., and their past and present representatives, successors, administrators, employees, shareholders, officers, directors, board of directors, attorneys, agents, servants and assignees (all such released parties shall be collectively referred to as the "Releasees"). The States further agree that this Assurance resolves completely and finally the States' inquiry, both individually and collectively, into the Matters Investigated regarding Releasees. No State shall proceed with or institute any administrative or civil action or proceeding arising under the State's consumer protection statute and statutes related thereto, with respect to the issues expressly raised in the Matters Investigated, against Releasees, including but not limited to, an action or proceeding seeking restitution, injunctive relief, fines, penalties, attorneys fees or costs for (1) any communication or mailing disseminated prior to the Implementation Date of this Assurance; or for (2) any conduct or practice prior to the Effective