

State of Alaska
Department of Law

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Protecting Alaska's Future

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**Department of Law Announces \$50 Million Settlement in Securities Fraud Lawsuit
Against America Online, Inc. and Time Warner**

(ANCHORAGE, AK) – The Department of Law announced today a \$50 million settlement in a securities fraud action brought by the Alaska State Department of Revenue, Alaska State Pension Investment Board and Alaska Permanent Fund Corporation against defendants America Online, Inc. ("AOL"), Time Warner Inc. (formerly known as AOL Time Warner ("AOLTW")), Historic TW Inc.

"Protecting Alaska's financial assets is a key priority for the state and the corporate scandals on Wall Street in the past several few years required us to seek recovery of the millions of dollars the State of Alaska lost from its investment portfolios," said Patrick Galvin, Commissioner for the Department of Revenue. "Today's settlement represents a substantial recovery of those losses."

The lawsuit, filed in 2004 in Juneau Superior Court, alleged that defendants misrepresented advertising revenues and growth of AOL and AOLTW along with the number of AOL subscribers, all of which was intended to, and did, artificially inflate the stock price of AOL and AOLTW to the detriment of Alaska State funds. Under the terms of the settlement, Time Warner did not admit any liability or wrongdoing.

The Alaska funds that invested in AOL, Time Warner, and Historic TW stock include the Alaska Permanent Fund and state pension funds.

The Alaska Department of Law retained the law firm of Lief Cabraser Heimann & Bernstein, LLP, to lead the litigation efforts under its direction. "We appreciate the diligence and expertise of our counsel in achieving an outstanding resolution of the case," said Mark Morones, spokesperson for the Department of Law.

For additional information please contact Assistant Attorney General Mike Barnhill at (907) 465-4118.

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