

TIME WARNER INC.
Form 11-K
June 22, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

**FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR
PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 1-15062

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
TIME WARNER SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
Time Warner Inc.

One Time Warner Center

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New York, New York 10019

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FINANCIAL STATEMENTS AND

SUPPLEMENTAL SCHEDULES

Time Warner Savings Plan

Years Ended December 31, 2011 and 2010

With Report of Independent Registered Public

Accounting Firm

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Time Warner Savings Plan
Financial Statements and Supplemental Schedules
Years Ended December 31, 2011 and 2010

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Report of Independent Registered Public Accounting Firm

The Administrative Committee

Time Warner Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Time Warner Savings Plan as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of loans or fixed income obligations in default or classified as uncollectible and assets (held at end of year) as of December 31, 2011 are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management. The information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

New York, New York

June 22, 2012

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Time Warner Savings Plan

Statements of Net Assets Available for Benefits

| | December 31, | |
|------------------------------------------------------------------------------------------------|-----------------------|---------------------|
| | 2011 | 2010 |
| | <i>(In Thousands)</i> | |
| Investments at fair value: | | |
| Commingled trust funds | \$ 825,967 | \$ 1,036,406 |
| Time Warner common stock | 287,944 | 285,363 |
| Other common stocks | 619,162 | 586,681 |
| Preferred stocks | 250 | 758 |
| Synthetic investment contracts | 611,580 | 596,176 |
| Mutual funds | 768,324 | 683,248 |
| U.S. government and agency securities | 198,401 | 178,693 |
| Other fixed income securities | 139,241 | 141,827 |
| Cash, cash equivalents and other investments | 75,565 | 92,766 |
| Total investments, at fair value | 3,526,434 | 3,601,918 |
| Contributions receivable: | | |
| Employer | 6,062 | 629 |
| Participants | 854 | 15 |
| Notes receivable from participants | 58,821 | 57,389 |
| Receivables for securities sold | 1,963 | 81,071 |
| Other assets | 4,817 | 4,366 |
| Total assets | 3,598,951 | 3,745,388 |
| Payables for securities purchased | 15,558 | 163,070 |
| Other liabilities | 4,372 | 4,789 |
| Total liabilities | 19,930 | 167,859 |
| Net assets reflecting investments at fair value | 3,579,021 | 3,577,529 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (22,959) | (17,389) |
| Net assets available for benefits | \$ 3,556,062 | \$ 3,560,140 |

See accompanying notes.

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Time Warner Savings Plan

Statements of Changes in Net Assets Available for Benefits

| | Year Ended December 31, | |
|----------------------------------------------------------------|--------------------------------|--------------|
| | 2011 | 2010 |
| | <i>(In Thousands)</i> | |
| Net assets available for benefits at beginning of year | \$ 3,560,140 | \$ 3,203,826 |
| Changes in net assets: | | |
| Investment income, net of fees | 46,962 | 39,468 |
| Net realized and unrealized (depreciation) appreciation in the | | |
| fair value of investments | (94,524) | 331,730 |
| Net investment (loss) income | (47,562) | 371,198 |
| Employing company contributions | 144,929 | 108,003 |
| Participant contributions, including rollover contributions | 185,562 | 169,539 |
| Participant loan interest income | 2,783 | 2,985 |
| Participant withdrawals | (285,775) | (296,055) |
| Administrative expenses | (4,015) | (4,600) |
| Other income | | 5,244 |
| Net change | (4,078) | 356,314 |
| Net assets available for benefits at end of year | \$ 3,556,062 | \$ 3,560,140 |

See accompanying notes.

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Time Warner Savings Plan

Notes to Financial Statements

December 31, 2011

1. Description of the Plan

The following is an abbreviated description of the Time Warner Savings Plan (the Plan). Time Warner Inc. (Time Warner) is the Plan sponsor. More complete descriptions of the Plan are provided in the Plan documents, as amended, and the summary plan description/prospectus. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

General

The Plan is a defined contribution profit sharing plan with a 401(k) feature generally covering eligible employees of Time Warner and certain of its subsidiaries and affiliates (each, an Employing Company and, collectively, the Employing Companies).

The Plan is the only participating plan in the Time Warner Defined Contribution Plans Master Trust (the Master Trust).

The Plan administrator is a committee (the Administrative Committee) appointed by Time Warner's board of directors. Certain administrative functions of the Plan have been delegated to others in accordance with the terms of the Plan.

Effective January 1, 2011, the Plan was designated as a Qualified Automatic Contribution Arrangement and is designed to satisfy the safe harbor requirements under the Internal Revenue Code of 1986, as amended (the Code). Accordingly, the Plan is exempt from nondiscrimination testing.

Effective December 16, 2010, Fiduciary Counselors Inc. was appointed as an independent fiduciary under the Plan and an investment manager with oversight for certain purposes over the Time Warner common stock in the Time Warner Inc. Stock Fund, an investment fund in the Plan.

Significant Event

On March 31, 2010, the Master Trust received approximately \$6.5 million from a distribution of settlement funds to resolve the shareholder class action lawsuits brought on behalf of certain stockholders of Time Warner. Individual allocations to eligible participant accounts in the Plan and the TWC Savings Plan (which ceased to be a participating plan in the Master Trust effective October 31, 2008 in connection with the legal and structural separation of Time Warner Cable Inc. from Time Warner on March 12, 2009) were determined by the trustee, Fidelity

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Time Warner Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Management Trust Company (Fidelity), based on a calculation by the third-party settlement administrator according to the court-approved plan of allocation. On December 9, 2010, approximately \$5.2 million was allocated to the Plan and approximately \$1.3 million was allocated to the TWC Savings Plan. The Plan's allocation is presented as Other income in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2010.

Investment Funds, Contributions and Vesting

The Plan provides for multiple investment funds made available through Fidelity pursuant to the Master Trust. Prior to November 4, 2011, the Plan's investment funds consisted of four asset allocation funds, nine core actively managed funds, four core index funds and a mutual fund window (a self-directed brokerage account). Effective November 4, 2011, an additional core actively managed fund was added as an investment fund in the Plan. Participant contributions, Matching Contributions (as defined below) and Rollovers (as defined below) may generally be invested in specified increments in the investment funds.

Effective July 1, 2010, contributions or investment fund transfers into the Time Warner Inc. Stock Fund are prohibited. However, Plan participants who hold Time Warner common stock in the Time Warner Inc. Stock Fund have the option to either: (i) reinvest cash dividends paid by Time Warner on its common stock in Time Warner common stock through the Time Warner Inc. Stock Fund, or (ii) receive the cash dividends paid by Time Warner on its common stock. If the participant elects to receive dividends in cash, there is a processing fee for a check or an electronic funds transfer, which is deducted from the participant's Plan account. Effective July 1, 2010, the Time Warner Inc. Stock Fund was designated as an employee stock ownership plan component of the Plan.

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Time Warner Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Generally, the Plan provides for voluntary participant contributions on a pre-tax basis at an elected percentage of a participant's eligible compensation, up to an annual limit prescribed by the Code. After two months of continuous employment (or, with respect to employees classified as hourly or temporary employees, after 1,000 hours of credited service in any one year), matching contributions by Employing Companies (Matching Contributions) are made as a percentage of a participant's contributions to the Plan and are capped at certain percentages of the participant's eligible compensation deferred.

Employees hired on or after January 1, 2007 were automatically enrolled in the Plan with a pre-tax contribution rate of 2% and were invested in the Plan's default investment option (the Growth Asset Allocation Fund) approximately 90 days following the hire date, unless employees elected otherwise during the first 60 days of employment. Effective July 1, 2010, eligible Plan participants with a pre-tax contribution rate of less than 3% and all newly eligible Plan participants are automatically enrolled in the Plan at a pre-tax contribution rate of 3% unless they change their contribution rate or opt out of the Plan. In addition, employees classified as hourly or temporary employees who are credited with at least 1,000 hours of service in any one year are automatically enrolled in the Plan at a 3% contribution rate unless they affirmatively decline to participate or elect a different contribution percentage. Participant contributions and Matching Contributions are invested in the Growth Asset Allocation Fund unless participants elect other investment option(s). With respect to participants who were automatically enrolled in the Plan at a pre-tax contribution rate of 3% prior to January 1, 2011 and had not changed their contribution rate, the contribution rate for such participants automatically increased by 1% beginning on January 1, 2012 and will increase by 1% each January 1 thereafter to a maximum contribution rate of 6%. With respect to newly eligible Plan participants who are automatically enrolled in the Plan on or after January 1, 2011 and have not changed their contribution rate, the automatic annual increases will take effect on the respective first anniversary of the participants' enrollment in the Plan and continue on each subsequent anniversary date until the 6% maximum for automatic contributions is reached. Participants who are automatically enrolled in the Plan may change their contribution rate or opt out of the Plan at any time.

Prior to July 1, 2010, Matching Contribution rates varied among Employing Companies and were calculated based on one of the following formulas: 66.67% on up to the first 6% of the participant's eligible compensation contributed to the Plan; or 160% on up to the first 4% of the participant's eligible compensation contributed to the Plan. Effective July 1, 2010, Matching Contribution rates for eligible Plan participants became consistent across all participating

Table of Contents**Time Warner Savings Plan****Notes to Financial Statements (continued)****1. Description of the Plan (continued)**

Employing Companies at a rate of 133 $\frac{1}{3}$ % on up to the first 3% of eligible compensation deferred and 100% on up to the next 3% of eligible compensation deferred.

Effective January 1, 2011, the elective deferral limit for highly compensated employees increased from 10%, or 20% for Turner Broadcasting System, Inc. employees, to 50% for pre-tax contributions subject to the limit established by the Internal Revenue Service (IRS).

Participants are allowed to transfer amounts from certain other tax qualified plans to the Plan (Rollovers). Rollovers are included as participant contributions in the Statements of Changes in Net Assets Available for Benefits.

Matching Contributions and any other amounts contributed by an Employing Company, including those transferred into the Plan, are deemed Employing Company contributions (Employing Company Contributions). Each participant's account is credited with the participant's contributions, Rollovers, Employing Company Contributions and any earnings or losses thereon, as appropriate. Participant contributions, Rollovers and earnings thereon are fully vested.

Matching Contributions and earnings thereon generally vest based on years or periods of service as follows:

Matching Contributions Made and Earnings Thereon: ⁽¹⁾

| Prior to March 1, 2007 | | March 1, 2007 to | | On or After July 1, 2010 | |
|-------------------------------|--------------------------|-------------------------|--------------------------|---------------------------------|--------------------------|
| Years or Periods | | Years or Periods | | Years or Periods | |
| of Service | Vested Percentage | of Service | Vested Percentage | of Service | Vested Percentage |
| Less than 2 years | 0% | Less than 1 year | 0% | Less than 2 years | 0% |
| 2 but less than 3 years | 25 | 1 but less than 2 years | 20 | 2 years or more | 100 |
| 3 but less than 4 years | 50 | 2 but less than 3 years | 40 | | |
| 4 but less than 5 years | 75 | 3 but less than 4 years | 60 | | |
| 5 years or more | 100 | 4 but less than 5 years | 80 | | |
| | | 5 years or more | 100 | | |

(1) Any completed service prior to the dates set forth in this table generally counts toward vesting.

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Time Warner Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Matching Contributions and earnings thereon also become fully vested upon a participant's termination of service due to death or disability, attainment of age 65, or upon the termination of the Plan.

The Plan provisions described above that became effective July 1, 2010 (relating to (i) the automatic enrollment of certain eligible Plan participants, (ii) the Matching Contributions rate and (iii) the vesting of Matching Contributions (and earnings thereon) made on or after July 1, 2010) do not apply to certain employees subject to a collective bargaining agreement at one of Time Warner's subsidiaries.

Forfeited Accounts

Forfeited Employing Company Contributions and earnings thereon may be used to reduce future Employing Company Contributions to the Plan and/or to pay Plan expenses. Forfeited Employing Company Contributions and earnings thereon for 2011 and 2010 were \$3.3 million and \$2.9 million, respectively. The amount of forfeited nonvested accounts as of December 31, 2011 and 2010 was \$4.2 million and \$5.3 million, respectively, and is included in the Statements of Net Assets Available for Benefits.

Notes Receivable From Participants

Under the Plan, participants may periodically transfer account balances among the investment funds offered under the Plan and, subject to certain restrictions and penalties, withdraw amounts and/or take loans from their accounts. The maximum number of new loans a participant may have outstanding is limited to three at any one time, in the form of either one primary residence loan and two general loans or three general loans. The minimum loan amount is \$1,000 and the maximum loan amount is \$50,000. Loans are valued at their outstanding balances, which approximate fair value, and are treated as transfers between the individual investment funds and the participant loan fund. Loan terms may be up to five years or, 15 years if for the purchase of a primary residence. Participants who have transferred accounts to the Plan with existing loans for the purchase of a primary residence may have loan terms of up to 30 years based on the provisions of the plan from which the original loan was requested. Effective April 1, 2007, interest rates charged for loans originated under the Plan within any quarter are set at the prime rate in effect on the first day of such quarter plus 1%. Prior to April 1, 2007, interest rates for such loans were set at the prime rate in effect at the time of the loan plus 1%. Participants who

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Time Warner Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

have transferred accounts to the Plan with existing loans may be subject to different interest rates on those loans, as set in accordance with the provisions of the plan from which the original loan was requested. Interest rates on outstanding participant loans as of December 31, 2011 and 2010 ranged from 4.25% to 10.50%.

Payment of Benefits

In-service withdrawals are available in certain limited circumstances, as provided under the Plan. Hardship withdrawals are allowed for participants incurring an immediate and heavy financial need, as defined by the Plan. Hardship withdrawals are strictly regulated under the Code and the regulations thereunder and a participant must exhaust all available loan options and available distributions prior to requesting a hardship withdrawal.

Generally, on termination of service, participants are eligible to receive the vested portion of their account in a lump sum. However, subject to certain restrictions, the Plan permits other payment options. In addition, at the option of the participant, the commencement of payments may be deferred, subject to certain limitations. Benefits distributed from all investment funds in the Plan will be paid in cash, except for benefits distributed from the Time Warner Inc. Stock Fund, which also offers shares of Time Warner common stock as a distribution election. Fractional shares are paid in cash.

Plan Termination

Although it has not expressed any intent to do so, Time Warner reserves the right to discontinue Employing Company Contributions or to terminate or modify the Plan at any time. In the event of termination of the Plan, participants will become fully vested in their accounts and the net assets of the Plan will be distributed to participants in accordance with the Plan's provisions and applicable law.

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Time Warner Savings Plan

Notes to Financial Statements (continued)

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Costs and expenses incurred for the purchase, sale or transfer of investments reflected in the accompanying financial statements are considered a cost of the investment or a reduction in the proceeds of a sale, as appropriate. Investment management fees and certain administrative costs are paid by the Plan's investment funds and included in Investment income, net of fees in the Statements of Changes in Net Assets Available for Benefits.

Payment of Benefits

Participant withdrawals are recorded when paid.

Administrative Expenses

Certain administrative costs are charged to the Plan as permitted under ERISA, including, for example, fees for auditing, custodial, investment advice, recordkeeping and trustee services. Other administrative costs, for example, compensation of employees responsible for the administration of the Plan, are paid by Time Warner.

Reclassification

Certain 2010 amounts have been reclassified to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market

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Time Warner Savings Plan

Notes to Financial Statements (continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (continued)

participants at the measurement date (an exit price). See Note 4 for further discussion and disclosures related to fair value measurements.

Investments in the Statements of Net Assets Available for Benefits include fully benefit-responsive investment contracts recognized at fair value with a corresponding adjustment to reflect these investments at contract value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Recent Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued additional guidance related to fair value measurements and disclosures that (i) states that the concepts of highest and best use and valuation premise are only relevant when measuring the fair value of nonfinancial assets and, therefore, do not apply to financial assets or any liabilities, (ii) prohibits the application of a blockage factor (i.e., premiums and discounts related to size as a characteristic of the entity's holding) for all fair value measurements, regardless of hierarchy level, (iii) allows an entity that manages market risks and counterparty credit risk exposure of a group of financial instruments to measure those financial instruments on the basis of the net position for the risk being managed, (iv) requires that an entity measure the fair value of its own equity instruments from the perspective of a market participant that holds the instruments as assets and (v) requires new and enhanced disclosures. This guidance will become effective beginning with the Plan's fiscal year ending December 31, 2012 and will be applied on a prospective basis. The adoption of this guidance is not expected to have a material effect on the Plan's financial statements.

In accordance with guidance issued by the FASB in January 2010, purchases, sales, issuances and settlements of Level 3 assets and liabilities have been disclosed on a gross basis. The adoption of this guidance did not have a material effect on the Plan's financial statements.

3. Investments

Plan investments are made in a variety of investment securities, held in the Master Trust, that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk

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Time Warner Savings Plan

Notes to Financial Statements (continued)

3. Investments (continued)

associated with certain investment securities and the level of uncertainty related to changes in the value of these investments, it is possible that changes in values could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

During the years ended December 31, 2011 and 2010, the Plan's investments (depreciated) appreciated in fair value as follows:

| | Year Ended December 31, | |
|---------------------------------------------------------|--------------------------------|-------------|
| | 2011 | 2010 |
| | <i>(In Thousands)</i> | |
| Net realized and unrealized (depreciation) appreciation | | |
| in fair value of investments: | | |
| Commingled trust funds | \$ (28,782) | \$ 122,966 |
| Time Warner common stock | 34,170 | 28,826 |
| Other common stocks | (55,507) | 94,639 |
| Preferred stocks | 80 | 48 |
| Mutual funds | (56,207) | 70,250 |
| U.S. government and agency securities | 14,071 | 10,737 |
| Other fixed income securities | (2,008) | 6,238 |
| Cash, cash equivalents and other investments | (341) | (1,974) |
| Total net realized and unrealized (depreciation) | | |
| appreciation in the fair value of investments | \$ (94,524) | \$ 331,730 |

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Time Warner Savings Plan

Notes to Financial Statements (continued)

3. Investments (continued)

The following table presents investments that each represented 5% or more of the Plan's net assets available for benefits:

December 31,
2011 2010

(In Thousands)

Commingled Trust Funds:

BlackRock Equity Index Fund H, 6,800,067 and
6,885,050 units, respectively

\$ 296,619 \$ 293,923

BlackRock MSCI ACWI ex-U.S. Index-Fund C,
20,148,351 units

180,126

Common Stock:

Time Warner, 7,967,449 and 8,870,458 shares,
respectively

287,944 285,363

Mutual Fund:

Dodge & Cox Stock Fund, 3,887,173 and 4,403,023
shares, respectively

390,166 474,470

The Capital Preservation Fund, an investment fund available in the Plan, includes fully benefit-responsive synthetic investment contracts that are valued at fair value and adjusted to contract value in the Statements of Net Assets Available