

TIME WARNER CABLE INC.  
Form DEFA14A  
January 30, 2014

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**TIME WARNER CABLE INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

On January 30, 2014, the following materials were posted to Time Warner Cable Inc.'s website:

TWC and Charter Comparison  
January 30, 2014

Forward-Looking Statements and Disclaimers

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**ADDITIONAL INFORMATION**

Time Warner Cable expects to file a proxy statement with the U.S. Securities and Exchange Commission ( SEC ) and to provide a copy of the proxy statement to its security holders. **INVESTORS AND SECURITY HOLDERS OF TIME WARNER CABLE ARE URGED TO REVIEW THIS DOCUMENT AND ANY OTHER DOCUMENTS FILED BY TIME WARNER CABLE WITH THE SEC CAREFULLY IN CONNECTION WITH THE PROXY STATEMENT WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders are encouraged to obtain free copies of the definitive proxy statement (when available) and any other documents filed with the SEC by Time Warner Cable from the web site maintained by the SEC at <http://www.sec.gov>.

**CERTAIN INFORMATION REGARDING PARTICIPANTS**

Time Warner Cable and certain of its directors and executive officers may be deemed to be participants in a solicitation under the Securities Exchange Act of 1934. Security holders may obtain information regarding the names, affiliations and interests of Time Warner Cable's directors and executive officers from Time Warner Cable's Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the SEC on December 11, 2012, and its proxy statement for the 2013 Annual Meeting, which was filed with the SEC on April 4, 2013. These documents can be obtained from the sources indicated above. Additional information regarding the interests of these participants in any proxy solicitation and their direct and indirect interests, by security holdings or otherwise, will also be included in any proxy statement and other relevant documents filed with the SEC if and when they become available.

**FORWARD-LOOKING STATEMENTS AND DISCLAIMERS**

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Time Warner Cable intends that such forward-looking statements be covered by the safe harbor provisions of the federal securities laws. Statements herein regarding future financial performance, results and any other statements about future expectations constitute forward-looking statements. These forward-looking statements are identified by words such as believe, expects, anticipates, projects, intends, should, estimates or similar expressions. Such statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors, and other factors affecting the operations of Time Warner Cable. More detailed information about these risks can be found in filings by Time Warner Cable with the SEC, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Time Warner Cable is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements as a result of new information, future events, or otherwise.

The materials herein may contain certain previously published third-party material. Unless otherwise indicated, consent of the third party has not been obtained to use the material as proxy soliciting material.

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TWC is Better Positioned Than Charter, Reflecting  
Years of Innovation and Investment

TWC has higher video and high-speed data (HSD) penetration

TWC generates more Revenue, Adjusted OIBDA and Free Cash Flow per passing

TWC provides significantly more high-definition (HD) channels and video on demand (VOD) content

TWC invested ~\$750 million in switched digital video and node splitting, resulting in TWC having the best-in-class two-way hybrid fiber coaxial (HFC) network, which has allowed us to provide significantly more HD channels and VOD capacity

TWC TV®, our IP video app, is now available on 7 platforms with 300 live channels and over 4,000 hours of VOD in the home and up to 24 live channels and 1,200 hours of VOD from 40 networks outside of the home

TWC offers customers home management and security service over broadband (IntelligentHome); Charter does not

TWC

provides

customers  
access  
to  
over  
200k  
Cable  
Wi-Fi®  
hotspots;  
Charter  
does  
not  
TWC's residential philosophy emphasizes consumer choice

TWC: Emphasizes consumer choice; offers a variety of HSD speeds at different prices and allows consumers to choose traditional set top boxes or embrace the bring-your-own-box environment (including IPTV options such as Roku )

Charter: Generally deploys traditional set-top boxes in homes and forces customers to pay for those boxes

TWC offers a much stronger business services platform with an experienced team, dedicated resources and an expansive network with 860K buildings on network, including 58K fiber connected buildings, and 14K connected cell towers

TWC has a \$1 billion media sales business that also sells advertising on behalf of Charter in several of Charter's key service areas (including LA and Dallas)

Note: Refer to slides 9-11 for definitions, additional information and reconciliations for non-GAAP financial measures.

3  
TWC  
provides  
a  
broader  
video  
experience  
across  
multiple  
consumer  
platforms,  
both  
inside  
and  
outside  
the  
home

Time Warner Cable  
(12/31/2013)  
Charter  
(9/30/2013)  
Video  
38.1%  
34.0%  
HSD  
38.9%  
36.4%  
Voice  
17.3%  
19.9%  
All



Digital

Markets

NYC; Augusta, ME; Parts of KY

and IN

(1)

; Parts of LA

(100% LA in 2014)

Fort Worth, TX;

Parts of CA, SC, MA, MI

36.1%

34.6%

21.6%

13.5%

11.8%

4.5%

\$106

\$107

Per Average Estimated Passing:

\$744

\$652

268

226

161

88

88

29

TWC Has Higher Margins and Generates More

Adjusted OIBDA and FCF Per Passing, Despite More

Competitive Footprint

4

Source: Company filings

Note:

(1)

(2)

Penetration

Metrics

(Residential &

Business)

LTM Margins

(2)

(3)

LTM Financials per

Customer

Relationship and

Estimated Passing

(3)

Adjusted OIBDA as % of revenue

Adjusted OIBDA less Capex as % of revenue

Free Cash Flow as % of revenue

Average Monthly Revenue Per Customer Relationship:

Residential services

Revenue

Adjusted OIBDA

Adjusted OIBDA less Capex

Free Cash Flow (reported)

Refer to slides 9-11 for definitions, additional information and reconciliations for non-GAAP financial measures. TWC metrics are based on reported financials through Q3 2013 and pro forma for Bresnan, per Charter 3Q 2013 trending schedule. Charter Adjusted OIBDA calculation includes compensation.

Includes Louisville, Lexington, Covington and Bowling Green, KY and Evansville, IN.

Includes residential and business services.

(3)

Free Cash Flow metrics based on reported financials (not pro forma for Bresnan) as Free Cash Flow not reported pro forma for

TWC Has a More Advanced Video Product and  
Offers Broader Customer Choice

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Time Warner Cable

(12/31/2013)

Charter

(9/30/2013)

183

101

231 (NYC)

170

18K+

10K+

75K Hours (2014)

Unknown

2.8mm going to 6mm in 2014

Potentially coming 2014

Yes

Not Currently Offered

Apple

iOS, Android , Roku , Samsung

Smart TVs, Xbox 360 , Amazon Kindle Fire ,

PC and Mac Computers

iOS, Android , Amazon Kindle Fire

300

100

Over 4,000

Unknown

Up to 24 Live Channels

(2)

and 1,200

Hours of VOD Content from 40 Networks

1 Network Group

26 TWC News Channels

16 TWC Sports Channels

10 Others (incl. English and Spanish)

None

100 Mbps (going to 300 Mbps in 2014)

100 Mbps

30K

None

200K+

None

IntelligentHome (44K subscribers)

None

Video #12 / HSD #13 / Voice #12

Video #11 / HSD #12 / Voice #10

Video Product

(1)

(2)

HSD and Other

Residential

Offerings

Other

Source: Company filings, Call transcripts.

Note: TWC also sells advertising on behalf of Charter in several service areas, including LA, Dallas, Charlotte, Green Bay and

(1)

Source: Charter 3Q 13 Earnings Call transcript.

(2)

Channels available to customers in given markets.

Average Number of HD Channels

Most Number of HD Channels  
On Demand Movies and TV Shows  
VOD Hours of Capacity  
STB with cloud-based guide  
Whole Home DVR Offering  
In-Home Live IP Linear Channels  
In-Home VOD Hours (TV App)  
Out-of-Home Content (TV App)  
Fastest Internet Speed  
Company WiFi Hotspots  
Access to Cable Wi-Fi®  
hotspots  
Home Security & Automation  
J.D. Power 2013 Overall Customer  
Satisfaction Rankings  
TV Apps  
Exclusive Local Content

Time Warner Cable  
(12/31/2013)  
Charter  
(9/30/2013)  
LTM Business services revenue  
\$2.3 billion  
\$0.8 billion  
Customer  
Relationships  
624  
359  
Video  
196  
166

HSD

517

245

Voice

275

138

Fiber Lit Buildings

58K

6K

Cell Towers

14K

3K

Buildings on Network

860K

Unknown

Anticipated new buildings in 2014

75K

Unknown

Hosting and Cloud Computing

NaviSite

Offerings

Enterprise-Class Hosting

Managed Applications

Cloud Computing

Basic Web and Email Hosting

Business Services Acquisitions

NaviSite (2011)

DukeNet (2013)

None

Scale

TWC Has a Much Broader Business Services

Organization With Dedicated Resources

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Business

Services Subs

(000s)

Business

Services

Offerings

(1)

Source: Company filings, Call transcripts, Telecom Ramblings.

Note: TWC metrics and LTM financials through Q4 2013; Charter metrics and LTM financials through Q3 2013 and pro form services cell towers in Charter's markets through DukeNet acquisition.

(1)

Charter equalizes its business video customers and customer relationships while TWC reports billable subscribers. For comm subscriber count than reporting on a billable basis (i.e., if TWC was to report on an equalized basis the subscriber and custom

(2)

Source: Telecom Ramblings.

(3)

Source: Charter Investor Presentation 12/4/2012 (most recently available data).

- (1)
- (2)
- (3)



TWC Has Been Recognized for Superior Technology  
and Business Customer Service

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TWC  
Technical  
and  
Engineering  
Emmy®  
Awards

(Charter  
has  
none)  
TWC Business Services Recognition  
Engineering Award for  
Outstanding  
Achievement in  
Technological  
Development  
Mid-1990s  
Best Use of On  
Demand Technology  
Over Private Networks  
for Start Over®  
2005-2006  
Development, Productization  
and Commercialization of  
Interactive Video on Demand  
Two-Way Infrastructure and  
Signaling  
2006-2007  
Pioneering the  
Development of  
Multi-Room DVR  
2011-2012  
Development and  
Commercialization of  
Cable Interconnects  
for Local Video Ad  
Insertion  
2011-2012  
Pioneering Work in  
Implementation and  
Deployment of  
Network DVR  
2012-2013  
Pioneering  
Development of VOD  
Dynamic Advertising  
Insertion  
2012-2013  
Full-Service  
Network  
2011  
J.D. Power  
Highest in Customer  
Satisfaction with Large  
Enterprise Business  
Wireline Service  
2013

CRN

Top Channel Partner in  
the Network

Connectivity Category

2013

Frost & Sullivan

Primary Network Service

Provider of Choice for U.S.

Business Communications

Executives

2012

Non-GAAP Financial Measures and  
Reconciliation Schedules

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**Non-GAAP Financial Measures**

In discussing its performance, the Company may use certain measures that are not calculated and presented in accordance with accounting principles ( GAAP ). These measures include OIBDA, Adjusted OIBDA, Adjusted OIBDA less capital expenditures. The Company defines as follows:

OIBDA (Operating Income before Depreciation and Amortization) means Operating Income before depreciation of tangible and intangible assets.

Adjusted OIBDA means OIBDA excluding the impact, if any, of noncash impairments of goodwill, intangible and fixed assets merger-related and restructuring costs; and costs associated with certain equity awards granted to employees to offset value loss from separation from Time Warner Inc. on March 12, 2009.

Adjusted OIBDA less capital expenditures means Adjusted OIBDA minus capital expenditures.

Free Cash Flow means cash provided by operating activities (as defined under GAAP) excluding the impact, if any, of cash provided by operations, plus (i) any income taxes paid on investment sales and (ii) any excess tax benefit from equity-based compensation, plus (iii) cash paid for other intangible assets (excluding those associated with business combinations), (iii) partnership distributions and (iv) principal payments on capital leases.

Management uses OIBDA and Adjusted OIBDA, among other measures, in evaluating the performance of the Company's business. The effects of (i) considerable amounts of noncash depreciation and amortization and (ii) items not within the control of the Company such as income tax provision, other income (expense), net, and interest expense, net). Adjusted OIBDA further eliminates the effects of items identified in the definition of Adjusted OIBDA above. Adjusted OIBDA less capital expenditures also allows management to evaluate the effect of capital spending decisions. Adjusted OIBDA and Adjusted OIBDA less capital expenditures are also significant performance measures for the Company's annual incentive compensation programs. Management believes that Free Cash Flow is an important indicator of the Company's ability to generate cash, reduce net debt, pay dividends, repurchase common stock and make strategic investments, after the payment of cash taxes. In addition, all of these measures are commonly used by analysts, investors and others in evaluating the Company's performance. These measures have inherent limitations. For example, OIBDA and Adjusted OIBDA do not reflect capital expenditures or the value of capitalized assets used in generating revenue. To compensate for such limitations, management evaluates performance through OIBDA, Adjusted OIBDA, Adjusted OIBDA less capital expenditures and Free Cash Flow, which reflect capital expenditure decisions, and net income attributable to TWC shareholders. OIBDA, Adjusted OIBDA and Adjusted OIBDA less capital expenditures do not reflect any of the items noted as adjustments in Adjusted OIBDA above. To compensate for these limitations, management evaluates performance through OIBDA and net income attributable to shareholders, which do reflect such items. OIBDA, Adjusted OIBDA and Adjusted OIBDA less capital expenditures also fail to reflect the Company for income taxes and debt servicing costs, the results of the Company's equity investments and other non-operating items. Management compensates for these limitations by using other analytics such as a review of net income attributable to TWC shareholders. Free Cash Flow, a liquidity measure, does not reflect payments made in connection with investments and acquisitions, which reduce liquidity. To compensate for these limitations, management evaluates such investments and acquisitions through other measures such as return on investment analyses. These non-GAAP measures should be considered in addition to, not as substitutes for, the Company's Operating Income, net income and cash flow reported to shareholders and various cash flow measures (e.g., cash provided by operating activities), as well as other measures of financial performance reported in accordance with GAAP, and may not be comparable to similarly titled measures used by other companies.

Reconciliations of Non-GAAP Financial Measures for  
the Year Ended December 31, 2013

(\$ in millions)

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Reconciliation of Adjusted OIBDA to Operating Income:

Adjusted OIBDA

7,980

\$

Merger-related and restructuring costs

(119)

Depreciation

(3,155)

Amortization

(126)  
Operating Income  
4,580  
\$  
Adjusted OIBDA and Operating Income less capital expenditures  
Total capital expenditures  
3,198  
\$  
Adjusted OIBDA less capital expenditures  
4,782  
\$  
Operating Income less capital expenditures  
1,382  
\$  
Reconciliation of Cash provided by operating activities to Free Cash Flow:  
Cash provided by operating activities  
5,753  
\$  
Add:  
Excess tax benefit from equity-based compensation  
93  
Less:  
Capital expenditures  
(3,198)  
Cash paid for other intangible assets  
(40)  
Other  
(2)  
Free Cash Flow  
2,606  
\$

Reconciliations of Non-GAAP Financial Measures for  
the Year Ended December 31, 2013  
(\$ in millions, except per average estimated passing metrics)

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Metrics as percentages of revenue:

Total revenue

22,120

\$

Adjusted OIBDA as a percentage of revenue

36.1%

Operating Income as a percentage of revenue

20.7%

Adjusted OIBDA less capital expenditures as a percentage of revenue



21.6%

Operating Income less capital expenditures as a percentage of revenue

6.2%

Free Cash Flow as a percentage of revenue

11.8%

Cash provided by operating activities as a percentage of revenue

26.0%

Metrics per average estimated passing:

Average annual estimated passings (in thousands)

29,732

Adjusted OIBDA per average annual estimated passing

268

\$

Operating Income per average annual estimated passing

154

\$

Adjusted OIBDA less capital expenditures per average annual estimated passing

161

\$

Operating Income less capital expenditures per average annual estimated passing

46

\$

Free Cash Flow per average annual estimated passing

88

\$

Cash provided by operating activities per average annual estimated passing

193

\$