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 x   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

x 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):

x 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:

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¨ Fee paid previously with preliminary materials.

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(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 Operational and Financial Plan
January 30, 2014

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Forward-Looking Statements and Disclaimers

ADDITIONAL INFORMATION

Time Warner Cable expects to file a proxy statement with the U.S. Securities and Exchange Commission (SEC) and to prov proxy statement to its security holders. INVESTORS AND SECURITY HOLDERS OF TIME WARNER CABLE ARE URG DOCUMENT AND ANY OTHER DOCUMENTS FILED BY TIME WARNER CABLE WITH THE SEC CAREFULLY IN WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and able to obtain free copies of the definitive proxy statement (when available) and any other documents filed with the SEC by Ti through 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 t SEC. Security holders may obtain information regarding the names, affiliations and interests of Time Warner Cable s director officers in Time Warner Cable s Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with th 15, 2013, and its proxy statement for the 2013 Annual Meeting, which was filed with the SEC on April 4, 2013. These docume obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants i solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in an and other relevant materials to be 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 include looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Time Warner Cable intends statements be covered by the safe harbor provisions of the federal securities laws. Statements herein regarding future financial results and any other statements about future expectations constitute forward-looking statements. These forward-looking sta identified by words such as believe, expects, anticipates, projects, intends, should, estimates or similar exp statements are based on management s current expectations or beliefs, and are subject to uncertainty and changes in circumsta results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, co technological, strategic and/or regulatory factors, and other factors affecting the operations of Time Warner Cable. More detai about these factors may be found in filings by Time Warner Cable with the SEC, including its most recent Annual Report on F Quarterly Reports on Form 10-Q. Time Warner Cable is under no obligation to, and expressly disclaims any such obligation to forward-looking statements, whether 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 publication has not been obtained to use the material as proxy soliciting material.

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2
TWC is Well Positioned To Continue Generating
Strong Operating Results And Financial Returns
Strong foundation to deliver future results

The premier pure play cable company, serving 15 million customers via our advanced network

Strong track record of operational performance and capital allocation leading to significant value creation for shareholders
Meaningful operational momentum going into 2014

Three-year
operational
and
financial
plan
will
continue
to
drive
value
for
our
shareholders
over
the
near and long term

1.
Revitalize residential services
2.
Scale business services
3.
Disciplined cost management
1.
Improving reliability, quality and customer service
2.
Differentiating products in ways that matter
3.
Investing with an eye toward the future
Three overarching priorities
Three key elements of our plan
Initiatives launched in 2013 are resulting in meaningful primary service unit (PSU) and customer relationship momentum

3
TWC is the Premier Pure-Play Cable Company
Industry Leading Business

15.0 million customers at 12/31/2013

14.4 million residential services

0.6 million business services

$22.1
billion of Revenue in 2013

$18.4 billion residential services

$2.3 billion business services

$1.4 billion advertising & other

Well-situated to capitalize on future growth opportunities as a result of our robust network, operational expertise and financial flexibility

Ongoing product roll-outs and improvements, including:

Expanding WiFi network

IntelligentHome

TWC TV®
apps (for iOS, Android ,
Roku , Samsung
Smart TVs, Xbox
360 ,
Amazon
Kindle
Fire
and
Mac/PC)

Set-top boxes with cloud-based guide including VOD portal (2.8mm going to 6mm by end of 2014)

Cloud services for businesses
Extensive Geographic Footprint

Well-clustered cable systems located in key geographic areas, including:

New York State

Southern California

Texas

The Carolinas

Midwest

50% Customer Relationship penetration

38% Video Penetration

39% HSD Penetration

17% Voice Penetration
Innovative Technology Pioneer

State-of-the-art network

Nationwide fiber backbone

Deep metro fiber assets

Increasing standard HSD speeds to 50x5 and top HSD speeds to 300x20 in 2014

860K commercial buildings on net (58K fiber connected buildings); 14K connected cell towers

Cutting-edge video services

Most advanced linear IP video product in industry, with up to 300 live linear channels and over 4,000 hours of VOD available via multiple platforms

Average of 183 HD channels per market

All digital in NYC; Augusta, ME; Parts of KY and IN; Parts of LA
In the process of going all digital in other markets (including Los Angeles in 2014)

Recognized leader in technical innovation, including 8 Emmy®
Awards for technology and engineering
TWC-Serviced States
(1)
1.
Represents states where TWC has video customers.

4
With a Strong Track Record of Creating Significant
Value for Shareholders
Since our spin-off from Time Warner Inc. in 2009, we have
a demonstrated track record of successfully executing on
our operating and financial plans, driving growth and
creating value for our shareholders.
Since 2009, we have outperformed the market by ~3x.
Our share price has appreciated 431% and we have
generated 464%
(7)
total return for our shareholders over
the period through the end of 2013.
TWC
431%
S&P 500
144%
Revenue Growth

(1)
Adjusted
OIBDA
(2)
Growth
(1)
Total Free Cash Flow
(2)
Total Dividends
(5)
Total Share Repurchases
(6)
Capital Expenditures
(3)
24%
23%
$12.1 billion
$2.7 billion
$7.5 billion
$15.4 billion
2009
2013
12/31/13
Strategic Acquisitions
(4)
$4.2 billion
1/1/13
1/1/12
1/1/11
1/1/10
3/13/09
--
%
100 %
200 %
300 %
400 %
500 %
1.
2.
3.
4.
5.
6.
7.
8.
Source: Company filings, Capital IQ and Factset
Growth rates based on reported results from full year 2009 - 2013, including NaviSite results after 4/21/2011 and Insight result
Refer to slides 26-28 for definitions, additional information and reconciliations for non-GAAP financial measures.
Represents capital expenditures as reported from Q1 2009 Q4 2013, including NaviSite results after 4/21/2011 and Insight re

Includes Insight, NaviSite, NewWave and DukeNet (which closed on 12/31/2013).
Does not include special dividend of $30.81 per share (after giving effect to the 1-for-3 reverse stock split) paid in 2009.
Includes share repurchases through 12/31/2013.
Calculated as share price of $135.50 (as of 12/31/2013) less share price on date indicated plus total dividends per share issued s
date indicated.
Represents share price from 3/13/2009, the first trading day after the spin-off from Time Warner Inc. on 3/12/2009.
Share Price
Share Price
Since:
Return
+ Dividends
(7)
Spin-off
(8)
431%
464%
1/1/2010
227%
248%
1/1/2011
105%
115%
1/1/2012
113%
121%
1/1/2013
39%
42%

5
We Have Made Significant Progress in 2013
Fine-tuning our residential offer strategy and improving retention capabilities

Now on almost 3 million set-top boxes; leading position among MSOs

In December, our customers used the TWC TV®
app on more than a million IP devices
Customer service enhancements
Business Services success
Capital returns milestone reached
Foundational work done in 2013 is beginning to drive subscriber momentum
PSU and customer relationship net adds improved sequentially each month in Q4 2013 and the trend

has continued into 2014
Accelerated the deployment of cloud-based guide
Further enhanced our TWC TV app, adding more content (linear and VOD) and adding the Amazon Kindle Fire platform
Initiatives such as one hour service windows and better customer education are already resulting in improvements in customer satisfaction
Delivered $100 million of year-over-year revenue growth again in Q4 2013
$2.5 billion run-rate revenue business (including DukeNet) poised to double to over $5 billion annual revenue by 2018
Repurchased more than $7.5 billion since the inception of our buyback program in 2010 over 25% reduction in shares outstanding
®
Video product enhancements

Continue to invest as we scale business services to over $5 billion annual revenue by 2018
Continue to pursue operating efficiencies to offset continuing programming cost increases
Build on recent momentum and drive subscriber growth in the residential business through:
Three Key Elements of Our Plan
Revitalize
Residential Services
Scale Business
Services
Disciplined Cost

Management
6
Subscriber acquisition and retention efforts
Improved reliability and customer service
Continued roll out of next generation products
1.
2.
3.

7
Revitalize Residential Services

8
Continued Focus on Acquisition and Retention
Efforts to Drive Subscriber Growth
Residential PSU Net Adds
Residential PSU Y-o-Y Trend
Residential Customer
Relationship Net Adds
Residential Video Net Adds
Residential HSD Net Adds

Residential Voice Net Adds
(156)
(52)
31
60
October
November
December
January
(151)
(66)
60
118
October
November
December
January
2013 - 2014
2012 - 2013
Improving Residential Performance Monthly Through January 2014 (000s)
Rebounding PSU Net Additions Going into 2014 (000s)

9
Improve Reliability and Customer Service
We re establishing rigorous new performance standards for our plant that allow us to deliver flawless video, phone and HSD, creating a direct positive impact on the customer experience
Our 2014 plant optimization initiatives include:
We re focused on delivering **more responsive service** and **faster resolution of issues.**

Key
initiatives
include:
Reliability Initiatives
Customer Service Initiatives
Proactively address outside plant
issues with node health reports
prioritizing trouble nodes for
maintenance
Introduce a plant certification
process to ensure that the plant is
maintained proactively
Remediate worst performing nodes
Increase investment in overall
plant maintenance
One
hour
appointment
windows

best-in-class
service
that
only
TWC
provides
Improved installation process focused on customer education, assistance
installing apps, etc.
Guaranteed home visit within 24 hours of reported service outage
Escalated support for customers that call back within 72 hours of technical
home visit
TechTracker: providing technician s picture and phone number via text
message to improve day of appointment customer communication (2014)
Option for customers to speak with same agent as previous communication
(2014)
Offer
fixed
appointment
times
rather
than
appointment
window
for
20%+
of customer contacts (2014)
We are already beginning to see the results of our customer service initiatives
implemented
in
2013

through
improved
customer
metrics,
including
improved
technician on-time arrival, increased calls answered in under 60 seconds and
decline in dispatch rate

10

Continue to Roll Out Next Generation Products

The foundation of improving the residential customer experience is having the best products, most advanced technology and most user-friendly interface

In
addition
to
video
products,
we
continue

to
innovate
and
offer
other
differentiating
products
Our
product
offerings
are
underpinned
by
our
focus
on
delivering
the
right
products
at
the
right
price
New DVRs (6 tuners, 1 TB of storage), more HD channels and improved VOD capacity (75K hours)
Deploy set-top boxes with cloud-based services to 6 million homes by YE2014 (currently 2.8 million homes)

VOD portal with rich box art, advanced search and more compelling DVR manager
Continue to grow TWC TV®-
our IP video app that is now available on Apple
iOS and Android
tablets and
smartphones, Roku
Streaming Players, Samsung
Smart TVs, Xbox 360
video game consoles, the Amazon
Kindle Fire
platform and on PC/Mac computers

In the home, the TWC TV®
app offers up to 300 live linear channels and over 4,000 hours of VOD

Outside the home, the TWC TV®
app offers live and on-demand content through an intuitive interface
wherever customers are, with up to 24 live channels and 1,200 hours of VOD content from 40 networks
Aggressively expand community WiFi availability beyond the more than 200K Cable Wi-Fi®
hotspots currently available to
TWC customers
Continue to drive penetration of IntelligentHome and add new features and functionality
Provide pricing / packaging more focused on meeting each customer s needs

Offer stable high-value packages to drive long-term profits and customer satisfaction
Move toward customer-centric pricing and away from product-centric pricing (increases transparency and clearly frames value proposition)
Augment main bundled offerings with packages that target specific strategic markets (i.e., aggressively market to value-oriented DSL customers with a 2X1 HSD plan for $14.99/month, gaining HSD customers we wouldn t have otherwise had)

11
Raising the Bar with TWC Maxx
Rebranding TWC experience
progressively across the footprint
as we implement TWC Maxx
Significantly higher speeds
loyalty upgrades (e.g., Ultra
moving to 300x20, Standard
to 50x5)
State-of-the-art in-home

WiFi
Continued deployment of community WiFi hotspots
Service appointments, same day service
TechTracker to identify exact location and estimated arrival time
Video chat support
Replace standard definition set-top boxes with new HD boxes at no cost to the customer
Plant certification program
Carry all video in crystal clear digital format only
TWC Maxx is a reinvention of TWC city by city, starting with NYC and LA in 2014. We will roll out these initiatives across 75% of our footprint in 2015 and 2016
Ultra-fast HSD
Re-Branding
Better Video
Service
Differentiation

12
Scale Business Services

13

TWC is Already a World Class Business Services Provider

860,000 on-net buildings

58,000 connected with fiber

14,000 connected cell towers

Scalable, fully protected and redundant independent fiber infrastructure

Dedicated local teams (sales, care and operations)

Award winning indirect channel program

Flexible products, services and solutions designed for each
customer segment served

Cloud and Managed service offerings via NaviSite
Fiber
Route
Miles
(000s)
(2)
LTM Business Services Revenue
($
in
billions)
(1)
Fiber
Connected
Buildings
(000s)
(2)
Unique Infrastructure and Capabilities
Extensive Network Infrastructure
Best-in-class Capabilities
Significant Scale within the Industry
Source: Company filings, Company websites, Telecom Ramblings.
1.
TWC Business Services LTM Revenue as of Q4 2013 and excludes DukeNet. All other companies LTM revenue as of Q3 201
2.
Sourced from the most recent public reporting available. Charter and Level 3 fiber connected buildings sourced from Telecom

Extensive Capabilities Aligned by Segment

Business Class Voice with
web-based management
portal

PRI

SIP Trunks

Toll free Service

Internet access

WiFi services

Ethernet Solutions

IP VPN

Managed Router

Cell Tower Backhaul

Carrier Access

Colocation

Cloud Services (IaaS)

Desktop-as-a-Service
(DaaS)

Managed Hosting

Managed Applications

Managed Security

Cable TV

Set Back Box

Pro:Idiom (Hospitality)

IP TV

Telehealth
Small

Best-in-class products
bundled to offer value

Wide range of product
tiers and packages with
flexible options

Ranked #1 in Customer
Loyalty
by Frost &

Sullivan 2012
650 sales professionals
Mid-market

Best-of-breed
connectivity solutions
with standard-based
solutions (MEF CE 2.0)

Vertical SMEs and
industry-specific
solutions

Industry leading video
solutions
663 sales professionals
Enterprise

Tailored solutions
portfolio of IT and
telecom services

Dedicated account
teams for high touch
support

J.D. Power 2013
Highest in Customer
Satisfaction with Large
Enterprise Business
Wireline Service
191 sales professionals
Carrier

Servicing five largest
Mobile Network
Operators

Dedicated Carrier
Network Operations
Center (NOC)

Carrier-grade Service
Level Agreements (SLAs)
35 sales professionals
1.
Sales professionals as of January 2014.
14
Comprehensive Product and Solutions Portfolio
Expansive Focus Across Customer Segments

(1)
Voice
Video
Data
Cloud &
Managed Hosting

15

Three-Pronged Growth Strategy to Exceed $5 Billion Revenue by 2018 and Scale for Continued Growth

Scale our business of serving small businesses:

Improving win rates via product enhancements

Increase ARPU with broadened offerings

Greater network reach to create new opportunities

Move up market, replicating the success we already have with smaller businesses by:

Offering an equally compelling portfolio of services for larger businesses, including new voice products, enhanced Ethernet services and new managed network solutions

Introducing new, industry-specific solutions for key verticals such as Healthcare and Hospitality

Enhancing NaviSite s Cloud and Managed Services portfolio and coupling it more tightly with the network

Continuing to invest in fiber-connected buildings

Grow the carrier business by:

Streamlining our sales and operational processes

Increasing our cell tower backhaul revenues

Serving new and emerging needs such as wholesale last mile access and small cell

We have a greater than $20 billion
telecom market opportunity, with significant
additional opportunity in cloud and managed services
Scale Small Business
Move Upmarket
Grow the Carrier
Business

16
2014
2016 Financial Plan
Note: The following slides contain forward-looking statements including projections presented to the Board of Directors. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, and other factors affecting the operations of Time Warner Cable.

17

Investments Supporting the Key Elements of our Plan

Reclaim bandwidth, improve network reliability, deploy advanced customer equipment and significantly improve customer service

Roll out TWC Maxx to approximately 75% of our footprint, offering the most advanced residential experience in the market

Further develop infrastructure to advance growth in business services, including bringing more buildings onto our network, activating more cell towers and increasing fiber lit buildings

Automate, standardize and centralize as part of our One TWC
reorganization
Revitalize
Residential Services
Scale Business
Services
Disciplined Cost
Management

Key Operating Investments

Invest in major initiatives to improve plant performance

Cease carriage of remaining analog video signals and reclaim bandwidth

Roll out next generation set-top boxes and advanced wireless gateways; replace older gear

Continue to build new passings

Continue to invest in infrastructure to increase

HSD speeds

Continue to roll out community WiFi hotspots

Add ~$1.3 billion serviceable revenue
opportunity per year

Increase
commercial
line
extension
spending
to
over
$500
million
per
year

Add
75K
buildings
to
network
in
2014
and
240K
through
2016

Activate
3K
towers
in
2014

driving
increasing
carrier
growth

Continue to expand highly differentiated
product offering to SMB customers

Leverage investment in SMB products to move
up market and create increasingly relevant
products for large enterprises
18
Our plan will require an increase in total annual capital spending to

$3.7
-
$3.8
billion
a
year
over
the
next
three
years
Residential Services
Business Services

Disciplined Cost Management and Execution

Streamline cost structure by centralizing and eliminating duplication as part of our One TWC reorganization

Improve voice costs as we finish our multi-year transition from relying on Sprint to insourcing provisioning and interconnection of voice services

Reduce technical operations and service costs through reduced call volume and truck rolls

Optimize business services costs through automation and standardization of processes

Pursue additional opportunities to reduce G&A costs

Total expense growth of 5% CAGR from 2013 to 2016; excluding programming and business
services
costs,
expenses
are
projected
to
grow
2%
CAGR
from
2013
to
2016

We plan to convert roughly 40% of incremental revenue into Adjusted OIBDA, which would
result in ~50bps of margin expansion from 2013 to 2016
Note: Refer to slides 26-28 for definitions, additional information and reconciliations for non-GAAP financial measures.
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We are committed to operating efficiently and reducing costs, with several strategies
to expand Adjusted OIBDA margin despite programming cost headwinds

20
Financial Plan: Significantly Improve Revenue and
Adjusted OIBDA Trends
Revenue
Adjusted OIBDA
$
in
billions
% Margin
36.1%
36.6%
36.4%

Overall Company:

Generate annual revenue and Adjusted OIBDA of $25.7 billion and $9.4 billion, respectively, by 2016

Generate mid-
to high-single digit revenue and Adjusted OIBDA growth in 2016

Continue cost reduction and operating efficiency strategies to preserve Adjusted OIBDA margin despite programming cost headwinds

Residential Services:

Accelerate annual revenue growth from 1% in 2014 to 4% by 2016

Majority of residential revenue growth from volume as opposed to rate increases

Business Services:

Grow revenue at or slightly below 20% a year as we continue to realize the benefits of capital investments
Note: Refer to slides 26-28 for definitions, additional information and reconciliations for non-GAAP financial measures.
$8.0
$8.4
$9.4
2013A
2014P
2016P
$23.1
$22.1
$25.7
2013A
2014P
2016P
Comments
$
in
billions

Continued Focus on Delivering Value
to Shareholders

Growing
Adjusted
OIBDA
creates
meaningful
balance
sheet
capacity
over
the
next
three
years

Based on our expected results and 3.25x leverage target, our expectation is that over the next three years we can generate more than $12 billion cumulative financial capacity, including approximately $7.5 billion from Free Cash Flow, available for:

Dividends

Share repurchases

Strategic M&A opportunities
Accelerating
Adjusted
OIBDA
growth
creates
significant
financial
capacity
and
greater opportunity to return value to shareholders
Note: Refer to slides 26-28 for definitions, additional information and reconciliations for non-GAAP financial measures.
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Revenue
Expectations

Reported Revenue Growth in the 4%-5% range

Adjusted OIBDA growth in the 5%-6% range

Approximately $100 million in political revenue in 2014
Expense
Expectations
Cash

Flow
/
Shareholder
Returns
Expectations
2014: A Year of Stabilization and Growth
2014 Guidance
22

Over
$175
million
reduction
in
our
voice
costs
as
we
complete
our
GIA
migration

Low double digit growth in programming costs per sub

$100 million for TWC Maxx roll out and plant maintenance initiatives

Launch of Dodgers Network

$3.7 billion capital expenditures

Flat Free Cash Flow compared to 2013 ($2.6 billion)

Flat share repurchases compared to 2013 ($2.5 billion)

Dividend increased to $3 per share

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Conclusion

Conclusion
We have a history of leadership, product innovation and consistent investment
Our operational and financial plan, underpinned by a customer-centric and performance-based culture, will continue to drive value for our shareholders over the near and long term
Three year operating plan:

2016 revenue of $25.7 billion (5.4% 2014-16 CAGR)

2016 Adjusted OIBDA of $9.4 billion (5.7% 2014-16 CAGR)
We
will
balance
investment,
acquisition

and
return
of
capital
to
continue
producing
long-term
shareholder
value creation
We have the right team and a strategic plan to deliver strong long-term, sustainable results
TWC is committed to achieving operational excellence and delivering strong
financial performance in order to maximize value to our shareholders
Note: Refer to slides 26-28 for definitions, additional information and reconciliations for non-GAAP financial measures.
1.
Revitalize residential services
2.
Scale business services
3.
Disciplined cost management
1.
Improving reliability, quality and customer service
2.
Differentiating products in ways that matter
3.
Investing with an eye toward the future
Three overarching priorities
Three key elements of our plan
24

Non-GAAP Financial Measures and
Reconciliation Schedules
25

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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 expenditu
Company defines as follows:

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

Adjusted OIBDA means OIBDA excluding the impact, if any, of noncash impairments of goodwill, intangible and fixed assets
sales; merger-related and restructuring costs; costs associated with certain equity awards granted to employees to offset value l
TWC s separation from Time Warner Inc. on March 12, 2009; and, in 2014, expenses associated with unsolicited proposals to

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 pro
discontinued operations, plus (i) any income taxes paid on investment sales and (ii) any excess tax benefit from equity-based c
capital expenditures, (ii) cash paid for other intangible assets (excluding those associated with business combinations), (iii) par
third parties and (iv) principal payments on capital leases.

Management uses OIBDA and Adjusted OIBDA, among other measures, in evaluating the performance of the Company s bus
the effects of (i) considerable amounts of noncash depreciation and amortization and (ii) items not within the control of the Co
managers (such as income tax provision, other income (expense), net, and interest expense, net). Adjusted OIBDA further elin
noncash items identified in the definition of Adjusted OIBDA above. Adjusted OIBDA less capital expenditures also allows n
performance including the effect of capital spending decisions. Adjusted OIBDA and Adjusted OIBDA less capital expenditu
performance measures used in the Company s annual incentive compensation programs. Management believes that Free Cash
indicator of the Company s ability to generate cash, reduce net debt, pay dividends, repurchase common stock and make strate
payment of cash taxes, interest and other cash items. In addition, all of these measures are commonly used by analysts, investo
the Company s performance and liquidity.

These measures have inherent limitations. For example, OIBDA and Adjusted OIBDA do not reflect capital expenditures or th
capitalized assets used in generating revenue. To compensate for such limitations, management evaluates performance throug
capital expenditures and Free Cash Flow, which reflect capital expenditure decisions, and net income attributable to TWC shar
periodic costs of capitalized assets. Adjusted OIBDA and Adjusted OIBDA less capital expenditures do not reflect any of the
definition of Adjusted OIBDA above. To compensate for these limitations, management evaluates performance through OIBD
to TWC shareholders, which do reflect such items. OIBDA, Adjusted OIBDA and Adjusted OIBDA less capital expenditures
costs borne by the Company for income taxes and debt servicing costs, the results of the Company s equity investments and o
or expense. Management compensates for these limitations by using other analytics such as a review of net income attributabl
Cash Flow, a liquidity measure, does not reflect payments made in connection with investments and acquisitions, which reduc
this limitation, management evaluates such investments and acquisitions through other measures such as return on investment
These non-GAAP measures should be considered in addition to, not as substitutes for, the Company s Operating Income, net i
shareholders and various cash flow measures (e.g., cash provided by operating activities), as well as other measures of financia
reported in accordance with GAAP, and may not be comparable to similarly titled measures used by other companies.

Reconciliations of Non-GAAP Financial Measures
Reconciliation of Adjusted OIBDA and OIBDA to Operating Income ($ in millions):
%
2009
2013
Change
Adjusted OIBDA
6,492
$
7,980
$
22.9%
Separation-related make-up equity award costs

(9)

-

(100.0%)
Merger-related and restructuring costs
(81)

(119)

46.9%
OIBDA
6,402

7,861

22.8%
Depreciation
(2,836)

(3,155)

11.2%
Amortization
(249)

(126)

(49.4%)
Operating Income
3,317
$
4,580
$
38.1%
Reconciliation of Cash provided by operating activities to Free Cash Flow
from January 1, 2009 through December 31, 2013 ($ in millions):
Cash provided by operating activities
27,363
$
Add:
Income taxes paid on investment sales
84

Excess tax benefit from equity-based compensation
241

Less:
Capital expenditures
(15,391)

Cash paid for other intangible assets
(170)

Other
(22)

Free Cash Flow
12,105
$
Year Ended December 31,
27

28
Reconciliations of Non-GAAP Financial Measures
($ in millions)
28
Year Ended
December 31,
2013
Adjusted OIBDA
7,980
$
Merger-related and restructuring costs
(119)
Depreciation
(3,155)
Amortization
(126)
Operating Income
4,580
$
Revenue
22,120

$
Adjusted OIBDA as a percentage of revenue
36.1%
Cash provided by operating activities
5,753
$
Increase in absolute dollar amount
Add:
Excess tax benefit from equity-based compensation
93
Less:
Capital expenditures
(3,198)
Cash paid for other intangible assets
(40)
Similar amount in 2014; Unable to estimate for 2015 and 2016
Other
(2)
Unable to estimate
Free Cash Flow
2,606
$
Similar amount in 2014, with 2014 to 2016 cumulative Free Cash Flow approximating $7.5 billion
Reconciliation of Long-Term Expectations
Expected to be approximately $3.7 billion in 2014 and ranging from $3.7 billion to $3.8 billion in each of 2015 and 2016
5% to 6% growth in 2014, increasing to $9.4 billion in 2016
Unable to estimate
Increase in absolute dollar amount
Increase in absolute dollar amount
Increase in absolute dollar amount
4% to 5% growth in 2014, increasing to $25.7 billion in 2016
Expected to increase slightly in 2014, reaching 36.6% by 2016
Increase in absolute dollar amount