

TIME WARNER CABLE INC.  
Form DEFA14A  
January 15, 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.

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- (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):
  
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On January 15, 2014, Time Warner Cable Inc. posted the following presentation to its website.

Charter's Proposal is Grossly Inadequate  
January 15, 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 provide to its security holders.

**INVESTORS**

**AND**

**SECURITY**

**HOLDERS**

**OF**

**TIME**

**WARNER**

**CABLE**

**ARE**

**URGED**

**TO**

**READ**

**THIS**

**DOCUMENT**

**AND**

**ANY**

**OTHER**

**DOCUMENTS**

**FILED BY TIME WARNER CABLE WITH THE SEC CAREFULLY IN THEIR ENTIRETY IF AND WHEN THEY BECOME IMPORTANT INFORMATION.** Investors and security holders will be able to obtain free copies of the definitive proxy statement documents filed with the SEC by Time Warner Cable through the web site maintained by the SEC at <http://www.sec.gov>.

**CERTAIN INFORMATION REGARDING PARTICIPANTS**

**FORWARD-LOOKING STATEMENTS AND DISCLAIMERS**

Time Warner Cable and certain of its directors and executive officers may be deemed to be participants in a solicitation under the Securities Act of 1933. Security holders may obtain information regarding the names, affiliations and interests of Time Warner Cable's directors and executive officers from the Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the SEC on February 15, 2013, and the Annual Meeting, which was filed with the SEC on April 4, 2013. These documents can be obtained free of charge from the SEC. Information regarding the interests of these participants in any proxy solicitation and a description of their direct and indirect interests, if any, otherwise, will also be included in any proxy statement and other relevant materials to be filed with the SEC if and when they are filed. This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. This document includes certain statements within the meaning of the Private Securities Litigation Reform Act of 1995 and we intend that all such statements be in compliance with the provisions of the federal securities laws. Statements herein regarding future financial and operating results and any other statements of expectations constitute forward-looking statements. These forward-looking statements may be identified by words such as "anticipates," "projects," "intends," "should," "estimates" or similar expressions. These statements are based on management's beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors, and other factors affecting Time Warner Cable. More detailed information about these factors may be found in filings by Time Warner Cable with the SEC, including the 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 intention to, or alter its 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  
been obtained to use the material as proxy soliciting material.

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Charter has made a number of claims in its public comments about TWC and the

Charter proposal that we believe reflect a fundamental lack of understanding of our operations and strategy

We will address these claims in due course. However, none of what Charter has claimed changes the simple fact that its proposal is grossly inadequate

As such, these materials focus on TWC's value as a one-of-a-kind asset that Tom Rutledge correctly has identified as the biggest and best M&A option available

Presentation Context

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Charter's proposal fails to reflect the significant value of TWC's high quality assets, unique scale, synergy potential, growth opportunities and strong financial position

It is materially below precedent transaction multiples, especially transactions of a



similar scale to TWC

The proposal fails to adequately compensate and protect TWC shareholders for the risks of owning Charter's stock

We have engaged with Charter, but Charter is not prepared to pay for a one-of-a-

kind asset and instead chose to go public with another low-ball proposal in an attempt to steal the Company

Charter's Proposal is Grossly Inadequate

The TWC Board of Directors unanimously rejected Charter's third grossly inadequate proposal

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Starting  
in  
May  
of  
2013,  
TWC  
management  
engaged  
with

Charter  
and  
Liberty  
in  
an  
attempt  
to

understand their approach. After numerous meetings in May, June, and July, Charter made a low-ball offer of \$114 per TWC share, which was rejected by our Board

Charter did not re-engage with TWC until late October, when it made another low-ball offer of \$127 per TWC share, which was also rejected by our Board

In December, TWC management had numerous conversations with Charter management in order to understand:

On December 27, TWC management made clear to Charter:

TWC Has Engaged With Charter

Rather than pursuing this path, Charter has chosen to go public with its third low-ball offer trying to pressure TWC's Board into selling the Company at a grossly inadequate price

Charter's proposal and operational plan

Charter's view on synergies and tax attributes

Charter's proposed capital structure and financing plan

Our concerns about the highly uncertain value of Charter's stock

That  
our  
Board  
is  
open  
to  
a  
transaction  
with  
Charter  
at  
\$160  
per  
TWC  
share  
consisting  
of  
\$100  
in  
cash  
and

\$60 per share of Charter common stock, with a 20% symmetrical collar



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Charter's proposal is well below recent cable transactions, especially transactions of a similar scale to TWC

Only true comparable deal from a scale perspective, AT&T Broadband, sold in 2002 for ~21x EBITDA, ~8x higher than the average trading multiple of public comparable cable companies at the time

The  
Charter  
proposal  
to  
acquire  
TWC  
is

at  
a  
significant  
discount  
to  
Charter's  
standalone  
public trading multiple  
Charter Has Made 3 Proposals to TWC  
(1)  
(2)  
Recap of Charter's Grossly Inadequate Proposals

July 2013  
October 2013  
January 2014  
Consideration  
Per  
TWC  
Share  
Cash  
\$79.11  
\$82.54  
\$82.54  
Stock  
\$34.56  
\$44.49  
\$49.96  
Exchange Ratio  
0.275x  
0.329x  
0.372x  
Total  
\$113.67  
\$127.03  
\$132.50  
Premium / Discount to Current TWC Share Price  
(16.4%)  
(6.6%)  
(2.6%)

Adjusted 2014E EBITDA Multiples:

Implied TWC Takeover Multiple

7.2x

Charter Trading Multiple

9.4x

Source: Company filings, Wall Street research estimates. EBITDA estimates throughout the presentation are based on Wall Street estimates of compensation expense if not already factored into estimates. Wall Street analysts may use slightly different definitions for EBITDA.

Note:

Current prices as of 1/14/2014 close.

1.

Based on consensus estimates of TWC 2014E EBITDA post stock-based compensation of \$8.3 billion.  
2.

Based on consensus estimates of Charter 2014E EBITDA post stock-based compensation of \$3.2 billion.

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

\$22.0 billion of Last Twelve Months  
Revenue (9/30/2013)

\$18.4 billion residential services



\$2.2 billion business services

\$1.4 billion advertising & other

15.1 million customers (9/30/2013)

14.5 million residential services

0.6 million business services

Ideally 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:

Robust WiFi network

IntelligentHome

TWC TV apps (for iOS, Android, Roku, Samsung Smart TV, Xbox and Kindle platforms)

Cloud-based guide

Cloud services for businesses  
Extensive Geographic Footprint

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

New York State  
(including New York City)

Southern California  
(including Los Angeles)

Texas

The Carolinas

Midwest (including Ohio, Kentucky and Wisconsin)  
Innovative Technology Pioneer

Recognized leader in technical innovation,

including 8 Emmys for technology and engineering

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

Internally managed content delivery network for IP video delivery

Cutting-edge video services

Most advanced linear IP video product in industry, with up to 300 live linear channels available via multiple platforms

Average of 179 HD channels per market

All digital in NYC and in the process of going all digital in other markets  
TWC-Serviced States

(1)

1.

Represents states where TWC has video customers.

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TWC is Uniquely Positioned to Deliver Scale  
in the Cable Industry

Sources:

Public filings, company websites, SNL Kagan.

Notes:

PSUs, or primary service units, defined as the sum of video, data, and voice subscribers as of Q3 2013.

Comcast revenue reflects cable operations only.

Cox revenue as of 2012 results per company website.

Charter and Cablevision LTM revenue pro forma for Bresnan transaction.

Top Cable Players by PSUs

(\$ in billions, PSUs and passings in millions)

LTM 9/30/13

Revenue

\$41.3

\$22.0

\$9.6

\$8.3

\$6.2

\$2.2

\$1.6

Passings

53.7

29.8

10.4

12.8

5.0

3.1

2.8

TWC is the only independent, publicly traded cable company of scale

52.4

28.2

11.6

11.2

7.9

2.8

2.3

Comcast

TWC

Cox

Charter

Cablevision

Suddenlink

Mediacom

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Precedent Forward EBITDA Multiples (over \$1 billion)

Proposal does not reflect the scale and quality of TWC's assets and the estimated synergy potential

Announcement Date:

Jun-2010	\$71.4
Aug-2011	\$17.6
Jul-2012	\$1.4
Mar-2013	\$3.0
	\$1.0
	\$1.4

\$6.6  
\$1.6  
\$2.6  
\$62.4  
Deal Value  
(\$ in billions):  
Apr-2005  
Dec-2001  
Premium to  
Industry Trading  
Multiples:  
Jun-2012  
Jul-2012  
Feb-2013  
Jan-2014  
(1)  
Target Subs as a % of  
Acquiror Subs:  
143%  
30%  
10%  
6%  
NA  
30%  
NA  
7%  
NA  
267%  
Strategic Buyer  
Large Scale Transactions  
Financial Buyer  
Charter s Proposal is Significantly Below  
Precedent Transaction Valuations  
8.0x  
4.4x  
2.5x  
2.7x  
1.4x  
1.7x  
1.7x  
0.6x  
1.6x  
(1.0x)  
8.2x  
8.4x  
8.0x  
8.3x  
8.3x  
8.0x  
8.6x

7.2x

Comcast /

AT&T

Broadband

TWX &

Comcast /

Adelphia

CVC /

Bresnan

TWC /

Insight

Oak Hill /

WaveDivision

Cogeco /

Atlantic

BC Partners /

Suddenlink

Charter /

Bresnan

Liberty /

Charter

Charter Proposal

20.8x

13.5x

\$160 proposal TWC management discussed

with Charter implies 8.2x fwd. multiple

Sources: Public filings, Press releases, Mergermarket, Factset, Wall Street research estimates.

1. Industry averages based on average of ADLAC, MCCC, ICCI, CVC, CMCSA, TWC, CVC and CHTR one year forward trading multiple if listed (e.g., Charter, TWC).

10  
Acquiror / Target  
Ann. Date  
Deal Value  
(\$ billion)  
Sizeable  
Asset  
Top  
Markets  
Significant  
Synergies  
Shared  
Syn.  
Tax  
Assets  
EBITDA



Multiple  
Prem. to  
Industry  
Comcast / AT&T  
Broadband  
Dec-01  
\$71.4  
20.8x  
8.0x  
TWX & Comcast /  
Adelphia  
Apr-05  
\$17.6  
13.5x  
4.4x  
CVC / Bresnan  
Jun-10  
\$1.4  
8.2x  
2.5x  
TWC / Insight  
Aug-11  
\$3.0  
8.4x  
2.7x  
Oak Hill /  
WaveDivision  
Jun-12  
\$1.0  
8.0x  
1.4x  
Cogeco / Atlantic  
Broadband  
Jul-12  
\$1.4  
8.3x  
1.7x  
BC Partners /  
Suddenlink  
Jul-12  
\$6.6  
8.3x  
1.7x  
Charter / Bresnan  
Feb-13  
\$1.6  
8.0x  
0.6x  
Liberty / Charter  
Mar-13

\$2.6

8.6x

1.6x

TWC (per Charter Proposal)

7.2x

(1.0x)

(2)

\$62.4

(3)

(1)

(4)

Charter's Proposal Significantly Undervalues

TWC's Unique Attributes

Sources: Public filings and SNL Kagan; Press releases, Mergermarket, Factset, Wall Street research estimates.

1. Based on % of basic subscribers in Top 20 DMAs.

2. Target shareholders benefit from post-transaction synergies.

3. 1-Year Fwd. EBITDA multiple.

4. Industry averages based on average of ADLAC, MCCC, ICCI, CVC, CMCSA, TWC, CVC and CHTR one year forward transaction multiples, excluding

target

multiple if listed (e.g., Charter, TWC).