

TIME WARNER CABLE INC.
Form DEFA14A
April 24, 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:

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On April 24, 2014, Time Warner Cable Inc. issued the following press release:

TIME WARNER CABLE REPORTS**2014 FIRST-QUARTER RESULTS***Best Residential Subscriber Performance in Five Years**Highlighted by Net Addition of 148,000 Customer Relationships**Diluted EPS Increased 27% to \$1.70 per Share**TWC Maxx Rollout Has Begun in Parts of NYC and LA*

NEW YORK, April 24, 2014 Time Warner Cable Inc. (NYSE: TWC) today reported financial results for its first quarter ended March 31, 2014.

Time Warner Cable Chief Executive Officer Rob Marcus said: I'm very pleased with our performance this quarter. Our residential subscriber growth was the best in five years and our business services revenue growth was close to 25 percent. These results underscore our commitment to deliver on our financial and operating plan as we prepare for our merger with Comcast.

SELECTED CONSOLIDATED FINANCIAL RESULTS*(in millions, except per share data; unaudited)*

			1st Quarter		Change	
	2014	2013	\$	%		
Revenue	\$ 5,582	\$ 5,475	\$ 107	2.0%		
Adjusted OIBDA ^(a)	\$ 1,980	\$ 1,912	\$ 68	3.6%		
Operating Income ^(b)	\$ 1,092	\$ 1,060	\$ 32	3.0%		
Diluted EPS ^(c)	\$ 1.70	\$ 1.34	\$ 0.36	26.9%		
Adjusted Diluted EPS ^(a)	\$ 1.78	\$ 1.41	\$ 0.37	26.2%		
Cash provided by operating activities ^(b)	\$ 1,397	\$ 1,394	\$ 3	0.2%		
Capital expenditures	\$ 834	\$ 770	\$ 64	8.3%		
Free Cash Flow ^{(a)(b)}	\$ 629	\$ 661	\$ (32)	(4.8%)		

(a) Refer to Note 4 to the accompanying consolidated financial statements for definitions of Adjusted OIBDA, Adjusted Diluted EPS and Free Cash Flow and below for reconciliations.

(b)

Operating Income is reduced by merger-related and restructuring costs of \$80 million and \$31 million for the first quarters of 2014 and 2013, respectively. Cash provided by operating activities and Free Cash Flow are reduced by merger-related and restructuring payments of \$58 million and \$29 million for the first quarters of 2014 and 2013, respectively.

- (c) Diluted EPS represents net income per diluted common share attributable to TWC common shareholders.

HIGHLIGHTS

Financial Highlights

First-quarter 2014 revenue grew 2.0% year over year, driven primarily by growth of 24.4% in business services revenue and 10.8% growth in residential high-speed data revenue.

Adjusted OIBDA increased 3.6% to nearly \$2.0 billion. Operating Income increased 3.0% to nearly \$1.1 billion.

Adjusted Diluted EPS increased 26.2% to \$1.78. Diluted EPS increased 26.9% to \$1.70.

First-quarter 2014 average monthly revenue per residential customer relationship (ARPU) grew 0.6% to \$105.45.

Residential high-speed data ARPU increased 8.7% to \$46.32.

Operational Highlights

Overall first-quarter residential subscriber performance was the best in five years.

- i Residential customer relationship net additions of 148,000 most in over seven years
- i Residential triple play net additions of 82,000 most since first quarter 2012
- i Residential high-speed data net additions of 269,000 most since first quarter 2008
- i Residential voice net additions of 107,000 most since first quarter 2012
- i Residential video net loss of 34,000 least in five years

TWC Maxx rollout, including high-speed data speed increases to as much as 300 Mbps, has now begun in parts of New York City and Los Angeles.

TWC's cloud-based guide with an advanced VOD portal was installed on 4.3 million set-top boxes at the end of the first quarter.

IntelligentHome net additions of 13,000 marked the best quarter ever; 57,000 customers at the end of the first quarter.

CHANGES IN BASIS OF PRESENTATION

Effective in the first quarter of 2014, the Company determined it has three reportable segments: Residential Services, Business Services and Other Operations. Additionally, during the first quarter of 2014, the Company revised its categorization of operating costs and expenses to be consistent with how such costs and expenses are presented to management and to provide a more meaningful presentation. The Company has recast its financial information and disclosures for prior periods to include (i) disclosure of segment results, which are discussed further below in Detailed Segment Results and Note 3 to the accompanying consolidated financial statements, and (ii) the revised categorization of operating costs and expenses, which had no impact on total operating costs and expenses, Operating Income or net income attributable to TWC shareholders for any period presented.

CONSOLIDATED REVENUE AND PROFITABILITY RESULTS

Revenue for the first quarter of 2014 increased 2.0% year over year primarily as a result of revenue growth at the Business Services and Other Operations segments, partially offset by a decrease at the Residential Services segment.

Adjusted Operating Income before Depreciation and Amortization (Adjusted OIBDA) for the first quarter of 2014 increased 3.6% driven by revenue growth, partially offset by a 1.1% year-over-year increase in operating expenses.

(in millions; unaudited)

	1st Quarter		Change	
	2014	2013	\$	%
Operating costs and expenses:				
Programming and content	\$ 1,309	\$ 1,275	\$ 34	