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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**Current Report  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 26, 2015**

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**Charter Communications, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**001-33664**  
(Commission  
File Number)

**43-1857213**  
(I.R.S. Employer  
Identification Number)

**400 Atlantic Street, 10th Floor  
Stamford, Connecticut 06901**  
(Address of principal executive offices including zip code)

**(203) 905-7801**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 8.01 Other Events**

On May 26, 2015, Charter Communications, Inc., a Delaware corporation ("Charter"), and Time Warner Cable Inc., a Delaware corporation ("Time Warner Cable"), announced that they entered into a definitive merger agreement, dated May 23, 2015, providing for the merger of Time Warner Cable and Charter, and that Charter has amended its previously announced agreement to acquire Bright House Networks to provide that the Bright House acquisition will occur concurrently with the closing of the Time Warner Cable and Charter closing. A copy of the press release and investor presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

### **Important Information For Investors And Shareholders**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. In connection with the transactions referred to in this material, Charter expects to file a registration statement on Form S-4 with the Securities and Exchange Commission ("SEC") containing a preliminary joint proxy statement of Charter and Time Warner Cable that also constitutes a preliminary prospectus of Charter. After the registration statement is declared effective Charter and Time Warner Cable will mail a definitive proxy statement/prospectus to stockholders of Charter and stockholders of Time Warner Cable. This material is not a substitute for the joint proxy statement/prospectus or registration statement or for any other document that Charter or Time Warner Cable may file with the SEC and send to Charter's and/or Time Warner Cable's stockholders in connection with the proposed transactions. INVESTORS AND SECURITY HOLDERS OF CHARTER AND TIME WARNER CABLE ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders will be able to obtain free copies of the proxy statement/prospectus (when available) and other documents filed with the SEC by Charter or Time Warner Cable through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Charter will be available free of charge on Charter's website at [charter.com](http://charter.com), in the "Investor and News Center" near the bottom of the page, or by contacting Charter's Investor Relations Department at 203-905-7955. Copies of the documents filed with the SEC by Time Warner Cable will be available free of charge on Time Warner Cable's website at <http://ir.timewarnercable.com> or by contacting Time Warner Cable's Investor Relations Department at 877-446-3689.

Charter and Time Warner Cable and certain of their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies with respect to the proposed transactions under the rules of the SEC. Information about the directors and executive officers of Charter is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 24, 2015, and its proxy statement for its 2015 annual meeting of stockholders, which was filed with the SEC on March 18, 2015. Information about the directors and executive officers of Time Warner Cable is

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### **Cautionary Statement Regarding Forward-Looking Statements**

Certain statements in this communication regarding the proposed transaction between Charter and Time Warner Cable and the proposed transaction between Bright House and Charter, including any statements regarding the expected timetable for completing the transaction, benefits and synergies of the transaction, future opportunities for the respective companies and products, and any other statements regarding Charter's, Time Warner Cable's and Bright House's future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance that are not historical facts are "forward-looking" statements made within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are often, but not always, made through the use of words or phrases such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated," "aim," "on track," "target," "opportunity," "tentative," "positioning," "designed," "create," "predict," "project," "seek," "would," "could," "potential," "continue," "ongoing," "upside," "increases," and "potential" and similar expressions. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are the following: the timing to consummate the proposed transactions; the risk that a condition to closing the proposed transactions may not be satisfied; the risk that a regulatory approval that may be required for the proposed transactions is not obtained or is obtained subject to conditions that are not anticipated; Charter's ability to achieve the synergies and value creation contemplated by the proposed transactions; Charter's ability to promptly, efficiently and effectively integrate acquired operations into its own operations; and the diversion of management time on transaction-related issues. Additional information concerning these and other factors can be found in Charter's and Time Warner Cable's respective filings with the SEC, including Charter's and Time Warner Cable's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Charter and Time Warner Cable assume no obligation to update any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

- 99.1 Joint Press Release, dated May 26, 2015, announcing entry by Charter Communications, Inc. into a definitive merger agreement, dated May 23, 2015, with Time Warner Cable Inc.
- 99.2 Investor Presentation, dated May 26, 2015

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHARTER COMMUNICATIONS, INC.  
Registrant

By: /s/ Kevin D. Howard

Name: Kevin D. Howard

Title: Senior Vice President – Finance, Controller and  
Chief Accounting Officer

Date: May 26, 2015

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Joint Press Release, dated May 26, 2015, announcing entry by Charter Communications, Inc. into a definitive merger agreement, dated May 23, 2015, with Time Warner Cable Inc.
99.2	Investor Presentation, dated May 26, 2015.



### Charter Communications to Merge with Time Warner Cable and Acquire Bright House Networks

STAMFORD, NEW YORK and SYRACUSE, May 26, 2015 – Charter Communications, Inc. (Nasdaq: CHTR) (together with its subsidiaries “Charter”) and Time Warner Cable Inc. (NYSE: TWC) today announced that they have entered into a definitive agreement for Charter to merge with Time Warner Cable. The deal values Time Warner Cable at \$78.7 billion. Charter will provide \$100.00 in cash and shares of a new public parent company (“New Charter”) equivalent to 0.5409 shares of CHTR for each Time Warner Cable share outstanding. The deal values each Time Warner Cable share at approximately \$195.71 based on Charter’s market closing price on May 20, or approximately \$200 based on Charter’s 60-trading day volume weighted average price. In addition, Charter will provide an election option for each Time Warner Cable stockholder, other than Liberty Broadband Corporation (“Liberty Broadband”) or Liberty Interactive Corporation, who will receive all stock, to receive \$115.00 of cash and New Charter shares equivalent to 0.4562 shares of CHTR for each Time Warner Cable share they own.

In addition, Charter and Advance/Newhouse Partnership (a parent of Bright House Networks, LLC) today announced that the two companies have amended the agreement which the two parties signed and announced on March 31, 2015, whereby Charter will acquire Bright House Networks (“Bright House”) for \$10.4 billion. That agreement, as amended, provides for Charter and Advance/Newhouse to form a new partnership (the “Partnership”) of which New Charter will own between approximately 86% and 87% and of which Advance/Newhouse will own between approximately 13% and 14%, depending on the Time Warner Cable shareholders’ cash election option described above. The consideration to be paid to Advance/Newhouse by Charter will include common and convertible preferred units in the Partnership, in addition to \$2 billion in cash. The common and convertible preferred partnership units will each be exchangeable into shares of New Charter. The Charter-Advance/Newhouse transaction is expected to close contemporaneously with the Charter-Time Warner Cable transaction.

Charter also announced today that Liberty Broadband Corporation (“Liberty Broadband”) has agreed to purchase, upon closing of the Time Warner Cable transaction, \$4.3 billion of newly issued shares of New Charter at a price equivalent to \$176.95 per Charter share, which represents Charter’s closing price as of May 20, 2015. As previously-announced, Liberty Broadband will also purchase, upon closing of the Charter-Advance/Newhouse transaction, \$700 million of newly issued Charter shares at a price equivalent to \$173.00 per Charter share.

Following the close of both the Charter-Time Warner Cable and the Charter-Advance/Newhouse transactions, and depending on the outcome of the cash election feature offered in the Charter-Time Warner Cable transaction, Time Warner Cable shareholders, excluding Liberty Broadband and its affiliates, are expected to own between approximately 40% and 44%<sup>1</sup> of New Charter, and Advance/Newhouse is expected to own between approximately 13% and 14% of New Charter. Liberty Broadband is expected to own between approximately 19% and 20% of New Charter.

The combination of Charter, Time Warner Cable and Bright House will create a leading broadband services and technology company serving 23.9 million customers in 41 states. The announced transactions will drive investment into the combined entity’s advanced broadband network, allow for wider deployment of new competitive facilities based WiFi networks in public places, and the footprint expansion of optical networks to serve the large marketplace of small and medium sized businesses. This will result in faster broadband speeds, better video products, including more high definition channels, more affordable phone service and more competition, for consumers and businesses. The scale of the new entity will also result in greater product innovation, bringing new and advanced services to consumers and businesses, including Charter’s Spectrum Guide and World Box and other product innovations. And Charter’s commitment to superior products and outstanding customer service, and its strategy of investing in insourcing and returning offshore jobs to America, will not only benefit the combined companies’ customers, but will also enhance opportunities for employees of the new company.

“The teams at Charter, Time Warner Cable and Bright House Networks are filled with the innovators of our industry. Representatives of each of these companies have invented some of the most revolutionary communications products ever created; innovations like video on



demand, VOIP phone service, remote storage DVR, cable TV through an app, downloadable security and the first backward-compatible, cloud-based user interface. That spirit of innovation will live on, and it will create real benefits and great long-term value for the customers, shareholders and employees of all three companies,” said Tom Rutledge, President and CEO of Charter Communications. “With our larger reach, we will be able to accelerate the deployment of faster Internet speeds, state-of-the-art video experiences, and fully-featured voice products, at highly competitive prices. In addition, we will drive greater competition through further deployment of new competitive facilities-based WiFi networks in public places, and the expansion of the facilities footprint of optical networks to serve the large, small and medium sized business services marketplace. New Charter will capitalize on technology to create and maintain a more effective and efficient service model. Put simply, the scale of New Charter, along with the combined talents we can bring to bear, position us to deliver a communications future that will unleash the full power of the two-way, interactive cable network.”

“With today’s announcement, we have delivered on our commitment to maximizing shareholder value,” said Robert D. Marcus, Chairman and CEO of Time Warner Cable. “This agreement recognizes the unique value of Time Warner Cable, and brings together three great companies that share a common philosophy of strong operations, great products, robust network investment and putting customers first. This combination will only accelerate the great operating momentum we’ve seen over the last year and provide enormous opportunities for our 55,000 dedicated employees. We remain wholly committed to bringing the very best experience to our residential and business customers coast to coast.”

“Today’s announcement is good news for customers and potential customers, as well as our employees, since we will be in a stronger position to deliver competitive services, invest in advanced technology, and develop innovative products that will compete with global and national brands,” said Steve Miron, Chief Executive Officer of Bright House Networks. “In addition, I am very pleased that Tom Rutledge will be the CEO of the new company. Tom recognizes the importance of placing a high priority focus on customer care drawing from the expertise of all three companies, and I believe this will be a strong pillar of the new company’s culture.”

New Charter will be led by Tom Rutledge, who will serve as President and CEO. Additionally, Mr. Rutledge will be offered a new five-year employment agreement. At the close of the transactions, New Charter's Board of Directors will consist of 13 directors including Mr. Rutledge, who will be offered the position of Chairman. The remaining 12 directors will include seven independent directors nominated by the independent directors serving on Charter's Board of Directors, two directors designated by Advance/Newhouse, and three directors designated by Liberty Broadband. Charter's current Chairman since 2009, Eric Zinterhofer, will continue to serve on New Charter's Board.

Pursuant to the agreement between Charter and Advance/Newhouse, Charter and Advance/Newhouse will form the Partnership utilizing an existing subsidiary of Charter Communications Holding Company, LLC, a subsidiary of Charter. New Charter, which will include Time Warner Cable, will contribute substantially all of its assets into the Partnership, and Advance/Newhouse will contribute all of Bright House's assets into the Partnership. In exchange for its contribution, Advance/Newhouse will receive \$5.9 billion of exchangeable common partnership units, and \$2.5 billion of convertible preferred partnership units which will pay a 6% coupon. The common and convertible preferred partnership units will each be exchangeable into New Charter Class A common stock, with 34.3 million common units priced at \$173.00 (the "Reference Price") per share, as previously announced. The 10.3 million preferred partnership units will be convertible at \$242.19, a 40% premium to the Reference Price. Advance/Newhouse will also receive \$2 billion in cash and will receive governance rights reflecting its economic ownership in the partnership through a new class of shares at New Charter.

Upon closing of the Charter-Advance/Newhouse transaction, a new shareholder's agreement (the "Shareholder's Agreement") with Advance/Newhouse and Liberty Broadband will become effective. Under the new agreement, Advance/Newhouse and Liberty Broadband will be granted preemptive rights, allowing each to maintain their pro rata ownership in New Charter. The Shareholder's Agreement also provides for voting caps and required participation in buybacks at specified acquisition caps, and stipulates transfer restrictions among other shareholder governance matters. In connection with the Charter-Advance/Newhouse transaction as amended, Advance/Newhouse has agreed to grant Liberty Broadband a voting proxy on its shares, capped at 7%, for the five years following the close of the transaction, such that Liberty Broadband would have total voting power of approximately 25% at closing. The proxy excludes votes on certain matters.

The Charter-Time Warner Cable transaction is subject to approval by both Charter and Time Warner Cable shareholders, regulatory review, and other customary conditions. The Charter-Advance/Newhouse transaction is subject to several conditions, including the completion of the Time Warner Cable acquisition (subject to certain exceptions if Time Warner Cable enters into another sale transaction) and a separate vote on the Liberty transactions, and regulatory approval. The three companies expect to close the announced transactions by the end of 2015.

Goldman Sachs and LionTree Advisors are serving as lead financial advisors to Charter in connection with the Time Warner Cable transaction. Guggenheim Securities is also a financial advisor to Charter. BofA Merrill Lynch and Credit Suisse are also financial advisors to Charter, and together with Goldman Sachs and UBS Investment Bank, are leading the financing for the transaction. The law firms Wachtell, Lipton, Rosen & Katz is counsel to Charter and Kirkland & Ellis LLP is representing Charter as financing counsel.

Goldman Sachs and LionTree Advisors are serving as financial advisors to Charter in connection with the Bright House transaction. Wachtell, Lipton, Rosen & Katz is acting as counsel to Charter and Kirkland & Ellis LLP is advising Charter on financing.

Morgan Stanley, Allen & Company, Citigroup and Centerview Partners are financial advisors to Time Warner Cable and its Board of Directors, and Paul, Weiss, Rifkind, Wharton & Garrison LLP, Latham & Watkins LLP and Skadden, Arps, Slate, Meagher & Flom LLP are legal advisors.

UBS Investment Bank is serving as exclusive financial advisor to Advance/Newhouse Partnership and Bright House Networks LLC, and Sabin, Bermant & Gould LLP and Sullivan & Cromwell LLP are acting as legal advisors.

#### **Teleconference and Webcast for Financial Community**

Charter and Time Warner Cable will host a conference call on Tuesday, May 26, 2015 at 8:00 a.m. Eastern Time (ET) related to the contents of this release.

The conference call will be webcast live via Charter's website at [ir.charter.com](http://ir.charter.com) and Time Warner Cable's website at [twc.com/investors](http://twc.com/investors).

Those participating via telephone should dial 866-919-0894 no later than 10 minutes prior to the call. International participants should dial 706-679-9379. The conference ID code for the call is 54712821. A replay of the call will be available at 855-859-2056 or 404-537-3406 beginning two hours after the completion of the call through the end of business on June 26, 2015. The conference ID code for the replay is 54712821.

1 Legacy Time Warner Cable shareholder stake in New Charter excludes Liberty Broadband Corporation's current share ownership in Time Warner Cable.

#### ***About Charter***

Charter (NASDAQ: CHTR) is a leading broadband communications company and the fourth-largest cable operator in the United States. Charter provides a full range of advanced broadband services, including advanced Charter Spectrum TV® video entertainment programming, Charter Spectrum Internet® access, and Charter Spectrum Voice®. Spectrum Business similarly provides scalable, tailored, and cost-effective broadband communications solutions to business organizations, such as business-to-business Internet access, data networking, business telephone, video and music entertainment services, and wireless backhaul. Charter's advertising sales and production services are sold under the Charter Media® brand. More information about Charter can be found at [charter.com](http://charter.com).

#### ***About Time Warner Cable***

Time Warner Cable Inc. (NYSE: TWC) is among the largest providers of video, high-speed data and voice services in the United States, connecting 15 million customers to entertainment, information and each other. Time Warner Cable Business Class offers data, video and voice services to businesses of all sizes, cell tower backhaul services to wireless carriers and enterprise-class, cloud-enabled hosting, managed applications and services. Time Warner Cable Media, the advertising sales arm of Time Warner Cable, offers national, regional and local companies innovative advertising solutions. More information about the services of Time Warner Cable is available at [www.twc.com](http://www.twc.com), [www.twcbc.com](http://www.twcbc.com) and [www.twcmedia.com](http://www.twcmedia.com).

#### ***About Bright House Networks***

Bright House Networks is the sixth largest owner and operator of cable systems in the U.S. and the second largest in Florida, with technologically advanced systems located in five states including Florida, Alabama, Indiana, Michigan and California and two of the top 20 DMAs. Bright House Networks serves approximately 2.5 million customers who subscribe to one or more of its video, high-speed data, home security and automation and voice services. Bright House Networks Business Solutions offers a strong portfolio of video, voice, data, and cloud-based solutions to the small and medium business segments. In addition, Bright House Networks Enterprise Solutions provides advanced, fiber-based telecommunication services to key industry verticals in the mid-market and carrier segments, including cloud-based hosted voice, managed security, and cell backhaul to wireless carriers. The company is Cisco® Master Service Provider-certified under the Cisco Cloud and Managed Service Program, the first cable operator in the United States to achieve this designation. Bright House Networks also owns and operates exclusive, award-winning, local news and sports channels in its Florida markets. For more information about Bright House Networks, or our products and services, visit [brighthouse.com](http://brighthouse.com).

**Contacts:**

**Charter**

Media:

Justin Venech  
203-905-7818

**Time Warner Cable**

Media:

Susan Leepson  
212-364-8281

**Advance/Newhouse**

Media:

Kimberly Maki  
407-210-3177

Analysts:

Stefan Anninger  
203-905-7955

Analysts:

Tom Robey  
212-364-8218

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# Charter to Merge with Time Warner Cable and Acquire Bright House Networks

Combinations Benefit Shareholders, Consumers and Cable Industry

May 26, 2015



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## New Charter

In connection with the closing of the transaction with Time Warner Cable, Charter will undergo a tax-free reorganization that will result in a current subsidiary of Charter, CCH I, LLC ("New Charter") becoming the new holding company owning 100% of Charter. The terms Charter and New Charter are used interchangeably throughout this presentation.



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**Thomas M. Rutledge**  
President and CEO, Charter Communications

# Transactions Overview<sup>1)</sup>

## Charter to acquire Time Warner Cable (“TWC”) for \$195.71 per share

\$100.00 in cash<sup>1)</sup>

+ \$95.71 in New Charter stock, equivalent to 0.5409 Charter shares<sup>1)</sup>

= \$195.71 per TWC share

## Offer equates to TWC enterprise value of \$78.7 billion

- \$56.7 billion equity valuation + \$22.7 billion net debt, less \$0.7 billion equity investments
- EV/2015 TWC estimated Adj. EBITDA = 9.1x<sup>1)</sup>, 8.3x adj. for synergies and tax benefits
- TWC shareholders to own 44% of New Charter<sup>1)</sup>

## Charter to acquire Bright House Networks (“BHN”) for \$10.4 billion

- Purchase price = 7.6x 2014 pro forma BHN EBITDA; < 6.5x incl. synergies and tax benefits; closing conditioned on sale of Time Warner Cable to Charter (or another party in certain circumstances)
- Consideration: \$2.0 billion in cash, \$2.5 billion of convertible preferred partnership units, and \$5.9 billion of common partnership units

## Commitment from two of cable industry’s most successful long term investors

- Liberty Broadband (“Liberty”) to invest \$5.0 billion<sup>2)</sup>; will own 19% of New Charter<sup>1)</sup>
- Advance/Newhouse (“A/N”) to own 13% of New Charter

<sup>1)</sup> See slide 13 for additional details.

<sup>2)</sup> \$4.3 billion to be invested at equivalent of \$176.95 per share and represents Charter’s closing price on May 20, 2015. \$700 million to be invested at equivalent of \$173.00, as previously announced on March 31, 2015 as part of the Charter-A/N transaction.

# Superior Value Creation For All Shareholders

## Accelerate growth by building on TWC momentum and Charter operating strategy

- Combine TWC's recent operating momentum with Charter's proven track record of investing in, and offering, highly competitive products to drive growth
- Continue to remove analog signals in TWC and Bright House networks to free capacity to offer faster Internet products, more HD content and other advanced products

## Greater scale and enhanced footprint drives competitiveness and innovation

- Enhances sales, marketing and branding capabilities vs. national competitors
- Scale enables and accelerates product development and innovation
- New footprint provides larger opportunity to compete in medium/large commercial market

## Cost synergies, levered and tax-efficient equity returns

- Unlock value through cost synergies inherent in Charter's operating model, and via combined purchasing and elimination of duplicate costs
- Transaction structure designed to provide long-dated and low-cost financing, and enable unified operations which achieves operating cost and tax objectives
- Moderate leverage at closing to facilitate transaction and significant tax assets offer attractive equity returns



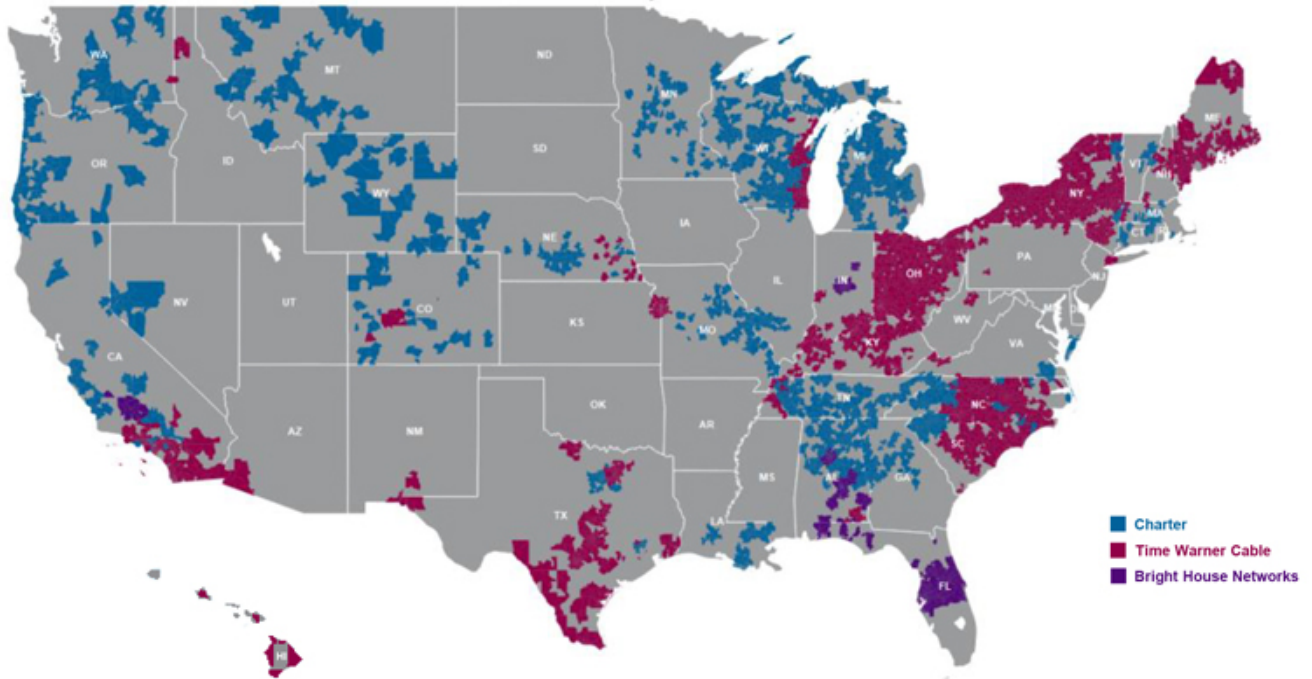
# Combined Footprint

48 million passings

24 million customer relationships

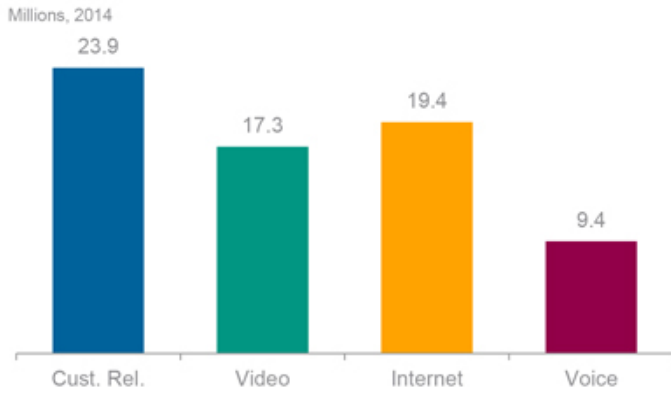
9 of top 25 DMAs

Improved operating footprint with better marketing and service capabilities

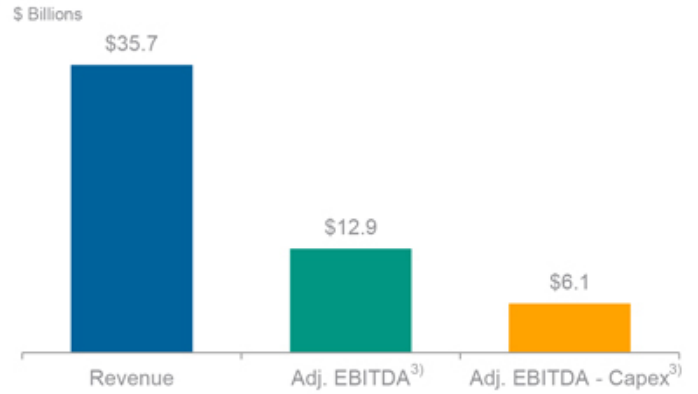


# New Charter at a Glance

## Customers<sup>1)</sup>

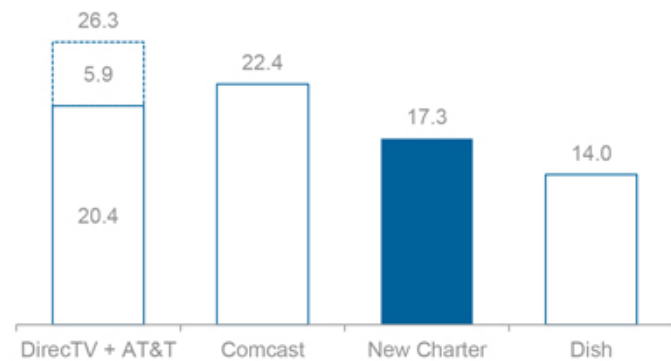


## 2014 Pro Forma Financials<sup>2)</sup>



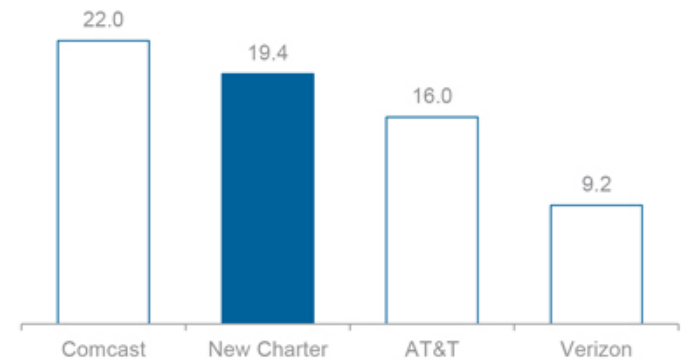
## Video Marketplace<sup>1)</sup>

Video Customers, Millions, 2014



## Wireline Internet Marketplace<sup>1)</sup>

Internet Customers, Millions, 2014



1) All company data based on respective company reporting methodologies, including commercial customers.  
 2) Addition of historical financials for Charter and TWC and pro forma S-X financials for Bright House (see slide 26). Does not include pro forma adjustments for Charter and TWC, for synergies or for intercompany eliminations.  
 3) See notes on slide 25 and 26.

## Combination in Best Interest of All Stakeholders

### A win for consumers and commercial customers

- Continued network investments will drive faster broadband speeds, better video products and more competition
- Scale will drive greater product innovation, bringing new and advanced services to consumers
- Investments in insourcing will drive better customer service, higher customer satisfaction
- Medium and large commercial customers will have access to better products, services and enterprise solutions

### Offers significant benefits to employees and vendors

- Charter's commitment to superior products and customer service, and its strategy of investing in insourcing, drives opportunities for all employees
- Drives incentives for vendors to invest in, and develop new technologies, business lines and alternative video programming platforms





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## Robert D. Marcus

Chairman and CEO, Time Warner Cable

# TWC is a Unique Asset and Perfect Fit with Charter

## Unique opportunity to create the leading pure play cable operator

- Leverages complementary strengths of the three companies – as well as our common philosophy of strong operations, excellent products, robust network investment and putting customers first
- High quality, well-clustered assets with extensive geographic reach in attractive markets
- Combination will drive greater consumer value, higher penetration, and faster revenue and cash flow growth

## Time Warner Cable offers meaningful operating momentum to combined entity

- TWC's investments have contributed to meaningful operational momentum in the last year
- TWC Maxx – which includes all digital, broadband speed increases and better reliability and service – is complete in New York, Los Angeles and Austin, with additional market upgrades underway, driving better products and services

## Attractive valuation and strategically beneficial for TWC shareholders

- TWC shareholders to hold 44% of New Charter equity<sup>1)</sup> and participate in a fast growing cable organization with significant operating and financial upside

1) See slide 13 for additional details.



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# Christopher L. Winfrey

Executive Vice President and CFO, Charter Communications

# Time Warner Cable Transaction Overview

## Consideration and Valuation

Cash	\$100.00
+ 0.5409 Equivalent New Charter Shares <sup>1)</sup>	\$95.71
<b>Offer per TWC Share</b>	<b>\$195.71</b>
Total Equity Value <sup>2)</sup>	\$56.7B
+ Net Debt	\$22.7B
- Est. Equity Investments	\$0.7B
<b>TWC Enterprise Value</b>	<b>\$78.7B</b>
- Est. Present Value of Tax Assets	\$1.6B
<b>TWC Adjusted Enterprise Value</b>	<b>\$77.0B</b>

## Highlights

- EV/2015 TWC estimated Adj. EBITDA = 9.1x, 8.3x adjusted for synergies and tax benefits<sup>3)</sup>
- Accretive to Charter shareholders and TWC shareholders receive 18% premium<sup>4)</sup>
- TWC shareholders to own 44% of New Charter, with balance owned by legacy Charter shareholders and Advance/Newhouse
- Election option for TWC stockholders to receive \$115 of cash and New Charter shares equivalent to 0.4562 shares of Charter
- Liberty Broadband and Liberty Interactive Corporation ("LIC") to exchange TWC stock for New Charter stock; Liberty Broadband to invest \$4.3 billion in TWC transaction and \$700 million in BHN transaction in exchange for New Charter shares
- Pro forma entity to be levered at 4.5x 2015 estimated pro forma adjusted EBITDA<sup>5,6)</sup>

1) Value based on \$176.95 Charter closing price as of May 20, 2015.

2) Value based on 289.6 million fully diluted TWC shares.

3) 2015 TWC adjusted EBITDA estimated at \$8.3 billion based on Bloomberg consensus as of May 22, 2015 and is adjusted for \$150 million of estimated TWC equity based compensation. Adjusted for \$800 million of annual run rate synergies and the net present value of tax benefits.

4) Based on \$176.95 Charter and \$166.55 TWC closing prices as of May 20, 2015.

5) Assumes that Time Warner Cable shares outstanding, excluding shares held by Liberty and LIC are exchanged for \$100 in cash and 0.5409 equivalent New Charter shares.

6) Assumes \$61.5 billion of pro forma debt. Assumes total pro forma entity adjusted EBITDA of \$13.8 billion, including 2015 Charter estimated adjusted EBITDA of \$3.4 billion and 2015 TWC adjusted EBITDA of \$8.4 billion. Bright House 2015 adjusted EBITDA estimated at \$1.4 billion. Total pro forma entity adjusted EBITDA also adjusted for \$500 million of leverageable first year synergies.

# Combination Drives Significant Upside for Shareholders

## Driving customer and revenue growth

- Strategy of delivering superior products at attractive, simple and consistent price points drives growth
- Deeper household product penetration increases revenue per household with more value to customer, and extends customer lifetimes
- Highly competitive product and service enables manageable promotional rate step-ups and rate discipline

## Unlocking value via cost synergies and tax benefits

- Cost synergies inherent in simple, uniform operating practices and pricing & packaging – designed to improve service, promote growth and create operating leverage
- Est. annual run rate cost synergies of \$800 million; likely higher among 3 companies
- Combined purchasing, overhead, product development, engineering and IT will also generate opex and capex synergies

## Margin expansion

- Margin expansion results from greater revenue per relationship and passing, and investment in high quality service to reduce service transactions and costs
- New Charter will have the scale to lower costs and significantly improve margins

# Bright House Transaction Accretive to CHTR and TWC Shareholders

## BHN – A Flagship Cable Asset

- Largest cable operator in Tampa and Orlando – attractive, growing areas; both top 20 DMAs
- Best in class infrastructure – highly standardized, converged metro, regional and backbone IP networks
- 99.5% of network ≥ 750MHz; first provider of all fiber Gigabit communities in Florida
- BHN customer satisfaction scores among the highest in the industry
- 54% total customer relationship penetration and 39% residential triple-play penetration contributes to attractive cash flow profile

## Rationale and Benefits

- Enhances scale and footprint – ~2 million video customers in complete, growing markets
- Attractive purchase price of 7.6x 2014 pro forma EBITDA; 6.5x net of tax benefits and synergies
- Provides strategic and financial flexibility
- Partnership structure with significant tax benefits
- New investment from long-term cable investors

## \$10.4 Billion Total Consideration

### \$5.9 billion of common units<sup>1)</sup>

- 34.3 million Charter partnership common units exchangeable into New Charter common stock
- Represents 10% ownership in New Charter<sup>1)</sup>

### \$2.5 billion of preferred units<sup>2)</sup>

- 10.3 million preferred units, exchangeable into common units of the partnership at a 40% conversion premium
- Represents 3% ownership in New Charter<sup>3)</sup>
- 6% coupon; cash dividend of \$150 million per year paid to A/N, assuming no conversion

### \$2.0 Billion of cash

- New Charter not to assume any Bright House debt or pension liabilities

### Class B stock at New Charter provides as-if converted voting

1) 34.3 million Common Partnership Units, multiplied by the Reference Price (\$173.00), negotiated with Advance/Newhouse. Class B stock at New Charter provides as-if converted voting.

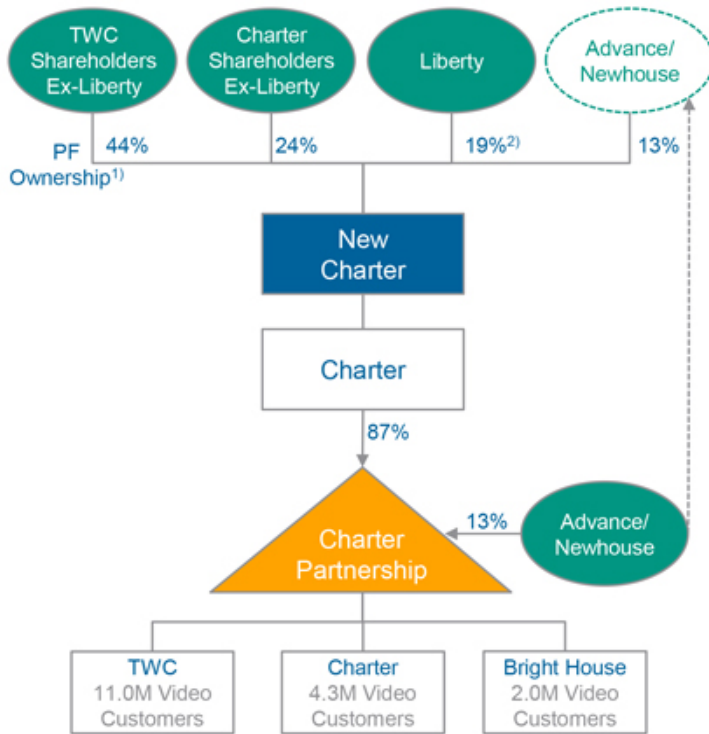
2) 10.3 million Preferred Partnership Units convertible into New Charter common stock, as-if converted, at a conversion price \$242.19.

3) Assumes that Time Warner Cable shares outstanding, excluding shares held by Liberty and LIC, are exchanged for \$100 in cash and 0.5409 equivalent Charter shares.



# Structure and Pro Forma Ownership<sup>1)</sup>

## Structure



**Combination of Charter, TWC and BHN achieves operating, financing, tax, synergy and governance objectives**

## Pro Forma Economic Ownership

%	\$100 Cash	\$115 Cash
TWC Public Shareholders	44%	40%
Charter Public Shareholders (Ex-Liberty)	24%	26%
Liberty <sup>2)</sup>	19%	20%
Advance/Newhouse	13%	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>




## Pro Forma Shares

Millions	\$100 Cash	\$115 Cash
Charter Public Shareholders	83.2	83.2
Existing Liberty	28.8	28.8
<b>Current Charter Common Shares</b>	<b>112.0</b>	<b>112.0</b>
TWC Public Shareholders (Ex-Liberty)	152.5	128.6
A/N Common	34.3	34.3
A/N Preferred (as if Converted)	10.3	10.3
Issuance to Liberty (Rolled TWC Stake) <sup>2)</sup>	8.5	8.5
Liberty New Equity (\$4.3B at equivalent of \$176.95)	24.3	24.3
Liberty New Equity (\$0.7B at equivalent of \$173.00)	4.0	4.0
<b>Pro Forma Common Shares</b>	<b>346.0</b>	<b>322.1</b>

1) Ownership figures are pro forma for Time Warner Cable and Bright House transactions and assume conversion of Bright House partnership units into New Charter stock. Assumes that Time Warner Cable shares outstanding, excluding shares held by Liberty and LIC are exchanged for \$100 in cash and 0.5409 equivalent Charter shares.

2) Liberty and LIC have agreed to only receive stock in New Charter in exchange for their shares in TWC.

# New Charter: At a Glance

	Customers in Millions/ \$ in Billions				<b>New Charter</b>
<b>2014 Customers<sup>1)</sup></b>	Passings <sup>2)</sup>	12.9	30.5	4.7	48.0
	Customer Relationships	6.2	15.2	2.5	23.9
	Video	4.3	11.0	2.0	17.3
	Internet	5.1	12.3	2.1	19.4
	Voice	2.6	5.6	1.2	9.4
<b>2014 Penetration<sup>3)</sup></b>	Customer Relationships	48%	50%	54%	50%
	Video	33%	36%	44%	36%
	Internet	40%	40%	44%	41%
	Voice	22%	19%	25%	20%
<b>2014 Financials<sup>4)</sup></b>	Revenue	\$9.1B	\$22.8B	\$3.8B	\$35.7B
	Adj. EBITDA	\$3.2B	\$8.4B	\$1.4B	\$12.9B
	Capital Expenditures	\$2.2B	\$4.1B	\$0.6B	\$6.9B
	Adj. EBITDA – Capex	\$1.0B	\$4.3B	\$0.8B	\$6.1B

1) All company data based on respective company reporting methodologies, where there may be small definitional differences. Including commercial customers. Totals may not recalculate due to rounding.

2) Residential and commercial video passings.

3) Penetration based on residential and commercial passings.

4) Charter and TWC financial information based on historical financials. Bright House financial information on an S-X pro forma basis. TWC adjusted EBITDA is adjusted for equity based compensation. See slides 25 and 26.



# Sources of Transactions Consideration

## Sources and Uses – At \$100 per Share in Cash and 0.5409 Equivalent Charter Shares<sup>1)</sup>

	Sources	\$B	Uses	\$B
TWC Transaction	New Debt – TWC Transaction	23.0	TWC Equity Value	56.7
	Assumed TWC Debt	23.3	Existing TWC Debt	23.3
	Liberty Investment in TWC Rolled	1.5	Fees and Expenses	1.0
	Liberty Equity Investment at \$176.95	4.3		
	New Charter Equity to TWC Shareholders	27.0		
	Cash on Balance Sheet <sup>2)</sup>	1.9		
	<b>Total Sources – TWC Transaction</b>	<b>80.9</b>	<b>Total Uses – TWC Transaction</b>	<b>80.9</b>
Bright House Transaction	New Debt – Bright House Transaction	2.0	Bright House Enterprise Value	10.4
	Preferred Units	2.5	Excess Cash	0.7
	Charter Common	5.9		
	Liberty Equity Investment at \$173.00	0.7		
	<b>Total Sources – Bright House Transaction</b>	<b>11.1</b>	<b>Total Uses – BHN Transaction</b>	<b>11.1</b>
	<b>Total Sources</b>	<b>92.1</b>	<b>Total Uses</b>	<b>92.1</b>

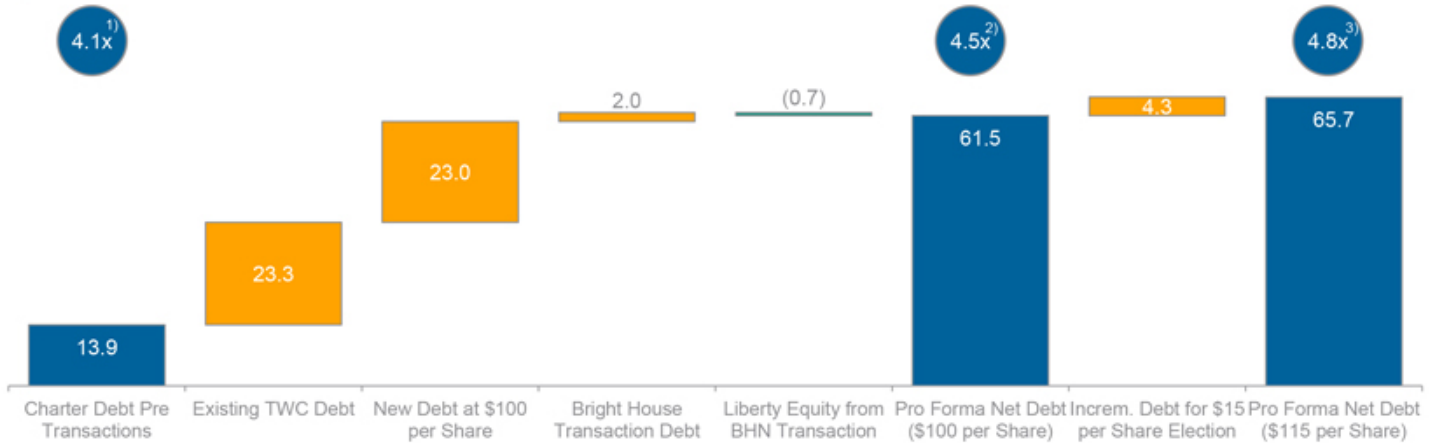
**Commitment from two of cable industry's most successful long term investors – Liberty investing additional \$5.0 billion to own 19%<sup>1)</sup> of New Charter and Advance/Newhouse will own 13% of New Charter**

1) Liberty and LIC holding TWC shares have agreed to only take New Charter stock as consideration. \$4.3 billion to be invested at equivalent of \$176.95 per share and represents Charter's closing price on May 20, 2015. \$700 million to be invested at equivalent of \$173.00, as previously announced on March 31, 2015 as part of the Charter-AN transaction.

2) Estimated cash on balance sheet from Charter and TWC.

# Financing

- Committed financing fully funds cash portions of TWC and Bright House transactions
- Pro forma entity will leave Charter and TWC existing debt structures in place, without creating separately managed business silos
- Structure expected to maintain TWC investment grade rating; equal and ratable security to TWC bondholders
- Estimated pro forma leverage at close of 4.5x; growth profile will drive rapid delevering
- Target leverage: Lower end of 4-4.5 times; +/- half turn for strategic opportunities



**Combined company will delever quickly to target leverage and provides attractive levered equity returns on a growth company with significant tax assets**

1) Estimated year end 2015 Charter debt of \$13.9 billion divided by 2015 Charter estimated adjusted EBITDA of \$3.4 billion as per Bloomberg consensus as of May 22, 2015.

2) Assumes total pro forma entity adjusted EBITDA of \$13.8 billion, including, 2015 Charter estimated adjusted EBITDA of \$3.4 billion and 2015 TWC adjusted EBITDA of \$8.3 billion based on Bloomberg consensus as of May 22, 2015 and adjusted for \$150 million of estimated TWC equity based compensation. Bright House 2015 adjusted EBITDA estimated at \$1.4 billion. Total pro forma entity adjusted EBITDA also adjusted for \$500 million leverageable first year synergies.

3) Based on \$65.7 billion of net debt pro forma for the TWC and Bright House transactions, divided by 2015 total pro forma entity adjusted EBITDA of \$13.8 billion.

## Tax Assets are Preserved and Enhanced

### Benefit from enhanced NOL usage

- Current NPV of \$3 billion of existing Charter NOLs enhanced by over \$400 million, as they will be applied to larger base of operating income
- Outsized tax basis of \$9.1 billion as of 12/31/14 remain intact; likely section 382 ownership change, not expected to impact value of NOLs on an NPV basis
- Value of existing NOLs benefit Charter/TWC shareholders only, until A/N's conversion of partnership units into New Charter stock

### Tax receivables agreement with Advance/Newhouse drives additional value

- New Charter will receive additional tax basis step-up upon any future A/N's conversion of partnership units into New Charter stock
- New Charter retains 50% of the cash tax savings value associated with the tax basis step-up received if and when A/N exchanges partnership units for shares in New Charter
- A/N compensated on 50% of the net cash tax savings value associated with the tax basis step-up received by Charter, on a with and without FIFO basis, when the step-up benefits are used by Charter

# Governance Structure

## Board representation and structure

- 13 directors at closing
- A/N designates 2 directors and Liberty designates 3 directors

## Proxy and voting

- For 5 years after closing, A/N to grant Liberty a proxy, capped at 7%, giving Liberty total voting power of up to 25.01%; proxy excludes votes on certain matters
- A/N voting cap of 23.5%, increased 1:1, to max 35%, to the extent Liberty ownership falls permanently below 15%
- Liberty voting cap greater of:
  - 25.01% and 0.01% above highest voting % of any other person and
  - 23.5%, increased 1:1, to max 33.5%, if A/N ownership is permanently below 15%

## Preemptive rights

- A/N and Liberty receive preemptive rights to maintain certain ownership thresholds
- Liberty ownership capped at the greater of 26% and its voting cap. A/N capped at the greater of its ownership percentage at closing, 25% and its voting cap
- Liberty and A/N required to participate in any share repurchase so as not to exceed their respective ownership caps, and transfer rights are generally restricted

## Regulatory Discussion

### **Consumers will benefit from a broadband service that makes watching online video, gaming, etc. a great experience – including at peak times – for a great value**

- Charter's slowest speed tier (60 Mbps downstream) is considerably faster and less expensive than TWC's comparable tiers, with no data caps or usage based pricing
- Charter will bring these products and pricing to TWC and BHN customers, while embracing TWC's and BHN's rollouts of a 300 Mbps tier
- Charter will continue to invest in interconnection to minimize likelihood of congestion
- Regardless of Title II litigation, we have no plans to block, throttle or engage in paid prioritization because our customers demand an open Internet

### **We will deliver superior customer care, adding U.S. jobs**

- Charter has added 7,000 new jobs since 2012, most of which have been in customer service fields
- New Charter will bring TWC's customer care jobs back from overseas, too, training new employees to provide superior service while adding jobs to the U.S. economy
- New Charter will build on BHN's reputation for quality customer service



## Regulatory Discussion

### **New Charter will increase facilities-based broadband competition**

- New Charter will expand its broadband offerings for consumers by investing significantly in out of home WiFi, building on what TWC and BHN have already accomplished
- We will invest significantly in building out our optical network beyond our existing footprint to inject much needed competition in the commercial markets

### **New Charter will not have market power in high speed broadband or video**

- Transaction does not reduce any competition in any market
- The combined entities today estimated to serve less than 30% of broadband customers receiving 25 Mbps or greater speeds nationwide
- Similarly, New Charter will serve only about 17% of MVPD subscribers nationwide
- Charter owns no programming interests
- New Charter will have the largest cable presence in only 5 of the top 20 DMAs. The transaction does not change this metric, as TWC and BHN are already affiliated, and Charter isn't the largest operator in any of the top 20 DMAs.

### **New Charter will be a strong competitor and be a leader in developing open non-proprietary technical standards, prices and industry practices**



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## Appendix

## Use of Non-GAAP Financial Metrics

The Company uses certain measures that are not defined by Generally Accepted Accounting Principles ("GAAP") to evaluate various aspects of its business. Adjusted EBITDA, *pro forma* adjusted EBITDA, adjusted EBITDA less capital expenditures, and free cash flow are non-GAAP financial measures and should be considered in addition to, not as a substitute for, net income (loss) or cash flows from operating activities reported in accordance with GAAP. These terms, as defined by Charter, may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is reconciled to net income (loss) and free cash flow is reconciled to net cash flows from operating activities in the appendix of this presentation.

Adjusted EBITDA is defined as net income (loss) plus net interest expense, income taxes, depreciation and amortization, stock compensation expense, loss on extinguishment of debt, (gain) loss on derivative instruments, net and other operating expenses, such as merger and acquisition costs, special charges and (gain) loss on sale or retirement of assets. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of the Company's businesses as well as other non-cash or special items, and is unaffected by the Company's capital structure or investment activities. However, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and the cash cost of financing. These costs are evaluated through other financial measures.

Free cash flow is defined as net cash flows from operating activities, less purchases of property, plant and equipment and changes in accrued expenses related to capital expenditures.

Management and the Company's Board use adjusted EBITDA and free cash flow to assess Charter's performance and its ability to service its debt, fund operations and make additional investments with internally generated funds. In addition, adjusted EBITDA generally correlates to the leverage ratio calculation under the Company's credit facilities or outstanding notes to determine compliance with the covenants contained in the credit facilities and notes (all such documents have been previously filed with the United States Securities and Exchange Commission). For the purpose of calculating compliance with leverage covenants, we use adjusted EBITDA, as presented, excluding certain expenses paid by our operating subsidiaries to other Charter entities. Our debt covenants refer to these expenses as management fees which fees were in the amount of \$76 million and \$64 million for the three months ended March 31, 2015 and 2014, respectively.

For a reconciliation of adjusted EBITDA to the most directly comparable GAAP financial measure, see slide 26.



## GAAP Reconciliations – FY 2014

	Existing Charter	Time Warner Cable	Bright House	New Charter
Consolidated net income (loss)	\$ (183)	\$ 2,031	\$ 751	\$ 2,599
Plus: Interest expense, net	911	1,419	38	2,368
Income tax expense	236	1,217	-	1,453
Depreciation and amortization	2,102	3,371	416	5,889
Stock compensation expense	55	126	5	186
Loss on derivative instruments, net	7	-	-	7
Other, net	62	190	(5)	247
Adjusted EBITDA per Audited Financials <sup>1)</sup>	<u>\$ 3,190</u>	<u>\$ 8,354</u>	<u>\$ 1,205</u>	<u>\$ 12,749</u>
S-X Pro Forma Adjustments <sup>2)</sup>				
Plus: Cap labor			112	112
Expenses related to pension and other items not included in transaction			57	57
S-X Pro Forma EBITDA	<u>\$ 3,190</u>	<u>\$ 8,354</u>	<u>\$ 1,374</u>	<u>\$ 12,918</u>

- Adjusted EBITDA is defined as net loss plus net interest expense, income taxes, depreciation and amortization, stock compensation expense, (gain) loss on derivative instruments, net, and other operating expenses, such as merger and acquisitions costs, special charges and (gain) loss on sale or retirement of assets. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses as well as other non-cash or non-recurring items, and is unaffected by our capital structure or investment activities.
- S-X Pro Forma Adjustments are (i) directly attributable to the Bright House transaction, (ii) factually supportable, and (iii) expected to have continuing impact on the combined results of pro forma Charter as permitted under regulation S-X.
- The above schedules are presented in order to reconcile adjusted EBITDA, a non-GAAP measure, to the most directly comparable GAAP measure in accordance with Section 401(b) of the Sarbanes-Oxley Act.

