UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Commission file number 001-33335

TIME WARNER CABLE INC.

(Exact name of registrant as specified in its charter)

Delaware	**84-1496755**
(State or other jurisdiction of	*(I.R.S. Employer*
incorporation or organization)	*Identification No.)*

60 Columbus Circle

New York, New York 10023

(Address of principal executive offices) (Zip Code)

(212) 364-8200

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	New York Stock Exchange
5.750% Notes due 2031	New York Stock Exchange
5.250% Notes due 2042	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No þ

As of the close of business on February 10, 2016, there were 283,270,372 shares of the registrant s Common Stock outstanding. The aggregate market value of the registrant s voting and non-voting common equity securities held by non-affiliates of the registrant (based upon the closing price of such shares on the New York Stock Exchange on June 30, 2015) was approximately $50.4 billion.

DOCUMENTS INCORPORATED BY REFERENCE

Description of document	Part of the Form 10-K
Portions of the definitive Proxy Statement to be used in connection with the registrant s 2016 Annual Meeting of Stockholders	Part III (Item 10 through Item 14) (Portions of Items 10 and 12 are not incorporated by reference and are provided herein)

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PART I

Item 1. *Business*.

Overview

Time Warner Cable Inc. (together with its subsidiaries, TWC or the Company) is among the largest providers of video, high-speed data and voice services in the U.S., with technologically advanced, well-clustered cable systems located mainly in five geographic areas New York State (including New York City), the Carolinas, the Midwest (including Ohio, Kentucky and Wisconsin), Southern California (including Los Angeles) and Texas. TWC s mission is to connect its customers to the world simply, reliably and with superior service. As of December 31, 2015, TWC served approximately 15.9 million residential and business services customers who subscribed to one or more of its video, high-speed data and voice services. TWC s residential services also include security and home management services, and TWC s business services also include networking and transport services (including cell tower backhaul services) and enterprise-class, cloud-enabled hosting, managed applications and services. TWC also sells video and online advertising inventory to a variety of local, regional and national customers.

Recent Developments

Charter Merger

On May 23, 2015, TWC entered into an Agreement and Plan of Mergers (the Charter Merger Agreement) with Charter Communications, Inc. (Charter) and certain of its subsidiaries, pursuant to which the parties will engage in a series of transactions (the Charter merger) that will result in the Company and Charter becoming 100% owned subsidiaries of a new public parent company (New Charter), on the terms and subject to the conditions set forth in the Charter Merger Agreement. On September 21, 2015, the Company s stockholders approved the adoption of the Charter Merger Agreement, and Charter s stockholders approved, among other things, the adoption of the Charter Merger Agreement and the issuance of New Charter Class A common stock to TWC stockholders in the Charter merger. The Charter merger is subject to regulatory approvals and certain other closing conditions.

Bright House Networks Transaction

On May 23, 2015, Charter and Advance/Newhouse Partnership (A/N) and certain of their affiliates amended an agreement the parties had signed on March 31, 2015 (the Bright House Networks Agreement). Under the amended Bright House Networks Agreement, Charter will acquire Bright House Networks, LLC (Bright House Networks), subject to, among other conditions, the closing of the Charter merger. Bright House Networks is a 100% owned subsidiary of the Time Warner Entertainment-Advance/Newhouse Partnership (TWE-A/N) between A/N and Time Warner Cable Enterprises LLC (TWCE), a subsidiary of TWC. The closing of Charter s acquisition of Bright House Networks is expected to occur concurrently with the closing of the Charter merger. However, the closing of the Charter merger is not conditioned on the closing of the Bright House Networks transaction.

In the Charter Merger Agreement, the Company and TWCE agreed to irrevocably and unconditionally waive their right of first offer to acquire the assets of Bright House Networks during the pendency of the Charter merger. This waiver will expire if the Charter Merger Agreement is terminated in accordance with its terms, provided that the Company or any of its Affiliates (as defined in the Charter Merger Agreement) does not, within nine months following such a termination, enter into an agreement or understanding in respect of, or consummate, an alternative acquisition transaction. For additional information about the TWE-A/N partnership, refer to TWE-A/N Partnership below.

Termination of Comcast Merger

On April 24, 2015, Comcast Corporation (Comcast) and the Company terminated their February 12, 2014 Agreement and Plan of Merger, under which the Company had agreed, on the terms and subject to the conditions set forth therein, to merge with and into a 100% owned subsidiary of Comcast.

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Caution Concerning Forward-Looking Statements and Risk Factors

This Annual Report on Form 10-K includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management s current expectations and beliefs about future events and are inherently subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to changes in economic, business, competitive, technological, strategic and/or regulatory factors and other factors affecting the operation of TWC s business, including the proposed Charter merger. For more detailed information about these factors, and risk factors with respect to the Company s operations, see Item 1A, Risk Factors, below and Caution Concerning Forward-Looking Statements in Management s Discussion and Analysis of Results of Operations and Financial Condition in the financial section of this report. TWC is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of changes in circumstances, new information, subsequent events or otherwise.

Available Information and Website

Although TWC and its predecessors have been in the cable business for over 40 years in various legal forms, Time Warner Cable Inc. was incorporated as a Delaware corporation on March 21, 2003. TWC s annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed with or furnished to the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available free of charge on the Company s website at *www.twc.com* as soon as reasonably practicable after such reports are electronically filed with or furnished to the SEC (*www.sec.gov*). The Company is providing the address to its website solely for the information of investors. The Company does not intend the address to be an active link or to incorporate the contents of the website into this report.

Services

TWC has three reportable segments: Residential Services, Business Services and Other Operations.

Residential Services

TWC offers video, high-speed data and voice services, as well as security and home management services, to residential customers. As of December 31, 2015, the Company served approximately 15.1 million residential services customers.

Video Services

Programming. TWC s video service provides over 300 channels (including, on average, over 200 high-definition (HD) channels) and 30,000 video-on-demand (VOD) choices, an increasing subset of which consumers can watch on the device of their choosing, both inside and outside the home. TWC offers various tiers and packages of video programming and music services tailored to appeal to various groups of customers. For example, TWC offers specialty tiers of genre-based programming with sports, family and international themes. TWC also offers out-of-market sports packages, such as MLB Extra Innings, NBA League Pass and NHL Center Ice. TWC s residential video subscribers also may subscribe to premium network programming, such as Cinemax, HBO, Showtime, Starz and The Movie Channel and related offerings, on an à la carte basis and in packages.

TWC s residential video subscribers pay a monthly charge based on the video programming tier or package they receive. Subscribers to specialized tiers and premium networks are charged an additional monthly amount. Discounts are generally available for the purchase of multiple tiers, packages or services. Fees are also charged for certain video services, including fees for broadcast and sports TV programming.

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Time-shifting. TWC provides a broad range of advanced services, such as VOD, digital video recorders (DVRs) and Start Over services that give residential video subscribers control over when they watch their favorite programming.

TWC s VOD service provides residential video subscribers with access to a wide selection of movies, programming from broadcast and cable networks, premium movie services, music videos, local programming and other content as a complement to the programming packages and channels to which they subscribe. TWC also offers a wide selection of movies and special events on a transactional or pay-per-view basis.

TWC offers equipment with DVR functionality that enables residential video subscribers to pause and/or rewind live television programs and record programs for future viewing. Subscribers pay an additional monthly fee for TWC s DVR service. TWC offers whole home DVR, a multi-room DVR service that allows a program recorded on a DVR to be watched through other compatible set-top boxes in a customer s home. In addition, during 2015, TWC continued to deploy its next-generation whole home DVRs, or Enhanced DVRs, which allow customers to watch and record six shows simultaneously and record up to 150 hours of HD programming. Customers may program and manage their DVRs remotely via a smartphone, tablet or computer. TWC also offers Start Over, which enables digital video subscribers using a TWC-provided set-top box to restart select in progress programs directly from the relevant channel.

New ways to watch. TWC, through its TWC TV apps, enables in-home viewing of over 300 channels of live programming and over 16,000 choices of VOD programming on a variety of devices, including Apple iOS and Android tablets and smart phones, Amazon Kindle Fire tablets, Roku streaming players, Samsung Smart TVs, and Xbox One and Xbox 360 video game consoles, as well as on PC and Mac computers via *www.twctv.com*. These alternative viewing platforms act as a complement to a digital set-top box or digital adapter. In November 2015, TWC launched a trial of an IP video offering that eliminates the need for a leased set-top box.

Through the same TWC TV apps, residential video subscribers are able to watch over 100 live channels and 9,000 choices of VOD content from 64 networks on a TV Everywhere basis outside the home. In addition, TWC provides its video subscribers with access to over 94 TV Everywhere sites and apps owned and managed by programming networks, such as HBO GO and WatchESPN, through a growing number of supported devices at no additional charge.

As of December 31, 2015, TWC served approximately 10.8 million residential video subscribers.

High-speed Data Services

TWC offers a variety of high-speed data service tiers tailored to meet the different needs of its subscribers. These tiers provide a range of speeds (from up to 2 to up to 300 megabits per second (Mbps) downstream) and associated prices. TWC also offers lighter Internet users the option to save money on select tiers by setting a monthly consumption (30 gigabyte (GB) and 5 GB) level. TWC s high-speed data service also provides communication and security services, including email, anti-virus software and parental controls, at no additional charge.

TWC offers subscribers the option to access its high-speed data service via a cable modem gateway provided by TWC for a monthly fee, or to use their own device. TWC s cable modem gateways offer state-of-the-art home networking and associated customer support. In some cases, these cable modem gateways are bundled with a particular tier of high-speed data service or package, and in other cases, they are leased for an additional à la carte charge.

Most of TWC s high-speed data subscribers have access to a nationwide network of nearly 500,000 WiFi hotspots for no additional charge through a combination of TWC owned and operated hotspots, wholesale agreements and agreements with several roaming partners. As of December 31, 2015, TWC had deployed nearly 145,000 TWC WiFi

Hotspots. During 2016, TWC intends to continue to increase the number of WiFi hotspots available to its high-speed data subscribers.

As of December 31, 2015, TWC served approximately 12.7 million residential high-speed data subscribers.

Voice Services

TWC s residential voice service offers customers unlimited calling throughout the U.S. and to Canada, Mexico, China, Hong Kong, India, Norway, the European Union, and the U.S. territories (Puerto Rico, U.S. Virgin Islands, North Marianas/Guam and American Samoa), and access to popular features in one simple package for a fixed monthly fee. TWC also offers a plan for calling the rest of the world, the Global Penny Phone Plan, which enables customers to call 50 additional countries for only a penny per minute. In addition, TWC provides the Phone 2 Go app, which allows voice customers to access their home phone service on a mobile device for no additional charge over a WiFi or cellular data connection. Through the Phone 2 Go app, voice customers are able to receive and place calls and send text messages on a mobile device using their home number and calling plan as well as view and manage voicemail from their home phone. TWC also provides a free web portal, VoiceZone, which allows voice subscribers to customize their service features, set up caller ID on PC and block unwanted calls. Customers with TWC s voicemail service may also use VoiceZone to listen to, download and email their messages at no additional charge.

As of December 31, 2015, TWC served approximately 6.3 million residential voice subscribers.

IntelligentHome

TWC s IntelligentHome service offers residential customers a security and home management service. TWC s broadband cable system connects the customer s in-home system to TWC s technologically-advanced emergency response center with cellular backup support. In addition to providing traditional security, fire and medical emergency monitoring and dispatch, the service allows customers to remotely arm or disarm their security system, monitor their home via indoor and outdoor cameras and remotely operate key home functions, including setting and controlling lights, thermostats and door locks. To obtain IntelligentHome service, customers must subscribe to TWC s high-speed data service.

As of December 31, 2015, TWC served 117,000 IntelligentHome customers.

Business Services

TWC offers a wide and growing variety of products and services to business customers, including high-speed data, networking, voice, video, hosting and cloud computing services. TWC offers these services to retail and wholesale businesses using its own network infrastructure and third-party infrastructure as required to meet customer needs. TWC s retail customers range from small businesses with a single location to medium-sized and enterprise businesses with multiple locations as well as government, education and non-profit institutions. TWC s wholesale customers are primarily other service providers, such as telecommunications carriers and network and managed services resellers. As of December 31, 2015, the Company served 752,000 business services customers.

Data Services

TWC offers business customers a variety of data services, including Internet access, network services and wholesale transport services.

Internet access. TWC offers a variety of high-speed data service tiers, each with attributes tailored to meet the different needs of its customers. TWC offers asymmetrical Internet access with downstream speeds up to 300 Mbps. TWC also provides dedicated Internet access to businesses over its fiber network, offering symmetrical speeds up to 10 gigabits per second (Gbps).

Network services. TWC offers Ethernet-based network services that enable businesses to interconnect their geographically dispersed locations and local area networks (LANs) in a private network, with speeds up to 10 Gbps. In addition, on a limited basis, TWC offers point-to-point optical wave service with speeds up to 100 Gbps.

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Wholesale transport services. TWC offers wholesale transport services to wireless telephone providers for cell tower backhaul and to other service providers to connect customers that their own networks do not reach.

As of December 31, 2015, TWC served 638,000 business high-speed data subscribers.

Video Services

TWC offers business customers a wide spectrum of video services, including a full range of video programming tiers and music services targeting businesses of different sizes and across key industries, such as hospitality, healthcare and education.

As of December 31, 2015, TWC served 214,000 business video subscribers.

Voice Services

TWC offers business customers voice services that include both multi-line phone service and trunk service.

Multi-line phone. TWC s multi-line business voice service, Business Class Phone, offers business customers a range of calling plan options along with key business features, such as call hunting, extensive call forwarding options, call restrictions and call transfer. TWC also provides a web-based customer portal, VoiceManager, which allows voice customers to customize and manage the associated service features.

Trunks. TWC s trunk service is offered either through a Primary Rate Interface (PRI) or a Session Initiation Protocol (SIP) handoff to the customer. TWC s PRI trunk service, Business Class PRI, offers medium-sized and enterprise business customers a range of trunk packages with up to 23 simultaneous voice calls on each trunk and a set of voice usage plans. TWC s SIP trunk service, Business Class SIP, offers medium-sized and enterprise business customers a range of trunk packages with up to 200 simultaneous voice calls with a set of voice usage plans. TWC also provides the VoiceManager customer portal to enable each trunk service customer to customize and manage the associated service features.

As of December 31, 2015, TWC served 375,000 business voice subscribers.

Managed and Outsourced IT Solutions and Cloud Services

Through its NaviSite, Inc. subsidiary, TWC provides a range of cloud solutions, including Infrastructure as a Service (IaaS) and Desktop as a Service (DaaS), and customized managed hosting, managed application and messaging solutions along with other related information technology (IT) solutions and professional services for medium-sized and enterprise customers across a variety of industries. In addition, for its smaller business customers, TWC offers a number of managed and cloud services, including managed network security, domain name registration, online backup, hosted Microsoft Exchange and SharePoint and web hosting.

Other Operations

TWC s Other Operations segment principally consists of Time Warner Cable Media (TWC Media), the advertising sales arm of TWC, and the Company s regional sports networks, its local sports, news and lifestyle channels and SportsNet LA (defined below). It also includes other operating revenue and costs, including those derived from A/N and home shopping network-related services. For more information about the TWE-A/N partnership, see TWE-A/N Partnership below.

TWC Media

TWC Media sells video and online advertising inventory to local, regional and national advertising customers. Under its cable network programming agreements, TWC is typically entitled to two or three minutes of advertising time per hour that it can sell to third parties or retain for its own use. TWC also sells the advertising inventory of its owned and operated local sports, news and lifestyle channels and its Time Warner Cable Central portal, and advertising inventory on the Company s regional sports networks that carry Los Angeles Lakers basketball games and other sports programming (Time Warner Cable SportsNet and Time Warner Cable Deportes and, collectively, the Lakers RSNs) and on SportsNet LA, a regional sports network owned by American Media Productions, LLC (American Media Productions), that carries Los Angeles Dodgers baseball games and other sports programing.

In many locations, TWC has formed advertising interconnects or entered into representation agreements with video distributors, including, among others, Verizon Communications Inc. s (Verizon) FiOS, AT&T Inc. s (AT&T) U-verse and Charter, under which TWC sells advertising on behalf of those operators. These arrangements enable TWC and its partners to deliver linear commercials across wider geographic areas, replicating the reach of local broadcast stations to the extent possible. In addition, TWC, together with Comcast, Cox Communications, Inc. (Cox) and Bright House Networks, owns National Cable Communications LLC (National Cable Communications), which, on behalf of a number of video operators, sells advertising time to national and regional advertisers.

Regional Sports Networks and Local Sports, News and Lifestyle Channels

In October 2012, TWC launched the Lakers RSNs, which carry the Los Angeles Lakers basketball games as well as other regional sports programming. TWC has a long-term agreement with the Los Angeles Lakers for rights to distribute all locally available pre-season, regular season and post-season Los Angeles Lakers games. As of December 31, 2015, the Lakers RSNs were distributed by the majority of major video distributors to approximately 4.9 million subscribers. TWC also manages 31 local news channels, including Time Warner Cable News NY1, a 24-hour news channel focused on New York City, 16 local sports channels and four local lifestyle channels, and it owns 26.8% of Sterling Entertainment Enterprises, LLC (doing business as SportsNet New York), a New York City-based regional sports network that carries New York Mets baseball games as well as other regional sports programming.

In February 2014, American Media Productions, an unaffiliated third party, launched SportsNet LA, a regional sports network carrying the Los Angeles Dodgers baseball games and other sports programming. In accordance with long-term agreements with American Media Productions, TWC acts as the network s exclusive advertising and affiliate sales agent and has certain branding and programming rights with respect to the network. In addition, TWC provides certain production and technical services to American Media Productions. The Company continues to seek distribution agreements for the carriage of SportsNet LA by major distributors.

Distribution of Services

TWC delivers video, data and voice services over a network that includes a nationwide fiber backbone, fiber-rich regional and metro rings, and last mile connections to customers homes and businesses. The national backbone delivers nationally centralized content and services to regional origination points or headends. The regional and metro rings provide connectivity among the headends within a specific geographic area. TWC transmits signals via fiber optic cable from these headends to a group of distribution nodes and uses coaxial cable to deliver the signals from the individual nodes to the homes and businesses they serve (an architecture known as hybrid fiber coaxial cable or HFC). TWC also continues to increase the number of businesses directly connected by fiber to its network.

TWC is investing in its network, equipment, products and customer service to improve reliability and customer satisfaction. Since the first quarter of 2014, TWC has rolled out TWC Maxx, which includes all digital conversion and Internet speeds of up to 300 Mbps, in New York, Los Angeles, Austin, Kansas City, Dallas, Raleigh, Charlotte and San Antonio. TWC is currently rolling out TWC Maxx in Hawaii, Wilmington, Greensboro and San Diego and plans to expand TWC Maxx to additional cities, particularly in the Northeast and Midwest, in 2016. In addition, during

2015, TWC continued to deploy new and improved set-top boxes, digital adapters and advanced modems in customers homes throughout its operating areas and to increase the availability of WiFi to its high-speed data subscribers.

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Sources of Supply

TWC contracts with third parties for goods and services related to the delivery of its video, high-speed data and voice services.

Video programming. TWC carries local broadcast stations generally pursuant to the compulsory copyright provisions of the Copyright Act of 1976, as amended, as well as under either the Federal Communications Commission (the FCC) must carry rules or a written retransmission consent agreement with the relevant station owner. TWC has multi-year retransmission consent agreements in place with most of the television stations that it carries that have elected retransmission consent during the most-recent election cycle. For more information, see Regulatory Matters below. Cable networks, including premium networks and related VOD content, are carried pursuant to affiliation agreements. TWC seeks to include in its agreements the rights to offer programming to its subscribers through multiple delivery platforms. TWC generally pays a monthly per subscriber fee for these cable services and for broadcast stations that elect retransmission consent. Payments to the providers of some premium networks may be based on a percentage of TWC s gross receipts from subscriptions to the services. Generally, TWC obtains rights to carry VOD movies and events and to sell and/or rent online video programming via the TWCC.com Video Store through iN Demand L.L.C., a company in which TWC holds a minority interest. For more information, see Risk Factors Increases in programming and retransmission costs or the inability to obtain popular programming could adversely affect TWC s operations and financial results.

In addition, TWC has entered into long-term agreements to carry Los Angeles Lakers basketball games and other sports programming on its Lakers RSNs and to act as the exclusive advertising and affiliate sales agent for SportsNet LA. For more information about these agreements, see Services Other Operations Regional Sports Networks and Local Sports, News and Lifestyle Channels above and Risk Factors TWC s business may be adversely affected if it fails to reach distribution agreements providing for carriage of the Lakers RSNs and SportsNet LA or if such agreements are on unfavorable terms.

Set-top boxes and network equipment. TWC purchases set-top boxes, conditional-access security cards (CableCARDs) and modems from a limited number of suppliers and rents these devices to subscribers at monthly rates. See Regulatory Matters Video Services Subscriber rates below. TWC also purchases routers, switches and other network equipment from a limited number of providers. See Risk Factors TWC may not be able to obtain necessary hardware, software and operational support.

High-speed data and voice connectivity. TWC delivers its high-speed data and voice services through its HFC network. TWC uses circuits that it either owns or leases from third parties to connect to the Internet, the public switched telephone network and to interconnect to its network. TWC pays fees for leased circuits based on the amount of capacity available to it and pays for Internet connectivity based on the amount of IP-based traffic sent over the other carrier s network. TWC also has entered into a number of settlement-free peering arrangements with third-party networks that allow TWC to exchange traffic with those networks without a fee.

Competition

Residential Services

TWC faces intense competition for residential services customers, both from existing competitors and, as a result of the rapid development of new technologies, services and products, from new entrants.

Video competition. TWC s residential video service faces competition from phone companies with fiber-based networks, primarily AT&T and Verizon, which overlap approximately 44% of TWC s operating areas. Frontier Communications Corporation is in the process of acquiring certain of Verizon s fiber-based systems. TWC s residential video service also faces competition from direct broadcast satellite (DBS) services, which have a national footprint and

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compete in all of TWC s operating areas. DBS providers offer satellite-delivered pre-packaged programming services that can be received by relatively small and inexpensive receiving dishes. They offer aggressive promotional pricing, exclusive programming (e.g., NFL Sunday Ticket) and video services that are comparable in many respects to TWC s residential video service. In July 2015, AT&T, one of TWC s largest competitors, acquired DIRECTV Group Inc. (DIRECTV), the nation s largest DBS provider, with the combined company able to offer bundles of video, high-speed data, wireline phone service and wireless service. As a condition to the FCC approval of the transaction, AT&T is required to deploy fiber to the home (FTTH) to 12.5 million locations within four years.

TWC s residential video service also faces competition from a number of other sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections to TVs, computers, tablets and mobile devices, such as Hulu.com, Apple Inc. s iTunes, Amazon.com Inc. s Prime, Netflix Google Inc. s (Google) YouTube, Sony Corporation s Playstation Vue, and DISH Network Corporation s Slin Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content.

High-speed data competition. TWC s residential high-speed data service faces competition from the phone companies digital subscriber line (DSL), FTTH and wireless broadband offerings as well as from a variety of companies that offer other forms of online services, including wireless and satellite-based broadband services.

Voice competition. TWC s residential voice service competes with wireline, wireless and over-the-top phone providers, such as Vonage, Skype, magicJack, Google Voice and Ooma, Inc., as well as companies that sell phone cards at a cost per minute for both national and international service. In addition, TWC s residential voice service competes with other forms of communication, such as text messaging on cellular phones, instant messaging, social networking services, video conferencing and email. The increase in the number of different technologies capable of carrying voice services and the number of alternative communication options available to customers as well as the replacement of wireline services by wireless have intensified the competitive environment in which TWC operates its residential voice service.

Overbuilders. In some of TWC s operating areas, other operators have built systems and offer video, high-speed data and voice services in competition with TWC. For example, in Kansas City and Austin, Texas, TWC s residential video and high-speed data services compete with Google video and broadband services. Google has announced its intention to launch video and broadband service in other TWC operating areas during 2016, and it is starting to test a voice service in limited areas. In addition to Google, others, including RCN Telecom Services, LLC and WideOpenWest Finance, LLC (WOW), have overbuilt in parts of the Company s operating areas.

Security and home management competition. TWC s IntelligentHome service faces competition from traditional security companies, such as The ADT Corporation, service providers such as Verizon and AT&T, as well as new entrants, such as Vivint, Inc., Alarm.com, Inc. and NEST Labs, Inc. (which Google acquired in 2014).

Additional competition. In addition to multi-channel video providers, cable systems compete with all other sources of news, information and entertainment, including over-the-air television broadcast reception, live events, movie theaters and the Internet. To the extent that TWC s services converge with theirs, TWC competes with the manufacturers of consumer electronics products. For instance, TWC s DVR service competes with similar services on devices manufactured by consumer electronics companies.

Business Services

TWC faces intense competition as to each of its business services offerings. Its business high-speed data, networking and voice services face competition from a variety of providers, including incumbent local telephone companies. TWC s cell tower backhaul service also faces competition from traditional telephone companies as well as other telecommunications carriers, such as metro and regional fiber-based carriers. TWC s business video service faces competition from DBS providers. TWC also competes with cloud, hosting and related service providers and application-service providers.

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Advertising

TWC faces intense competition for advertising revenue across many different platforms and from a wide range of local and national competitors. Advertising competition has increased and will likely continue to increase as new formats seek to attract the same advertisers. TWC competes for advertising revenue against, among others, local broadcast stations, national cable and broadcast networks, radio stations, print media and online advertising companies and content providers.

Employees

As of December 31, 2015, TWC had approximately 56,600 employees, including approximately 340 part-time employees, and approximately 4.6% of TWC s employees were represented by labor unions. TWC considers its relations with its employees to be good.

Regulatory Matters

TWC s business is subject, in part, to the Communications Act of 1934, as amended (the Communications Act), regulation by the FCC, and other regulation by federal, state, local and foreign authorities under applicable laws and regulations. Various legislative and regulatory proposals under consideration from time to time by the U.S. Congress (Congress) and various federal, state and local authorities have in the past materially affected TWC and may do so in the future. TWC is unable to predict whether any such proposals will be adopted and the extent to which such proposals may affect its business.

The following is a summary of current significant federal, state and local laws and regulations affecting the operation of TWC s business as well as potential material legal and regulatory requirements that could affect its business.

Video Services

Carriage of broadcast television stations and other programming regulation. The Communications Act and the FCC s regulations contain broadcast signal carriage requirements that allow local commercial television broadcast stations to elect once every three years to require a cable system to carry their stations, subject to some exceptions, commonly called must carry, or to negotiate with cable systems the terms on which the cable systems may carry their stations, commonly called retransmission consent.

The Communications Act and the FCC s regulations require a cable operator to devote, without compensation, up to one-third of its activated channel capacity for the mandatory carriage of local commercial television stations that elect must carry. The Communications Act and the FCC s regulations give local non-commercial television stations mandatory carriage rights, but non-commercial stations do not have the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems must obtain retransmission consent for all distant commercial television stations (i.e., those television stations outside the designated market area to which a community is assigned) except for commercial satellite-delivered independent superstations and some low-power television stations.

In March 2011, the FCC initiated a rulemaking proceeding to reform its retransmission consent rules, based, in part, on a petition submitted by a coalition of fourteen public interest groups and multi-channel video programming distributors (MVPDs), including TWC. In March 2014, the FCC revised its rules to provide that joint negotiation of retransmission consent by stations that are ranked among the top four stations in a market (as measured by audience share) and are not commonly owned constitutes a violation of the statutory duty to negotiate retransmission consent in good faith. In September 2015, at the direction of Congress, the FCC initiated a further rulemaking proceeding to consider additional changes to the retransmission consent regulatory framework intended to update and clarify the obligations of cable operators and broadcast stations to negotiate for retransmission consent in good faith. TWC is unable to predict what additional action, if any, the FCC might take in connection with retransmission consent.

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The Middle Class Tax Relief and Job Creation Act of 2012 requires the FCC to hold an auction whereby certain broadcast television stations may voluntarily relinquish some or all of their spectrum usage rights in exchange for incentive payments. Broadcast television stations also have the ability to enter into channel-sharing arrangements with broadcast television stations that relinquish spectrum rights in the auction. The FCC expects to hold the auction in early 2016. Following the auction, remaining broadcast television stations will be reorganized or repacked into a smaller portion of the existing broadcast television spectrum band. It is uncertain whether broadcast stations with which TWC has existing carriage agreements will relinquish their spectrum usage rights, enter into channel-sharing arrangements, or be repacked following the auction, and what impact such actions would have on TWC and its rights and obligations under its carriage agreements. Similarly, although MVPDs such as TWC are eligible to be reimbursed for eligible costs incurred as a result of the repacking process, it is uncertain whether such reimbursement will be sufficient to cover TWC s actual costs. For further discussion of the broadcast television incentive auction and its potential impact on TWC, see the discussion in Risk Factors The upcoming broadcast television spectrum incentive auction creates uncertainty and could impose significant additional costs on TWC.

The Communications Act also permits franchising authorities to negotiate with cable operators for channels for public, educational and governmental access programming. It also requires a cable system with 36 or more activated channels to designate 15 percent of its channel capacity for commercial leased access by third parties, which limits the amount of capacity TWC has available for other programming and other uses. The FCC regulates the rates and some terms and conditions of third-party commercial use of TWC s channel capacity. Revisions to such rules adopted in 2008 requiring substantial reduction to the rates TWC can charge for leased access have been stayed pursuant to an appeal in the U.S. Court of Appeals for the Sixth Circuit. If implemented, these regulations could significantly increase the Company s costs and burdens associated with leased access requirements.

Program carriage. The Communications Act and the FCC s program carriage rules restrict cable operators and MVPDs from unreasonably restraining the ability of an unaffiliated programming vendor to compete fairly by discriminating against the programming vendor on the basis of its non-affiliation in the selection, terms or conditions for carriage. In August 2011, the FCC issued an order, which, among other things, established rules regarding what a complaint must demonstrate to establish a *prima facie* case of a program carriage violation and established procedures for consideration by the FCC s Media Bureau of a complainant s request for a temporary standstill of the price, terms and other conditions of an existing programming contract pending the FCC s resolution of a complaint proceeding. In September 2013, the U.S. Court of Appeals for the Second Circuit vacated the FCC s temporary standstill rules, finding that they were promulgated in violation of the Administrative Procedure Act of 1946. The FCC s August 2011 order also contained a notice of proposed regulations that could further expand program carriage regulation. This rulemaking proceeding remains pending, and TWC is unable to predict what additional action, if any, the FCC might take in connection with program carriage.

Subscriber rates. The Communications Act and the FCC s rules regulate and limit the rates that TWC may charge for basic cable service and equipment in communities that are not subject to effective competition, as defined by federal law. In June 2015, the FCC amended its rules by adopting a rebuttable presumption that effective competition exists in all local communities (with limited exceptions), absent a contrary showing by the franchising authority. The new rules took effect in September 2015. In August 2015, the National Association of Broadcasters and the National Association of Telecommunications Officers filed an appeal of these rules in the U.S. Court of Appeals for the D.C. Circuit claiming the decision was arbitrary, capricious and an abuse of discretion. Where the presumption of effective competition does not apply or has been rebutted, federal law authorizes franchising authorities to regulate the monthly rates charged by the operator for the minimum level of video programming service, referred to as basic service tier or BST, which generally includes local broadcast television signals, satellite-delivered broadcast networks and superstations, local origination channels, a few specialty networks and public access, educational and government channels. This regulation also applies to the installation, sale and lease of equipment used by subscribers to receive basic service, such as set-top boxes and remote control units. In the overwhelming majority of communities it serves, TWC is not subject to BST video rate regulation, either because the local franchising authority has not asked the FCC for permission to regulate rates or because the FCC has found that there is effective competition.

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Pole attachment regulation. The Communications Act requires that investor-owned utilities provide cable systems and telecommunications carriers with non-discriminatory access to any pole, conduit or right-of-way controlled by those utilities. The Communications Act permits the FCC to regulate the rates, terms and conditions imposed by these utilities for cable systems and telecommunications carriers use of utility poles and conduit space. States are permitted to preempt FCC jurisdiction over pole attachments through certifying that they regulate the terms of attachments themselves. Many states in which TWC operates have done so. Rates for attachments used to provide cable services and telecommunications services are calculated under different provisions of the Communications Act, and the rates for telecommunications attachments have historically been higher than the rates for cable attachments. In January 2014, the FCC sought comment on a petition filed by Union Electric Company regarding the legal classification of Voice over Internet Protocol (VoIP) services for purposes of assessing pole attachment rates. The matter remains pending before the FCC. It is uncertain when the FCC will rule on this issue or how any regulation it adopts might affect TWC. In the March 2015 net neutrality or open Internet order, the FCC applied pole attachment regulation to providers of broadband Internet access services. In November 2015, the FCC further revised its rules to prevent pole owners from charging providers of telecommunications services (including broadband Internet access service) pole attachment rates that exceed the cable rate. For further discussion of the FCC s net neutrality proceeding, see the discussion in High-speed Internet Access Services and Risk Factors Net neutrality regulation or legislation could lin TWC s ability to operate its business profitably and to manage its broadband facilities efficiently and could result in increased taxes and fees imposed on TWC.

In addition, some of the poles TWC uses are exempt from federal or state regulation because they are owned by utility cooperatives and municipal entities. These entities may not renew TWC s existing agreements when they expire, and they may require TWC to pay substantially increased fees. A number of these entities are currently seeking to impose substantial rate increases. For further discussion of pole attachment rates, see the discussion in Risk Factors TWC may encounter substantially increased pole attachment costs.

Equipment regulation. The FCC has adopted regulations intended to promote the retail availability and sale of set-top boxes and other equipment that can be used to receive digital video services. With the exception of certain one-way devices such as digital transport adapters (DTAs), these regulations prohibited cable operators from placing into service set-top boxes that perform both channel navigation and conditional access security functions. The FCC has not applied these regulations to DBS operators. In December 2014, Congress enacted the STELA Reauthorization Act of 2014 (STELAR), which repealed, as of December 2015, the federal mandate banning cable operators from integrating security into their set-top boxes. STELAR directed the FCC to establish an advisory committee of technical experts to study and report findings and recommendations to promote the retail availability of set-top boxes and, on August 28, 2015, the advisory committee issued its final report. At its February 18, 2016 meeting, the FCC will vote on adopting a Notice of Proposed Rulemaking that would propose new rules intended to increase the device and software alternatives for consumers to access the services provided by MVPDs. TWC is unable to predict what, if any, proposals might be adopted and implemented by the FCC or what effect such requirements may have on TWC s business.

In 2012, TWC joined with 14 other MVPDs and device manufactures to launch a Set-Top Box Energy Conservation Voluntary Agreement (the Set-Top Box Agreement) to continue to improve the energy efficiency of set-top boxes through 2017. In 2013, the Set-Top Box Agreement was expanded to include additional devices, such as modems, and establish more stringent energy conservation commitments that will become effective in 2017.

Copyright regulation. TWC s cable systems provide subscribers with, among other things, content from local and distant television broadcast stations. TWC generally does not obtain a license to use the copyrighted performances contained in these stations programming directly from content owners. Instead, in exchange for filing reports with the U.S. Copyright Office and contributing a percentage of basic service revenue to a federal copyright royalty pool, cable operators obtain rights to retransmit copyrighted material contained in broadcast signals pursuant to a statutory license. The elimination or substantial modification of this statutory copyright license has been the subject of ongoing legislative and administrative review and, if eliminated, modified or interpreted differently by the U.S. Copyright Office, could adversely affect TWC s ability to obtain suitable programming and substantially increase TWC s programming costs or copyright payments.

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In addition, when TWC obtains programming from third parties, TWC generally obtains licenses that include any necessary authorizations to transmit the music included in it. When TWC creates its own programming and provides various other programming or related content, including local origination programming and advertising that TWC inserts into cable-programming networks, TWC is required to obtain any necessary music performance licenses directly from the rights holders. These rights are generally controlled by three music performance rights organizations, each with rights to the music of various composers. TWC generally has obtained the necessary licenses, either through negotiated licenses or through procedures established by consent decrees entered into by some of the music performance rights organizations.

Tax. Under the Telecommunications Act of 1996, DBS providers benefit from federal preemption of locally imposed or administered taxes and fees on video services, including those borne by the Company and its customers. Several states have enacted or are considering parity tax measures to equalize the tax and fee burden imposed on DBS and cable video services. DBS providers have been challenging such parity efforts in the courts, Congress and, increasingly, state legislatures in an effort to maintain their competitive pricing advantage and preclude states from implementing such parity tax measures. While the states have generally prevailed in such challenges, litigation is ongoing in many states. There can be no assurance as to the outcome with respect to cases still pending and ongoing legislative efforts.

Franchising. Cable operators generally operate their systems under non-exclusive franchises. Franchises are awarded, and cable operators are regulated, by state franchising authorities, local franchising authorities, or both. Such governmental authorities often must approve a transfer of systems to another party. Franchise agreements typically require payment of franchise fees and contain regulatory provisions addressing, among other things, upgrades, service quality, cable service to schools and other public institutions, insurance and indemnity bonds. The terms and conditions of cable franchises vary from jurisdiction to jurisdiction. The Communications Act provides protections against many unreasonable terms. In particular, the Communications Act imposes a ceiling on franchise fees of five percent of revenues derived from video service. TWC generally passes the franchise fee on to its subscribers, listing it as a separate item on the bill.

Franchise agreements usually have a term of ten to 15 years from the date of grant, although some renewals may be for shorter terms. Franchise agreements usually are terminable only if the cable operator fails to comply with material provisions. TWC has not had a franchise terminated due to breach. After a franchise agreement expires, a local franchising authority may seek to impose new and more onerous requirements, including requirements to upgrade facilities, to increase channel capacity and to provide various new services. Federal law, however, provides significant substantive and procedural protections for cable operators seeking renewal of their franchises. In addition, although TWC occasionally reaches the expiration date of a franchise agreement without having a written renewal or extension, TWC generally has the right to continue to operate, either by agreement with the local franchising authority or by law, while continuing to negotiate a renewal. In the past, substantially all of the material franchises relating to TWC s systems have been renewed by the relevant local franchising authority, though sometimes only after significant time and effort.

At the state level, several states have enacted statutes intended to streamline entry by additional video competitors, some of which provide more favorable treatment to new entrants than to existing providers. Despite TWC s efforts and the protections of federal law, it is possible that some of TWC s franchises may not be renewed, and TWC may be required to make significant additional investments in its cable systems in response to requirements imposed in the course of the franchise renewal process.

Cable Programming Services. The Communications Act and the FCC impose regulatory obligations on cable programming services, including the regional sports networks and local programming services provided by TWC. For instance, FCC regulations generally prevent cable networks affiliated with cable operators from favoring affiliated cable operators over competing MVPDs such as DBS providers. In addition, the Communications Act and FCC rules had limited the ability of cable-affiliated cable networks to offer exclusive programming contracts to a cable operator. In October 2012, the FCC allowed a preemptive restriction on exclusive contracts to expire, while at the same time making clear that any such exclusive contract would be subject to a case-by-case review in response to a complaint alleging unfair methods of competition or unfair or deceptive acts that might prevent competitors from providing programming to consumers. The FCC is also considering proposals to establish presumptions that could make it easier for MVPDs to make complaints about exclusive contracts and to use buying groups to purchase programming. It is unclear whether the FCC will adopt such regulations and, if adopted, what impact such rules might have on TWC s business.

High-speed Internet Access Services

TWC provides high-speed Internet access services over its cable facilities. In 2002, the FCC determined that cable-provided high-speed Internet access service was an interstate information service rather than a cable service or a telecommunications service, as those terms are defined in the Communications Act. That determination was later sustained by the U.S. Supreme Court. Under the information service classification, the service is not subject to regulation as either a cable service or a telecommunications service under federal, state or local law. As discussed below, in 2015, the FCC reclassified high-speed Internet access service as a telecommunications service under Title II of the Communications Act, imposing certain legacy telecommunications regulations on such service for the first time.

Net neutrality regulations. Over the past several years, disparate groups have adopted the terms net neutrality and open Internet in connection with their efforts to persuade Congress and regulators to adopt rules that are designed to safeguard consumers access to lawful content and services via broadband Internet access services. Such rules could limit the ability of broadband Internet access providers to effectively manage or operate their broadband networks.

In December 2010, the FCC adopted open Internet or net neutrality regulations pursuant to Section 706 of the Telecommunications Act of 1996 (the Telecommunications Act), among other statutory provisions. The rules, which became effective in November 2011, imposed transparency requirements on all broadband Internet access providers, prohibited all broadband Internet access providers from blocking access to lawful content, applications and services or non-harmful devices (the anti-blocking rules), and prohibited fixed broadband Internet access providers from unreasonably discriminating in transmitting lawful network traffic (the non-discrimination rules). The anti-blocking rules and the non-discrimination rules included exclusions for reasonable network management. In January 2014, the U.S. Court of Appeals for the D.C. Circuit vacated the anti-blocking rules and the non-discrimination rules, while finding that the FCC did have the statutory authority to implement some regulation of the Internet so long as its rules reasonably advance the objectives of Section 706 of the Telecommunications Act (promotion of broadband deployment) and do not contravene other express statutory mandates.

In March 2015, the FCC issued an order (the Open Internet Order) that reinstated the anti-blocking rules, imposed a new ban on a prioritizing some Internet traffic over other traffic in exchange for payment by a third party, adopted a general standard of conduct for Internet service providers that prohibits actions that unreasonably interfere with or unreasonably disadvantage end users or edge providers in certain circumstances, and adopted enhancements to the existing transparency requirements. The FCC took the further step of reclassifying broadband Internet access services as a telecommunications service subject to regulation under Title II of the Communications Act, as discussed below. In March 2015, several parties, including the United States National Telecom Association, the National Cable & Telecommunications Association, The Wireless Association, the American Cable Association, the Wireless Internet Service Providers Association, AT&T and CenturyLink, Inc. filed suit in the U.S. Court of Appeals for the D.C. Circuit challenging the legality of the FCC s Title II reclassification and the matter is still pending.

In addition, although the Open Internet Order states that the net neutrality regulations do not apply to specialized services that share capacity with broadband over Internet service providers last-mile facilities (such as VoIP services) or Internet traffic exchange and peering arrangements, the FCC intends to evaluate developments in these areas carefully to ensure that specialized services and Internet traffic exchange and interconnection arrangements do not undermine the FCC s net neutrality rules and principles. The FCC also stated its intention to address disputes involving Internet traffic exchange and peering arrangements going forward on a case-by-case basis under Title II of the Communications Act. It is uncertain how such case-by-case regulation of Internet traffic exchange and interconnection might affect TWC.

For further discussion of net neutrality and the impact of the Open Internet Order on TWC, see the discussion in Risk Factors Net neutrality regulation or legislation could limit TWC s ability to operate its business profitably and to manage its broadband facilities efficiently and could result in increased taxes and fees imposed on TWC.

Title II and other regulatory requirements. Pursuant to the Open Internet Order, broadband Internet access service is now classified as a telecommunications service under the Communications Act and subject to legacy telecommunications regulations except to the extent the FCC forbears from applying such requirements. The Open Internet Order includes a grant of such forbearance from enforcement of many regulatory obligations applicable to telecommunications carriers under Title II, but leaves in place certain regulatory requirements with which TWC now must comply with respect to its Internet access services, including general common carrier requirements applicable to rates and practices, and specific duties related to customer privacy and disabilities access, among other things. The FCC stated its intention to adopt new rules clarifying the scope of certain Title II obligations on Internet service providers, but such efforts have not yet concluded. It is uncertain how the FCC will apply applicable Title II requirements to Internet service providers such as TWC, what additional regulations the FCC may adopt in the future, and how such existing and future requirements might affect TWC. TWC s high-speed Internet access services are also subject to a number of other requirements, including the Communications Assistance for Law Enforcement Act (CALEA), which requires that high-speed data providers implement certain network capabilities to assist law enforcement agencies in conducting surveillance of criminal suspects.

Voice Services

TWC currently offers residential and business voice services using VoIP technology. The FCC has yet to classify VoIP services as regulated telecommunications services or Title I information services, but has afforded VoIP providers the flexibility to offer their services pursuant to either category. Traditional providers of circuit-switched telephone services and VoIP providers that offer their services as a telecommunications service generally are subject to more regulation than if the service were offered as a Title I information service.

The FCC has extended a number of traditional telephone carrier regulations to all interconnected VoIP providers, including requiring them to: provide E911 capabilities as a standard feature to their subscribers; comply with the requirements of CALEA to assist law enforcement investigations in providing, after a lawful request, call content and call identification information; contribute to the Universal Service Fund (USF); pay regulatory fees; comply with subscriber privacy rules; provide access to their services to persons with disabilities; comply with service discontinuance requirements and local number portability (LNP) rules when subscribers change telephone providers, and report certain service outages. In addition, certain states have sought to impose state regulation on interconnected VoIP providers such as TWC.

TWC has submitted to state telephone regulation and to being classified as a telecommunications carrier in certain states in connection with TWC s provision of discounted Lifeline telephone services to low-income customers. In order to participate in the Lifeline program and receive reimbursement from the federal and, if applicable, state USFs, voice providers must be designated as Eligible Telecommunications Carriers. Therefore, in New York and California, states in which TWC has deployed Lifeline telephone services, TWC is regulated as a telecommunications carrier and is subject to Eligible Telecommunications Carrier requirements. This places additional operational, regulatory and administrative burdens on TWC s business and could expose TWC to additional regulatory risk in connection with its compliance with state and federal regulation.

In November 2014, the FCC sought comment on ensuring that there is reliable backup power for VoIP services in the event of a power outage. In August 2015, the FCC adopted a new rule that, among other things, requires providers of facilities-based, fixed residential voice service that is not line-powered, such as TWC, to make available battery backup solutions to voice customers for purchase. The new rule also imposes detailed point-of-sale and annual disclosure obligations regarding battery backup on TWC.

In November 2011, in its proceeding considering comprehensive intercarrier compensation reform, including the appropriate compensation regime applicable to interconnected VoIP traffic over the public switched telephone network

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(PSTN), the FCC released an Order adopting rules providing greater clarity regarding the compensation rights and obligations of carriers that originate or terminate VoIP traffic, making clear that origination and termination charges may be imposed when an entity uses IP facilities to transmit traffic to or from a party s premises and establishing default rates for such traffic. At the same time, these rules reduced the amount of intercarrier compensation that providers such as TWC could collect from long-distance carriers terminating calls to customers. In addition, the FCC issued a Further Notice of Proposed Rulemaking seeking to adopt rules to govern IP-to-IP interconnection for voice services and indicating that carriers should negotiate such agreements in good faith during the pendency of such proceeding. In November 2012, AT&T filed a petition with the FCC asking it to commence a proceeding to address the transition of the circuit-switched PSTN to an all IP network, including IP interconnection. The FCC sought comment on this petition as well as a related petition filed in November 2012 by representatives of some small incumbent telephone companies (RLECs) seeking USF funding for IP interconnection, and in January 2014, released an Order to implement certain IP Transition Trials. It is unclear whether and when the FCC or Congress will adopt further rules relating to IP interconnection or other regulation for IP voice services and how such rules would affect TWC s interconnected VoIP service.

Commercial Networking and Transport Services

Entities providing point-to-point and other transport services generally are subject to various kinds of regulation. In particular, in connection with intrastate transport services, state regulatory authorities require such providers to obtain and maintain certificates of public convenience and necessity and to file tariffs setting forth the service s rates, terms and conditions and to have just, reasonable and non-discriminatory rates, terms and conditions. Interstate transport services are governed by similar federal regulations. In addition, providers generally may not transfer assets or ownership without receiving approval from or providing notice to state and federal authorities. Finally, providers of point-to-point and similar transport services are required to contribute to various state and federal regulatory funds, including state universal funds and the USF.

Privacy and Security Regulation

Federal, state and local laws, regulations and ordinances impose requirements on how the Company handles personally identifiable and other information relating to consumers. Certain of these requirements are industry specific and regulate TWC because it is a cable operator, a telecommunications carrier (including as a provider of broadband Internet access service) and the operator of websites and mobile applications. Other requirements apply generally to all companies that hold consumer data or market to consumers using email or the telephone, including state data breach notification statutes. These notification laws generally require that a business give notice to its customers whose financial information has been disclosed because of a security breach. In addition, the Federal Trade Commission (the FTC) applies the identity theft red flag rules under the Fair and Accurate Credit Transactions Act of 2003, which are designed to detect the warnings signs of identity theft. In 2013, the SEC and the Commodity Futures Trading Commission jointly adopted similar identity theft red flag rules. TWC has a compliance program as required under these rules. A number of bills have been introduced in Congress regarding cybersecurity, data breach and consumer privacy, but the scope of such requirements, if passed, is unclear at this time.

TWC is also subject to state and federal laws restricting telemarketing and state and federal laws restricting unsolicited commercial emails. The FCC and FTC adopt regulations to implement such laws and may adopt new interpretations or requirements that increase TWC s compliance costs and subject TWC to increased liability risks. Additional and more restrictive requirements also may be imposed if and to the extent that state or local authorities establish their own privacy or security standards or if Congress enacts new privacy or security legislation.

Environmental Regulation

TWC s business operations are subject to environmental laws and regulations, including regulations governing the use, storage, disposal of, and exposure to, hazardous materials, the release of pollutants into the environment and the remediation of contamination. TWC is currently subject to an investigation by the California Attorney General and the Alameda County, California District Attorney regarding whether certain of TWC s waste disposal policies, procedures

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and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. For additional information about this investigation, see Note 17 to the accompanying consolidated financial statements. As a result of the increasing public awareness concerning the importance of environmental regulations, these regulations have become more stringent over time, and pending or proposed regulations, such as regulations addressing climate change concerns, including greenhouse gas emission limits or cap and trade programs, could impact TWC s operations and costs.

Other Federal Regulatory Requirements

Federal law also includes numerous other requirements applicable to some extent to TWC s business or one or more of TWC s services. These provisions apply to customer service, use of credit reports, marketing practices, equal employment opportunity, technical standards and equipment compatibility, antenna structure notification, marking, lighting, emergency alert system requirements, disability access, loudness of commercial advertisements and the collection of annual regulatory fees, which are calculated based on the number of subscribers served, the types of FCC licenses held and certain interstate revenue thresholds. In addition, there are various rules prohibiting joint ownership of cable systems and other kinds of communications facilities. Relatedly, the FCC has sought to place limits on the number of (i) subscribers a cable operator may reach through systems in which it holds an ownership interest, and (ii) affiliated programming channels that a cable operator may carry on a cable system. The FCC also actively regulates other aspects of TWC s video services, including the mandatory blackout of syndicated and broadcast network programming; customer service standards; political advertising; indecent or obscene programming; Emergency Alert System requirements for analog and digital services; commercial restrictions on children s programming; recordkeeping and public file access requirements; and technical rules relating to operation of the cable network.

In addition, TWC s video, Internet access and voice services are subject to a number of requirements related to ensuring that the services are accessible to individuals with disabilities. Among other things, TWC s voice services and email service must be accessible to and usable by persons with disabilities. TWC also is required to include closed captioning on certain video programming delivered to its customers and pass through video description information on certain of its video services. In October 2013, pursuant to the Twenty-First Century Communications and Video Accessibility Act of 2010, the FCC began adopting updated rules mandating audible accessibility of on-screen text menus and guides on cable set-top boxes and requiring closed captioning to be more easily activated on those devices. The FCC has several ongoing proceedings regarding the quality of closed captioning, captioning of online clips and other related issues.

TWC is unable to predict how these various regulations might be amended in the future and whether and how any such changes might affect its business. In addition, while TWC believes that it is in substantial compliance with FCC and state regulations, it is occasionally subject to enforcement actions at the FCC, which can result in the payment of fines or the imposition of other agency sanctions.

TWE-A/N Partnership

TWE-A/N is a partnership that was formed in 1995 between Time Warner Entertainment Company, L.P. (TWE), a former subsidiary of TWC, and A/N, a partnership owned by 100% owned subsidiaries of Advance Publications and Newhouse Broadcasting Corporation. In connection with a TWC internal reorganization in September 2012, TWCE acquired TWE s and Time Warner NY Cable LLC s (TW NY Cable) general and preferred partnership interests in TWE-A/N. The general partnership interests in TWE-A/N are held by TWCE (the TW Partner) and A/N. The TW Partner also holds preferred partnership interests.

2002 restructuring of TWE-A/N. TWE-A/N was restructured in 2002. As a result of this restructuring, cable systems and their related assets and liabilities serving approximately 2.1 million video subscribers as of December 31, 2002 located primarily in Florida (the A/N Systems) were transferred to a 100% owned subsidiary of TWE-A/N, Bright House Networks (the A/N Subsidiary). As part of the restructuring, effective August 1, 2002, A/N s interest in

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TWE-A/N was converted into an interest that tracks the economic performance of the A/N Systems, while the TW Partner retains the economic interests and associated liabilities in the remaining TWE-A/N cable systems. TWE-A/N s financial results, other than the results of the A/N Systems, are consolidated with TWC s.

Charter Transaction. On May 23, 2015, Charter and A/N and certain of their affiliates amended the Bright House Networks Agreement, which the parties had signed on March 31, 2015. Under the amended Bright House Networks Agreement, Charter will acquire Bright House Networks, subject to, among other conditions, the closing of the Charter merger. The closing of Charter s acquisition of Bright House Networks is expected to occur concurrently with the closing of the Charter merger. However, the closing of the Charter merger is not conditioned on the closing of the Bright House Networks transaction.

Management and operations of TWE-A/N. Subject to certain limited exceptions, TWCE is the managing partner, with exclusive management rights of TWE-A/N, other than with respect to the A/N Systems. Also, subject to certain limited exceptions, A/N has authority for the supervision of the day-to-day operations of the A/N Subsidiary and the A/N Systems. In connection with the 2002 restructuring, TWE entered into a services agreement with A/N and the A/N Subsidiary under which TWE agreed to exercise various management functions, including oversight of programming and various engineering-related matters. TWE and A/N also agreed to periodically discuss cooperation with respect to new product development. Following the September 30, 2012 internal reorganization, TWCE performs these functions pursuant to the services agreement. TWC receives a fee for providing the A/N Subsidiary with high-speed data services and the management functions noted above. These arrangements may be terminated by either party on 12 months notice.

Restrictions on transfer TW Partner. The TW Partner is generally permitted to directly or indirectly dispose of its entire partnership interest at any time to a 100% owned affiliate of TWCE. In addition, the TW Partner is also permitted to transfer its partnership interests through a pledge to secure a loan, or a liquidation of TWCE in which TWC, or its affiliates, receives a majority of the interests of TWE-A/N held by the TW Partner. TWCE is allowed to issue additional partnership interests in TWCE so long as TWC continues to own, directly or indirectly, either 35% or 43.75% of the residual equity capital of TWCE, depending on when the issuance occurs.

Restrictions on transfer A/N Partner. A/N is generally permitted to directly or indirectly transfer its entire partnership interest at any time to certain members of the Newhouse family or specified affiliates of A/N. A/N is also permitted to dispose of its partnership interest through a pledge to secure a loan and in connection with specified restructurings of A/N.

Restructuring and termination rights of the partners. TWCE and A/N each has the right to cause TWE-A/N to be restructured at any time. Upon a restructuring, TWE-A/N is required to distribute the A/N Subsidiary with all of the A/N Systems to A/N in complete redemption of A/N s interests in TWE-A/N, and A/N is required to assume all liabilities of the A/N Subsidiary and the A/N Systems. To date, neither TWCE nor A/N has delivered notice of the intent to cause a restructuring of TWE-A/N.

TWCE s regular right of first offer. Subject to exceptions, A/N and its affiliates are obligated to grant TWC and TWCE a right of first offer prior to any sale of assets of the A/N Systems to a third party. In the Charter Merger Agreement, TWC and TWCE agreed to irrevocably and unconditionally waive their right of first offer to acquire the assets of Bright House Networks during the pendency of the Charter merger. This waiver will expire if the Charter Merger Agreement is terminated in accordance with its terms, provided that TWC or any of its Affiliates (as defined in the Charter Merger Agreement) does not, within nine months following such a termination, enter into an agreement or understanding in respect of, or consummate, an alternative acquisition transaction.

TWCE s special right of first offer. Within a specified time period following the first, seventh, thirteenth and nineteenth anniversaries of the deaths of two specified members of the Newhouse family (whose deaths have not yet occurred), A/N has the right to deliver notice to TWCE stating that it wishes to transfer some or all of the assets of the A/N Systems, thereby granting TWCE the right of first offer to purchase the specified assets. Following delivery of this notice, an appraiser will determine the value of the assets proposed to be transferred. Once the value of the assets has been

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determined, A/N has the right to terminate its offer to sell the specified assets. If A/N does not terminate its offer, TWCE will have the right to purchase the specified assets at a price equal to the value of the specified assets determined by the appraiser. If TWCE does not exercise its right to purchase the specified assets, A/N has the right to sell the specified assets to an unrelated third party within 180 days on substantially the same terms as were available to TWCE.

Item 1A. *Risk Factors.*

TWC faces a wide range of competition, and its business and financial results could be adversely affected if it does not compete effectively.

TWC faces significant competition, and the rapid development of new technologies, services and products has led to the entry of many new competitors that provide a broad range of communications products and services and entertainment, news and information content to consumers, further intensifying the competitive environment. Any inability to compete effectively could have an adverse effect on TWC s financial and operating results and return on capital expenditures due to possible increases in the cost of gaining and retaining subscribers and lower per subscriber revenue, could slow or cause a decline in TWC s growth rates, and reduce TWC s revenue. As TWC expands and introduces new and enhanced services, TWC may be subject to competition from other providers of those services. TWC cannot predict the extent to which this competition will affect its future business and financial results or return on capital expenditures.

Future advances in technology, as well as changes in the marketplace, in the economy and in the regulatory and legislative environments, may result in changes to the competitive landscape. For additional information regarding the competition faced by TWC, see Business Competition and Regulatory Matters.

TWC faces risks relating to competition for the leisure time and discretionary spending of audiences, which has intensified in part due to advances in technology and changes in consumer expectations and behavior.

In addition to the various competitive factors discussed above, TWC s business is subject to risks relating to increasing competition for the leisure time, shifting consumer needs and discretionary spending of consumers. TWC s business competes with all other sources of entertainment, news and information delivery, as well as a broad range of communications products and services. Technological advancements, such as new video formats and Internet streaming and downloading of programming that can be viewed on televisions, computers, smartphones and tablets, many of which have been beneficial to TWC s business, have nonetheless increased the number of entertainment and information delivery choices available to consumers and intensified the challenges posed by audience fragmentation.

Newer products and services, particularly alternative methods for the distribution, sale and viewing of content will likely continue to be developed, further increasing the number of competitors that TWC s business faces. The increasing number of choices available to audiences, including low-cost or free choices, could negatively impact not only consumer demand for TWC s products and services, but also advertisers willingness to purchase advertising from TWC. TWC s business competes for the sale of advertising revenue with television networks and stations, as well as other advertising platforms, such as radio, print and, increasingly, online media. TWC s failure to effectively anticipate or adapt to new technologies and changes in consumer expectations and behavior could significantly adversely affect TWC s competitive position and its business and results of operations.

An extended period of slow growth or a significant deterioration in the economy may negatively impact TWC s ability to attract new subscribers and generate increased revenue.

An extended period of slow growth or a significant deterioration in the economy could lead to reduced consumer demand for the Company s services, especially services for which additional charges are imposed, and to a continued increase in the number of homes that replace their video service with Internet-delivered and/or over-air content, which would negatively impact TWC s ability to attract customers, increase rates and maintain or increase revenue. In addition, providing video services is an established and highly penetrated business. TWC s ability to gain new video subscribers is dependent to a large extent on growth in occupied housing in TWC s service areas, which is influenced by both national and local economic conditions. In the absence of renewed growth in the number of occupied homes in TWC s operating areas, TWC s ability to gain new video subscribers may be negatively impacted. Weak economic conditions may also have a negative impact on the Company s advertising revenue.

TWC s business is characterized by rapid technological change, and if TWC does not adapt to technological changes and respond appropriately to changes in consumer demand, its competitive position may be harmed.

TWC operates in a highly competitive, consumer-driven and rapidly changing environment. Its success is, to a large extent, dependent on its ability to acquire, develop, adopt, upgrade and exploit new and existing technologies to address consumers changing demands and distinguish its services from those of its competitors. TWC may not be able to accurately predict technological trends or the success of new products and services. If TWC chooses technologies or equipment that are less effective, cost-efficient or attractive to its customers than those chosen by its competitors, or if TWC offers services that fail to appeal to consumers, are not available at competitive prices or that do not function as expected, TWC s competitive position could deteriorate, and TWC s business and financial results could suffer.

The ability of some of TWC s competitors to introduce new technologies, products and services more quickly than TWC may adversely affect TWC s competitive position. Furthermore, advances in technology, decreases in the cost of existing technologies or changes in competitors product and service offerings may require TWC in the future to make additional research and development expenditures or to offer at no additional charge or at a lower price certain products and services TWC currently offers to customers separately or at a premium. In addition, the uncertainty of the Company s ability and the costs to obtain intellectual property rights from third parties could impact TWC s ability to respond to technological advances in a timely and effective manner.

TWC relies on network and information systems and other technology, and a disruption or failure of such networks, systems or technology as a result of computer viruses, cyber attacks, misappropriation of data or other malfeasance, as well as outages, natural disasters (including extreme weather), terrorist attacks, accidental releases of information or similar events, may disrupt TWC s business.

Network and information systems and other technologies are critical to TWC s operating activities, both to its internal uses, such as network management, and in supplying services to customers, including customer service operations and programming delivery. Network or information system shutdowns or other service disruptions caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software, cyber attacks, process breakdowns, denial of service attacks and other malicious activity pose increasing risks.

Both unsuccessful and successful cyber attacks on companies have continued to increase in frequency, scope and potential harm in recent years. While TWC develops and maintains systems seeking to prevent systems-related events and security breaches from occurring, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as techniques used in such attacks become more sophisticated and change frequently. TWC may be unable to anticipate these techniques or implement adequate preventative measures. Moreover, the amount and scope of insurance that TWC maintains against losses resulting from any such events or security breaches may not be sufficient to cover its losses or otherwise adequately compensate TWC for any disruptions to its business that may result. While from time to time attempts are ma