



#38950

DATE: MAY 13, 2016

**SUBJECT: TIME WARNER CABLE INC. (ELECTION MERGER) - ANTICIPATED
ADJUSTMENT
OPTION SYMBOLS: TWC/1TWC
NEW SYMBOLS: CHTR2/1CHTR2
FUTURES SYMBOLS: TWC1C/TWC1D
NEW FUTURES SYMBOLS: TWC2C/TWC2D
DATE: 5/18/16??? (ELECTION DEADLINE: 5/12/2016)
* * * UPDATE * * ***

On September 21, 2015, Shareholders of Time Warner Cable Inc. (TWC) approved the proposed merger with Charter Communications, Inc. (CHTR). If and when the merger is consummated, the combined company will be named (New) Charter Communications, Inc., and its common shares will trade on NASDAQ under the symbol "CHTR".

The Merger: Aggregate Terms

Charter Communications, Inc. (CHTR) expects the aggregate value of the merger transactions to the TWC shareholders to be approximately \$57.5 billion, comprised of (New) CHTR common stock and cash, as described in the TWC/CHTR Proxy Statement/Prospectus dated August 20, 2015.

The Merger: Individual Share Elections

Within the terms of the Merger, individual TWC Shareholders may:

- Elect to receive \$100.00 cash plus approximately 0.4891 (New) Charter Communications, Inc. (CHTR) Class A Common Shares per each TWC Common Share (Option A Election). OR,
- Elect to receive \$115.00 cash plus approximately 0.4125 (New) Charter Communications, Inc. (CHTR) Class A Common Shares per each TWC Common Share (Option B Election). OR,
- Register no preference by not making an election (Non-electing). Under the terms of the election, shares which are not subject to an effective election will be treated as non-electing shares and converted into the Option A Election Consideration.

Elections must be submitted to the exchange agent. **The election deadline is 5:00 p.m. Eastern time on May 12, 2016.** TWC Shareholders must observe all terms and conditions for the election as specified in the Proxy. **It is unknown if TWC shares may be delivered pursuant to an election under "Notices of Guaranteed Delivery."** In all cases, Call option holders exercising in order to obtain stock for an election must exercise in sufficient time to be able to make valid delivery pursuant to the election procedures.

The Merger Consideration: Prorations

There are no prorations.

CONTRACT ADJUSTMENT

DATE: Effective the opening of the business day after the merger is consummated. **Contract adjustment is expected to occur on or about May 18, 2016.**

OPTION SYMBOLS: TWC changes to CHTR2
1TWC changes to 1CHTR2

STRIKE DIVISOR: 1

CONTRACT MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., for premium or strike price extensions, 1.00 equals \$100)

NEW DELIVERABLE PER CONTRACT: The deliverable for adjusted TWC options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING TWC SHAREHOLDERS (stated in terms of a current 100-Share deliverable).

- 1) Approximately 48 (New) Charter Communications, Inc. (CHTR) Class A Common Shares
- 2) Cash in lieu of approximately 0.91 fractional CHTR shares
- 3) \$10,000.00 Cash (\$100.00 x 100)

CUSIP: (New) CHTR: TBD

PRICING

Until the cash in lieu amount and final distribution ratio are determined, the underlying price for CHTR2/1CHTR2 will be determined as follows:

$$\text{CHTR2} = 0.4891 (\text{CHTR}) + 100.00$$

DELAYED SETTLEMENT

OCC will delay settlement of the CHTR portion and cash portion of the CHTR2/1CHTR2 deliverables until the final share distribution ratio and cash in lieu amount are determined. Upon determination of the final share and cash in lieu amounts, OCC will require Put exercisers and Call assignees to deliver the appropriate stock and cash amounts.

Futures Contract Adjustment

DATE: Effective the opening of the business day after the merger is consummated. **Contract adjustment is expected to occur on or about May 18, 2016.**

FUTURES SYMBOLS: TWC1C changes to TWC2C
TWC1D changes to TWC2D

Note: Weekly Time Warner Charter Inc. (TWC) futures active at the time of the contract adjustment will be adjusted in a similar manner to that of TWC1C/TWC1D futures.

NUMBER OF CONTRACTS: No Change

MULTIPLIER	100 (e.g., a premium of 1.50 yields \$150)
NEW DELIVERABLE PER CONTRACT:	<p>The deliverable for adjusted TWC2C/TWC2D futures will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING TWC SHAREHOLDERS (stated in terms of a current 100-Share deliverable).</p> <ol style="list-style-type: none"> 1) Approximately 48 (New) Charter Communications, Inc. (CHTR) Class A Common Shares 2) Cash in lieu of approximately 0.91 fractional CHTR shares 3) \$10,000.00 Cash (\$100.00 x 100)
CUSIP:	(New) CHTR: TBD

PRICING

The underlying price for the TWC2C and TWC2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{TWC2C} = 0.4891 (\text{CHTR}) + 100.00$$

Please note that the valuation would apply only to the TWC2C and TWC2D deliverables in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

OCC will delay settlement of the CHTR portion and the cash portion of the TWC2C/TWC2D deliverables until the final CHTR distribution rate and the cash in lieu of fractional CHTR shares are determined. Upon determination of the final distribution rate and cash in lieu amount, OCC will require delivery of the appropriate cash amount.

Important Exercise Considerations

Holders of TWC Call options who wish to make their own elections with respect to TWC shares received through exercise (for example, to receive a consideration other than the Non-Electing consideration) bear sole responsibility in determining when to exercise their options to permit a valid election. After the merger is consummated and the contract adjustment described above is effected, adjusted TWC options will no longer call for the delivery of TWC shares upon exercise. Call option holders will receive upon exercise (and Put holders deliver upon exercise) the non-electing merger consideration (on a per contract basis).

Delivery Settlement and Protect Provisions

Option contracts which are exercised, and physically-settled security futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the futures contract maturation or option contract exercise, including rights, warrants, or similar instruments. Additional TWC entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon physically-settled futures contract maturity or option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise or futures contract maturity, or other entitlements not associated with the underlying deliverable securities, may preclude holders of long futures contracts from realizing the benefit of such entitlements. For example, if a physically-settled security futures underlying security is the subject of a tender offer, exchange offer, or similar event which expires *before* the futures contract reaches its maturity, the securities due to long futures holders upon maturity *will not* be eligible for participation in the tender/exchange offer. Conversely, if such tender

offer, exchange offer or similar event expires *after* the futures contract matures, securities deliverable to long futures holders *will* be eligible for participation in these events.

Except in unusual cases, securities deliverable as a result of equity option exercise or the maturity of physically-settled security futures are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise or assignment or a physically-settled security future delivery or receipt obligation are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

Special Risks

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 3 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (3 business-day settlement) or call option exercise (3 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-3-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.