

A message from the President

by Wayne Knighton, South Carolina Division President



In 2004, Time Warner Cable achieved a number of milestones in our service to the South Carolina community. This year we made extensive capital investments to extend our services to more South Carolinians. Time Warner's cable broadband system now extends over 10,000 miles throughout the South Carolina Division. Over 600,000 homes within our Division now have access to our vast array of products and services.

The most exciting development this year concerned our entry into the telephone business with our launch of Digital Phone. The new all-inclusive voice service enables Time Warner Cable to provide our customers with state-of-the-art bundled service, including video, high-speed Internet and telephone services.

There were a number of exciting developments associated with our video services this year. Enhancements to our High Definition Television (HDTV) offerings included WIS in high-definition in the Columbia and Florence markets, WCIV HD in Summerville and WPDE HD in Florence and Myrtle Beach. Probably the most exciting launch was the addition of ESPN HD across our Division.

On the Internet front, we also continue to lead the state in the migration to high-speed data services. Over 100,000 South Carolinians now receive a broadband connection through a Time Warner Cable high-speed modem. Our flagship product, Road Runner, gained nearly 20,000 customers this year alone. As a recent Federal Communications Commission report documents, nearly 2 out of 3 high-speed data customers choose a cable modem for their high-speed data connection.

Time Warner Cable is recognized as the single point of contact to meet the video, high-speed data and voice needs of South Carolina residents. In 2005, we will continue our commitment to introduce new technology and services.



Connections

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Time Warner Cable Speeds UP

Time Warner Cable will increase the maximum download speed of its high speed Internet service to 5 mega-bits per second (mbps) from 3mbps in January.

Customers of Road Runner, Time Warner Cable's flagship high-speed Internet service, and customers using other ISPs via the Time Warner Cable network, will enjoy even greater value as this speed enhancement is being delivered at no additional cost to consumers. The download speed of Road Runner's premium level of service is also being enhanced to 8mbps downstream from 6mbps.

"We have consistently marketed Road Runner as the fastest way to experience the Internet, and with this enhancement we continue to deliver on that promise," said Larry Michalec, Vice President and General Manager of High-Speed Data for the South Carolina

Division. "We are always looking for ways to improve our residential high-speed data service and provide consumers with the best possible value."

Road Runner customers will also receive Video Mail powered by Vibe Solutions Group, a new feature offered at no extra charge. Road Runner Video Mail allows customers with a web cam to easily use video to make their email communications even more meaningful and personal. The service is being made available to Road Runner customers immediately and no special ordering is necessary.

Time Warner Cable South Carolina serves over 100,000 through a Time Warner Cable high-speed modem. Our flagship product, Road Runner, gained nearly 20,000 customers this year alone. Road Runner received the 2004 PC Magazine Readers' Choice award for ISP user satisfaction for the fourth year in a row. This recognition is based on customer experience with their ISP, including its speed, reliability and technical support.



Digital Phone from Time Warner Cable

Time Warner Cable's Digital Phone delivers new technology and quality service to South Carolina. The service is currently available in Columbia, as well as Orangeburg, Florence and surrounding counties, with gradual expansion as the technology is installed and upgraded.



Mayor Bob Coble, shown with Time Warner Cable's Charlene Keys, tests the Digital Phone service provided by Time Warner Cable.

Time Warner Cable's Digital Phone service relies on Voice over Internet Protocol (VoIP) technology, which enables the transmission of phone calls over packet-switched, closed Internet networks. This technology is different from the more prevalent circuit switched telephony, now in use by telephone companies and some other cable operators, which relies on an end-to-end circuit that is open for the duration of any phone call.

Time Warner Cable partners with MCI and Sprint, two of the nation's leading telecommunications companies, to deploy Digital Phone nationwide. The partnerships with MCI and Sprint assist Time Warner Cable in the provisioning of Digital Phone service to its customers, termination of IP voice traffic to the public switched telephone network, delivery of Enhanced "911" service, local number portability and carrying long distance traffic.

Digital Phone includes unlimited, local, in-state and domestic long distance calling for one low monthly price. By leveraging technology on its existing advanced managed network with quality of service standards, Time Warner Cable is able to offer phone service at a flat price and ensure that customers receive the level of quality offered by traditional telephone service.

Consumers switching to Digital Phone can keep their existing phone numbers and retain their directory listings. Standard features of the service include "411" directory assistance, "611" service calls, Enhanced "911" emergency service, operator-assisted calls, call waiting, caller ID and voice mail. Additionally, the residential phone service connects to each telephone jack in the home by utilizing whole-home wiring.

Celebrating Community

Time Warner Cable serves 71 diverse communities in South Carolina. The company has a strong tradition of sponsoring numerous programs focusing on education, the arts and technology, as well as many civic and community organizations. To best serve the local communities, the company partners with local organizations and agencies to access the needs of each community. In 2004, Time Warner Cable contributed over \$1.6 million dollars in contributions and in-kind services to agencies, organizations and educational initiatives.

By reaching out to local governments, educational institutions and non-profit organizations in the communities where we do business, we are able to develop and provide programs, services and resources that are tailored to benefit customers and communities alike. In addition, each year Time Warner Cable donates thousands of dollars more of in-kind contributions that are provided through activities such as the production and distribution of public service announcements.

We constantly are working to identify and evaluate new areas of need that can be helped locally. Support for the Arts, Music, Technology Centers, Boys and Girls Clubs, and educational support are just some of the areas that are covered by this emphasis on local community involvement.

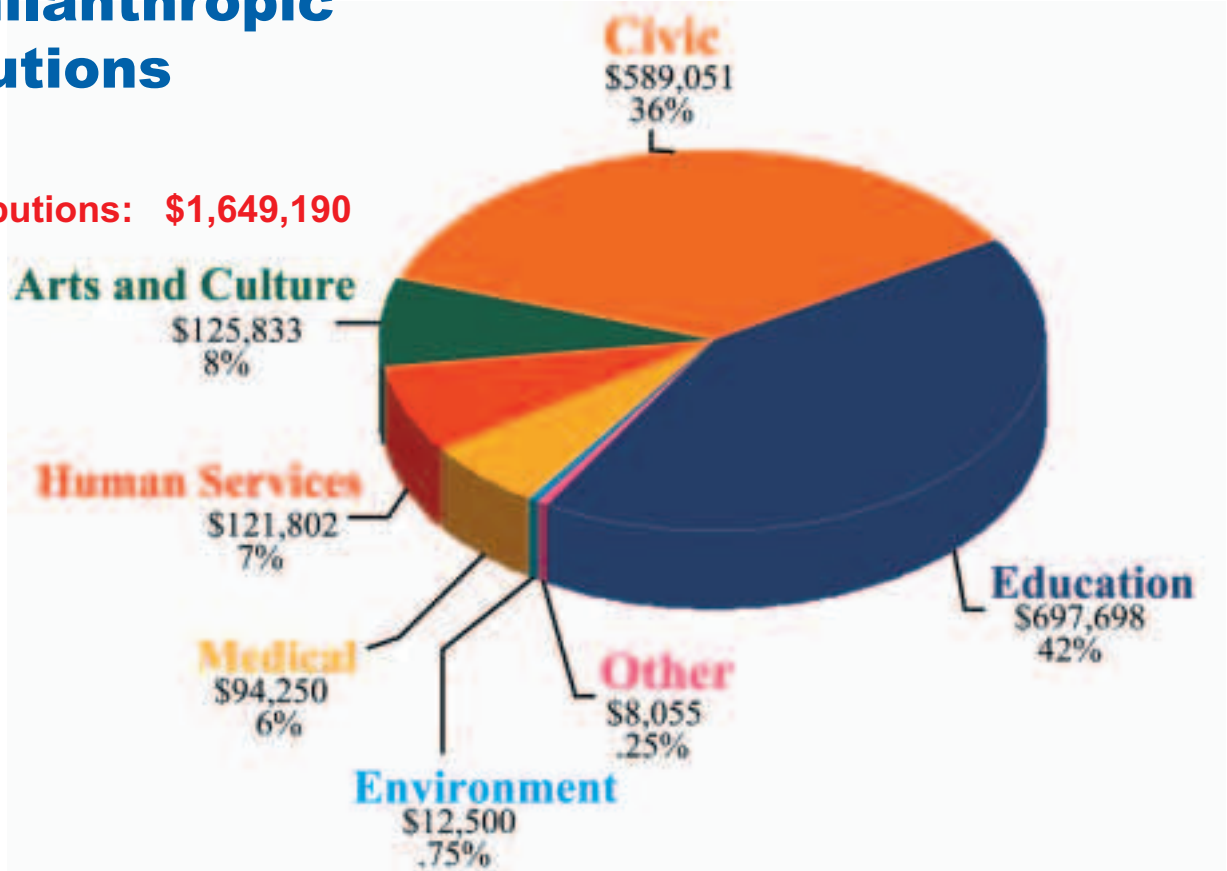


Pam Bibey, an employee in our Myrtle Beach System, uses her painting skills during the United Way's Annual Day of Caring event.

Extending the impact of Time Warner Cable's commitment to its communities is the energetic and enthusiastic contribution of our employees. Time Warner Cable employees are active volunteers in a wide variety of programs, devoting countless hours of personal time for community service projects. Time Warner Cable and its employees will keep building on the commitment to serve the neighborhoods and communities served by Time Warner Cable.

2004 Philanthropic Contributions

Total Contributions: \$1,649,190



Boys and Girls Club Partnership Reaches Statewide



An integral component of any philanthropic initiative is the ability to develop opportunities for collaboration. One of the most rewarding initiatives Time Warner Cable developed is our partnership with the Boys and Girls Clubs. Time Warner Cable collaborates with clubs in the Pee Dee, Midlands, Grand Strand, Orangeburg and Horry County areas to develop programs and heighten the awareness of the clubs' activities. The company provides financial support to programs that empower youth to support their community, develop a positive self-image, participate in the democratic process and respect their own and others' cultural identities.



The Boys and Girls Clubs of the Midlands were the beneficiary of the Time Warner Cable Derby Duck Race. The Derby Duck Race was held in July at the Riverfront Park in Columbia. Thousands of ducks were dumped into Columbia's Riverfront Canal. The community came together to race ducks and compete for great prizes.

Time Warner Cable cheered on the Myrtle Beach Pelicans this baseball season while supporting the Boys and Girls Clubs of the Grand Strand and Horry County. For every double hit by a Pelican player during the 2004 season, Time Warner Cable donated \$25 to the Boys & Girls Club in Horry County and the Grand Strand.



The partnership in the communities served by Time Warner Cable extends our charitable giving program by providing additional opportunities through economies of scale. The partnership impacts many children in South Carolina providing dedicated facilities designed solely for youth programs and activities. Boys and Girls Clubs programs have developed members from the clubhouse to the White House; from the game room to the corporate boardroom. Time Warner Cable is proud to support such a worthy and productive organization.

The Pee Dee Area Boys and Girls Clubs benefited from the partnership with Time Warner Cable and Nickelodeon. Over 4,500 individuals visited Timrod Park to play and celebrate Nickelodeon's "Let's Just Play Florence". The event was part of Nickelodeon's grassroots effort to get kids more physically active and to encourage positive, healthy and playful lifestyles. The event provided Florence with a fun-filled day of activity for our young people.



Learning Beyond the Classroom

Few issues are more important to South Carolina customers and to the communities we serve than education. That's why the cornerstone of Time Warner Cable's public service efforts has been to deliver the power of cable television technology to the classroom and bring the learning experience alive. Time Warner Cable believes that there is a vital interdependence between business and the education community. Neither can succeed without the other. For this reason the company is committed to investing a share of its materials and human resources in the communities that we serve.

In 2004, Time Warner Cable continued to support the Cable In the Classroom initiative by providing courtesy cable to 352 schools and high-speed Internet connections to media centers. The company also developed and participated in a number of initiatives that provided opportunities for students to learn beyond the classroom. Basic skills such as reading, writing, and mathematics are no longer sufficient in this changing world. Young people must learn a broad range of additional skills such as communications, critical thinking and effective use of new technology.

Time Warner Cable is committed to using our resources to connect students to technology and developing critical thinking and communication skills.

Interns Brandon Jeffcoat, a senior in the Computer Engineering program at USC and Jacquelyn Montgomery, a senior in the Technology Support and Training Management Program at USC troubleshoot a PC at Time Warner Cable.



Mary Susan Williamson participated in the Teacher in the Workplace initiative at Time Warner Cable.

Nearly 50 educators visited Time Warner Cable operations in the fall. Time Warner Cable supports the Midlands Education and Business Alliance mission to connects students, parents and educators to career opportunities through business partnerships, training and resources.



Time Warner Cable hosted Student and Teacher Recognition programs throughout the state in 2004 recognizing over 160 individuals in public and private schools. Pictured are Sumter and Clarendon County students honored during the Star Student and Teacher banquet in 2004.

U.S. Rep. James Clyburn visits with students and constituents while touring the C-SPAN bus. Time Warner Cable brings the award winning C-SPAN bus to South Carolina engaging students in the political process.



Students from Georgetown learn how vehicles and equipment support industry. Time Warner Cable brings learning alive through interactive field trips and career days.



Quality Customer Service...Most Definitely

by Bud Tibshrary, Vice President of Public Affairs

We at Time Warner Cable who work in the public/governmental affairs arena are charged with the responsibility of communicating the company's activities to our customers, the public, and the media. Such communication is intended to be informative and enhance our company's image in the communities in which we operate in South Carolina.

Speaking of image, there is nothing more important than providing quality customer service. This is at the top of our priority list at Time Warner Cable. Whether subscribing to cable service or patronizing local retail outlets, all customers expect to be treated professionally, courteously and responsively. Every member of the Time Warner Cable team shares in our objective of meeting our customers' expectations on the telephones, in our business offices or in the field.

It all begins with the recruiting of the most qualified individuals whom are best suited to "partner" with our customers. Next, our new employees are required to participate in an extensive and comprehensive training program. Due to the complexities of our business and the competitive market in which we operate, our trainees are subjected to every possible scenario, i.e. learning about all of the services and technology available to our customers, courteous interaction with customers, role-playing and testing. After successfully completing the training program, the new employees are permitted to go "on line" and are closely monitored.

The primary focus is on training and development, which enables our staff

to offer the service, our customers expect. We strive for excellence each day; we want every customer to feel properly informed and valued. The recent results of the national Time Warner Cable Customer Service and Satisfaction Tracking Survey results reflect progress:

- Overall Satisfaction with Time Warner Cable South Carolina Division increased 11 points, which was the greatest increase of any Time Warner Cable Division nationwide.
- Agreement with the phrase "TWC Provides the Best Programming Overall" increased 12 points and was the top ranking Division response.
- Agreement with the phrase "TWC has Cable TV that is better than Satellite TV" increased 6 points and was the top ranking Division response.
- Agreement with the phrase "TWC Let's me Enjoy the Best in Entertainment" increased 7 points.
- Agreement with the phrase "TWC employee's are Experts at What They Do" increased 17 points and tied with one other Division for top ranking response.

Webster's Dictionary defines "customer" as "a person who buys, especially one who buys regularly". If we at Time Warner Cable accomplish our objective of providing quality customer service, I am confident that our customers will "buy" from us regularly.

We appreciate very much our customers' loyalty and will make every effort to treat each customer as if he or she is the only customer Time Warner Cable serves.

Economic Impact in 2004

Total economic impact in SC \$ 99.3 Million

Number of employees 889

Net number of new jobs created 42

Total payroll \$ 34.9 Million

Payroll taxes and benefits \$ 12.7 Million

Franchise fees \$ 8.7 Million

Property taxes, other taxes and licenses \$ 6.3 Million

Other in-state expenditures \$ 35 Million

Community sponsorships and charitable donations \$ 1.4 Million

Value of courtesy cable, Internet and other services to schools \$ 284,785

