

CHARTER COMMUNICATIONS



JP Morgan High Yield Conference

February 2, 2004

Any statements in this presentation that are not historical facts are forward-looking statements. The words “plan”, “believe”, “expect”, “anticipate”, “estimate” and other expressions that indicate future events and trends identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated. Factors that could have a material and adverse impact on actual results are identified in the reports and documents Charter files from time to time with the U.S. Securities and Exchange Commission. Charter undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made during this presentation to reflect events or circumstances after today or to reflect the occurrence of unanticipated events.

Use of Non-GAAP Measures

This presentation contains certain non-GAAP financial measures including adjusted EBITDA, free cash flow and unlevered free cash flow. For full disclosure of the use of non-GAAP financial measures and a reconciliation between non-GAAP financial measures, see our quarterly earnings press release, or the Investor Center available at www.charter.com/investor.

2003 Review



Derek Chang

Executive Vice President, Finance & Strategy

Operational Highlights

- **Significantly Revamped Operating Structure**
 - Installed new, experienced, proven leaders in key positions
 - Collapsed operating structure from 13 units to 5
 - Headcount reduction of 15% of the workforce
- **Improved Customer Focus**
 - Completed billing conversions for over 3 million customers
 - Consolidated call centers – 15 centers now serve 80% of customer base
 - Continued technical clean up significantly reducing service calls
- **Continue to Drive Advanced Services**
 - Industry leading 41% digital penetration of basic customers
 - Data customers up 54% to 1.5 million through Q3 '03
 - Began deployment of SVOD/VOD, HD and DVRs

2003 Financial Highlights

- **Key Financial Metrics through Q3 '03**
 - Revenue growth of 7% year over year.
 - EBITDA growth 8% year over year.
 - YTD capex \$503 million or \$77 per basic customer.
- **Significant Cash Flow Improvement**
 - Approximately \$100 million of free cash flow*.
 - Unlevered free cash flow 65.1% of EBITDA.
 - \$1.1 billion improvement year-over-year.
- **Balance Sheet Changes**
 - \$1.6B debt exchange extended maturities.
 - \$500M CCO Holdings financing provided liquidity.
 - Announced \$850 million of non-strategic asset sales

First Class Management Team



Corporate Leadership Team

Recent Additions

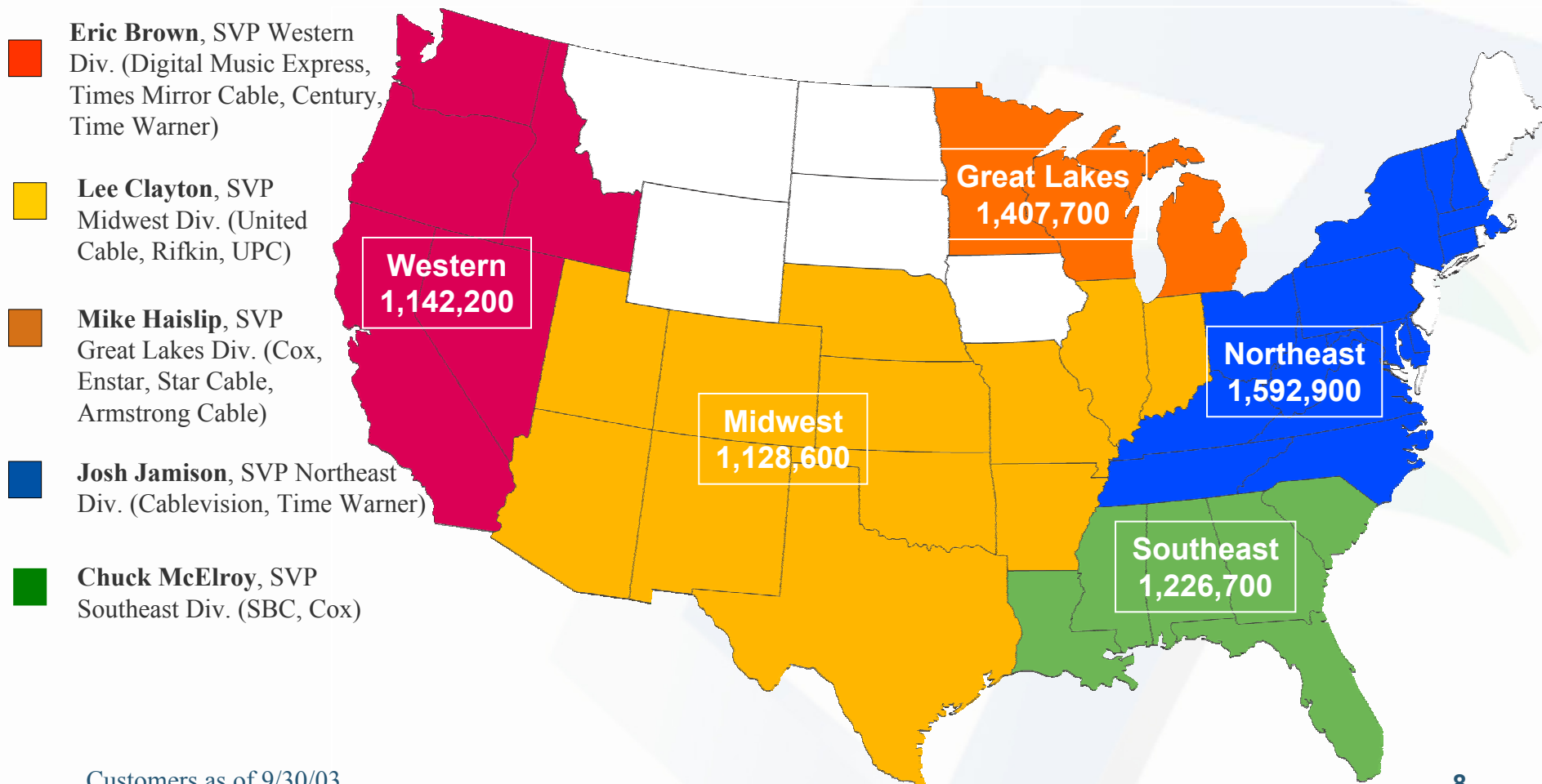
- **Maggie Bellville** - EVP/COO (GTE Wireless, Century, Cox, Incanta)
- **Derek Chang**-EVP Finance & Strategy (TCI/AT&T, YES)
- **Mike Huseby**-EVP/CFO (AT&T)
- **Tom Cullen** – SVP Advanced Services (US West/MediaOne)
- **Wayne Davis** – SVP Engineering and Tech Ops (Jones, Comcast)
- **Sue Ann Hamilton** – SVP Programming (TCI/AT&T)
- **Mike Lovett** – SVP Operations Support (Jones, TCI/AT&T)
- **Kip Simonson** – SVP Sales & Marketing (Airtouch, Century, Cox)

Retained Executives

- **Steve Schumm** - EVP/CAO
- **David Andersen** – SVP Communications (Cox, NBC Cable)
- **Jim Heneghan** – SVP Charter Media (Cable One)
- **Paul Martin** - SVP/Controller
- **Mike Riddle** - SVP/CIO (SBC, Cox)
- **Curt Shaw** - EVP/General Counsel & Corp Secretary (NYNEX)
- **Eloise Schmitz** - VP/Treasurer

Operating Division Reorganization

Operations Leadership Team



Geographic Diversity and Concentration



Charter Key Market Areas (KMAs)

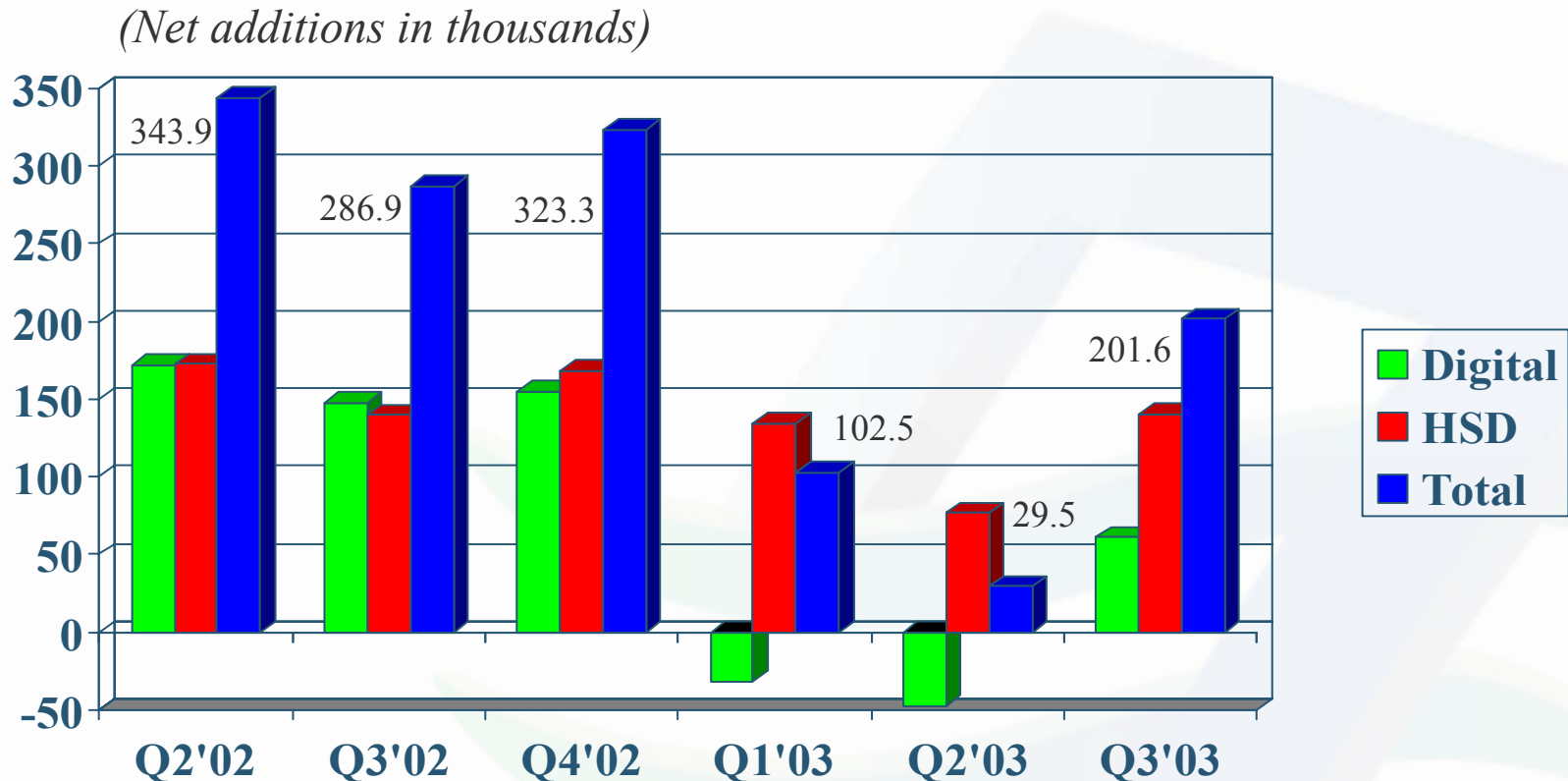
(in thousands)

<u>Market</u>	<u>Basic Customers</u>
St. Louis	470
Los Angeles	440
W. Michigan	260
Madison	230
Greenville	220
NE Michigan	200
Fort Worth	180
Birmingham	<u>170</u>
Total	2,170

One Third of Customers in Top 8 Markets

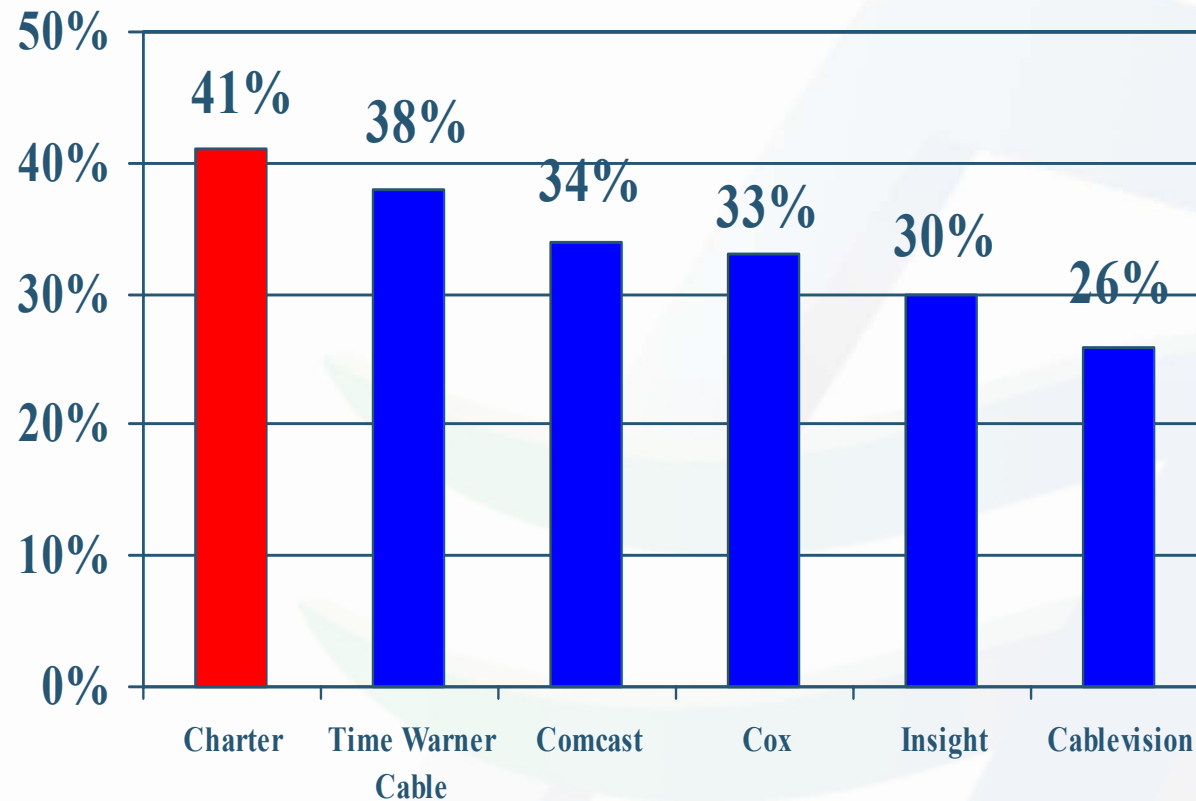
- Upgrade essentially complete with 87% of plant at 750 MHz or greater.
- Current and future service offerings fully supported with minimal ongoing capital expenditures.
- Strong digital penetration (41%) enables deployment of SVOD/VOD, HDTV, DVR and other advanced services.
- Telephony development under way.

Advanced Service RGU Trends



- Strong offer and consistent marketing message critical to RGU performance.
- Q4'02 and H1'03 cash conservation plus reorganization negatively impacted growth.
- Strong offer in Q3'03 restored positive trend, retention efforts critical to success.
- Q1 and Q2 digital losses from re-pricing and re-packaging.

Q3 2003 Digital Penetration



Charter Leads the Way

Competitive Positioning-Video

Focus on movies.

- The lowest all digital movie price in America.
- SVOD included where available.
- iTV included where available.
- HDTV, including at least two broadcast channels, \$3.00 additional.

		Sho/TMC	HBO/Max Sho/TMC	All Premiums	Everything Digital
Charter EDLP		\$49.99	\$62.99	\$65.99	\$73.99
DirecTV	1 TV	\$51.99	\$72.99	\$80.99	\$80.99
Dish Network	1 TV	\$51.97	\$67.97	\$76.97	\$79.99

* All comparisons include locals.

* Charter prices assume one digital outlet and three analog outlets – A/O's with either Charter, Direct or Dish are \$4.99 each

High Speed Data Opportunity

Charter Data Penetration



Peer Comparison-Q3'03

Revenue/ Basic Customer

	Charter	Comcast	Cox
Video	\$44.46	\$47.05	\$48.66
Data	7.81	9.60	12.57
Advertising	3.29	4.30	5.27
Other	<u>6.41</u>	<u>7.19</u>	<u>10.84</u>
Total	\$61.97	\$68.14	\$77.34

Data RPU/Modem	\$34.05	\$42.24	\$43.00
% of HP	14.2%	14.5%	18.3%

Source: Q3 Public Filings-all amounts estimates

- Future migration plans expected to address revenue opportunity in high speed data
- Churn for data-only and as bundled product very low
- Modem costs for '03 and '04 continue to decline

Competitive Positioning- HSD

	Average DSL	Charter 384K	Charter 2Meg
Monthly Price	\$29 - \$39	\$29.99	\$39.99
Modem Rental	\$0.00	\$4.95	\$2.96
Downstream / Upstream	1.5 / 128	384 / 128	2.0 / 256
Number of Email Boxes	10	5	9
Storage per Box (MB)	10	10	25 / 10
Storage / Web Space (MB)	20	10	10
Junk Mail Filters	YES	NO	YES
Parental Control	YES	NO	YES
Pop Up Blocker	YES	NO	YES
Firewall	YES	NO	YES
Dial Up Access	YES	NO	NO

- 2Meg product positions HSD service as a premium product for a similar cost, with no contracts, termination fees or self-installation requirements.
- Price points reflect “no strings attached” pricing (most RBOC’s require contracts, self-installation, subscription to phone packages, etc.).
- Parity with junk mail filters, parental control, firewall and pop-up blocker.

Enhancing the Bundle

Video on Demand

- 30% of digital homes VOD enabled, increase planned in '04.
- SVOD launched in 8 markets in 2003, more planned for '04.

High Definition TV

- Currently in 31 markets; 10-15 additional markets in 2004.
- Current programming includes Discovery, HBO, Showtime and local networks. Strong take rates in Q4.

iTV

- Launched in 40% of Charter's markets.
- Strong retention and connect tool.

Telephony

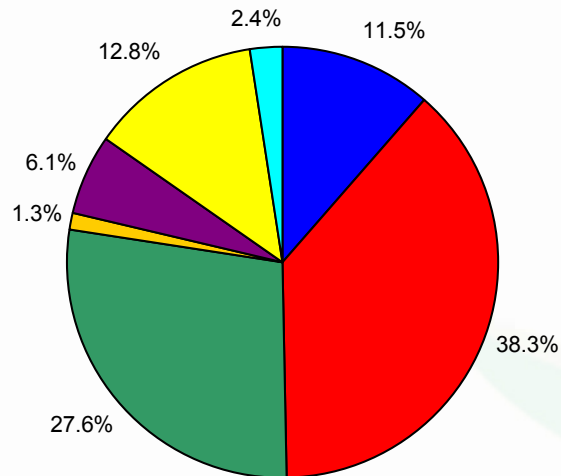
- Launched in 2 markets with 24,100 customers.
- Improves retention and drives connects.
- Significant revenue potential with declining capex requirements.

DVR

- Launched in 3 Western Division markets.
- Aggressive deployment in '04.
- Moxi deployments Q2'04.

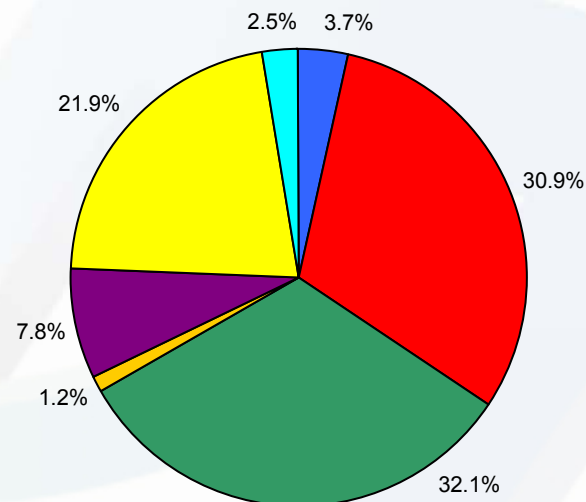
Product and Revenue Mix

Product Mix



Basic
Digital
Basic + Data
Other
Expanded Basic
Data Only
Basic + Digital + Data

Revenue Mix



Basic
Digital
Basic + Data
Other
Expanded Basic
Data Only
Basic + Digital + Data

-Basic & Expanded Basic = 49.8% of customers & 34.6% of customer revenue
-Bundled Advanced Services = 46.5% of customers and 61.8% of customer revenue

Success in Generating Free Cash Flow

(Dollars in millions except per customer)

	<u>YTD 9/03</u>	<u>YTD 9/02</u>
Total Revenue	\$3,602	\$3,377
Total EBITDA	\$1,443	\$1,339
Total Capital Expenditures	\$503	\$1,588
Free Cash Flow – Unlevered	\$940	(\$249)
% of EBITDA	65.1%	(18.6%)
\$/basic customer/month	\$15.99	(\$4.25)

**\$1.19 billion
Improvement**

Note: Free Cash Flow-Unlevered analysis excludes interest costs.

Improved Liquidity Profile in 2003

Recent Event	Liquidity Impact through 2007
<i>New Offering</i>	\$500 million
<i>Announced Asset Sales</i>	\$850 million
<i>\$1.6 billion Exchange Offering</i>	\$750 million
<hr/>	
Total	\$2.1 billion

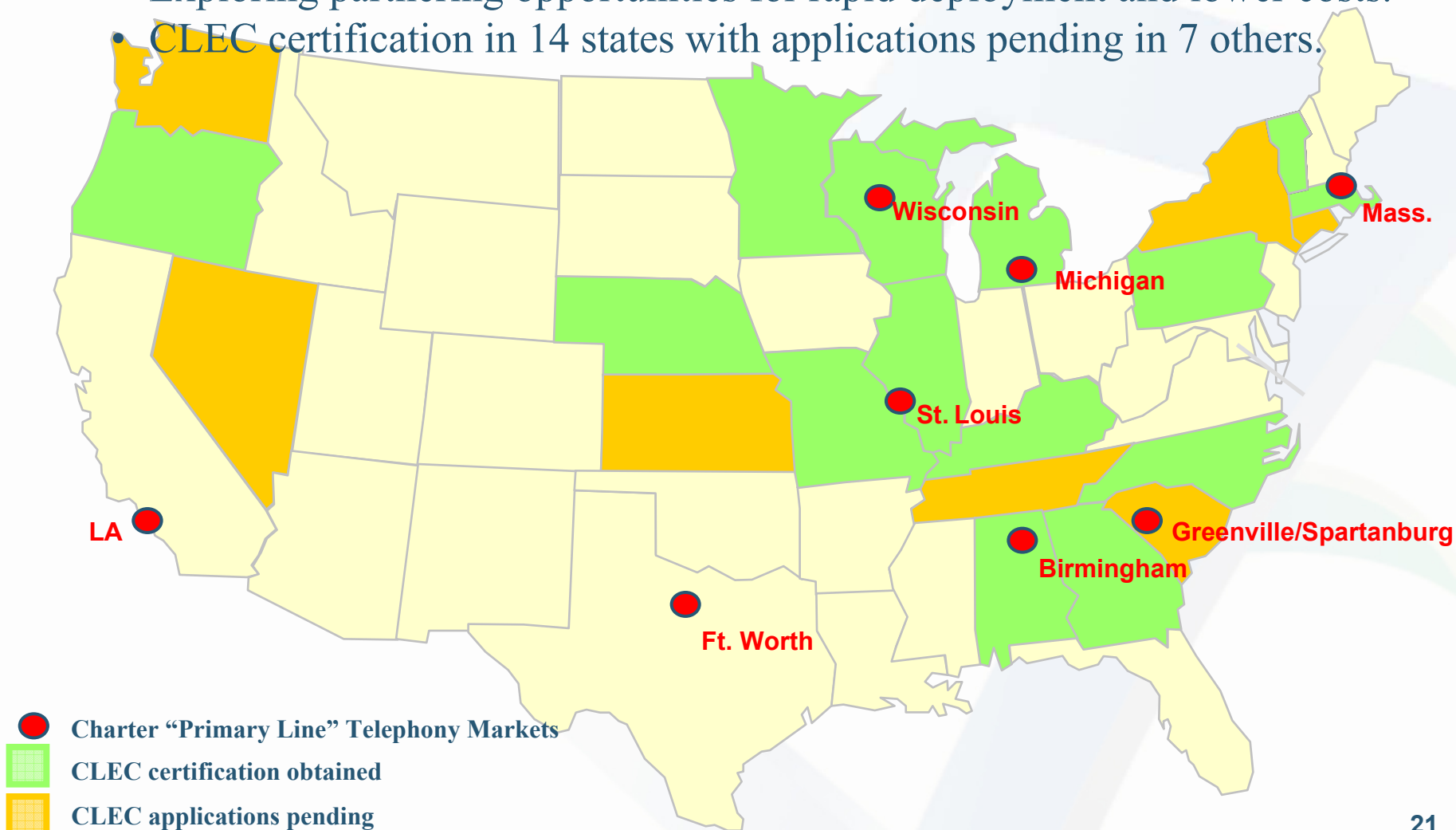
Recent events improved liquidity over \$2.0 billion through 2007

New Products Update



Charter's Telephony Strategy

- Top eight markets expected to be facilities-based, primary line deployments.
- Exploring partnering opportunities for rapid deployment and lower costs.
- CLEC certification in 14 states with applications pending in 7 others.



2004 Telephony Initiatives

- Expand serviceable homes and increase penetration in Wisconsin & Missouri.
- Increase VoIP deployments to 3 markets.
- Determine financial and operational benefits of entering smaller markets via a partnering model – (discussions with Sprint, MCI, AT&T , Net2phone).
- Build off of foundation already in place; continue investment in automation of order processing, provisioning & trouble ticketing.

- Video and data businesses integrated to achieve greater management and marketing efficiencies.
- Data revenue increased 100% through Q3'03 year-over-year.
- Growth opportunity to move “up-market” to compete in Enterprise RFP environment.
- Leverage telephony infrastructure in Wisconsin & Missouri to support commercial telephone applications in the future.
- Utilizing wireless technology to expand addressable market.

- Strong consumer appeal - expect growth consistent with other MSO's at around 1.0% digital penetration per month
 - Essential product to compete with satellite to win back and retain customers
- Increases revenues and supports retention
 - Pricing \$9.99 monthly service fee incremental over digital set top box rental
- S-A Platform
 - Launched in 4 CA systems (12/03)
 - Four additional systems end of January
 - 14 systems total end of 2004
- Motorola/Digeo-Moxi Platform
 - Completing final phases of testing in Rochester, MN
 - Expect to launch in Rochester in coming months
 - Project 12 systems for 2004

- **Strategic positioning against satellite**
 - Provide at least two local broadcast channels in HD. Satellite cannot match this today.
 - Targeting 8-10 HD networks per market
 - No need to purchase expensive receivers
 - Supports customer retention and win-back
- **Availability**
 - 28 systems today
 - Aggressive expansion of HD markets and customer base throughout 2004
- **Pricing**
 - \$3.00 incremental over digital set top box price. Includes HD receiver, local broadcast HD channels
 - Premium customers get HD upgrade
 - Additional HD tier or a la carte available for \$6.99 or \$3.99, respectively
 - HD tier includes HDNet, HDNet Movies and Discovery HD
 - A la cartes are either HDNet, HDNet Movies or Discovery HD

2004 Goals and Objectives



Continue to reduce intermediate term maturities and leverage.

- Consider equity alternatives.
- Consider opportunistic refinancings at all levels of the balance sheet.
- Divest of geographically non-strategic assets at right valuations.

2004 - Goals and Objectives

- Aggressively defend video base with promotional and/or value packaging and additional bundling with data.
- Data migration plan to improve economics of HSD business.
- Continue aggressive deployment of advanced services (DVR, HD, SVOD).
- Selectively deploy telephony.
- Grow revenue from Charter Business Networks.
- Maintain financial discipline and operational efficiency to increase free cash flow.

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