



**KNOLOGY<sup>®</sup>**

# Investor Overview Second Quarter 2011

(NASDAQ: KNOL)

# Company Overview

Knology Inc. is a leading provider of interactive communications and entertainment services in 13 markets across the Southeast and Midwest. Based in West Point, Georgia, Knology offers residential and business customers over 200 channels of digital cable TV — including HD programming — as well as local and long distance digital telephone service and high-speed Internet.

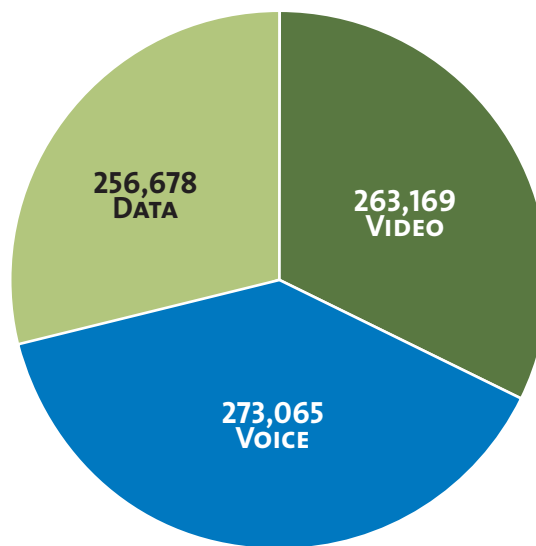
The company's beginnings date to 1896, when ITC Holding Co. Inc. formed Interstate and Valley Telephone, a telephone provider in Georgia and Alabama. Over the years, ITC Holding Co. founded a number of telecommunications providers, including Powertel, ITC DeltaCom, Mindspring, InterCall and, in 1994, Knology.

In 2003, Knology started trading publicly on the NASDAQ Global Market (NASDAQ: KNOL). In the years following, the company acquired assets of a number of companies, including PrairieWave Communications, which paved the path for Knology's entry into Midwestern markets, and Alabama's Graceba Communications Group. In 2010, Knology acquired the assets of Kansas-based Sunflower Broadband, further bridging the company's service footprint. Knology sets itself apart from competition by targeting markets based on specific criteria, including population densities, demographic profiles and other competitive dynamics, which allows it to be a provider of fully bundled video, voice and data services in these areas.

In addition to competitive bundled pricing, Knology is well known among customers for its outstanding service, keeping customers at the forefront of daily priorities and providing prompt, courteous responses.

The company's commitment to those it serves is evident in its Value System, which is spoken, practiced and achieved daily across Knology markets.

**Knology's Connection Base  
as of June 30, 2011**



**TOTAL 792,912\***

*\*Includes 116,978 Business Connections*

# Investment Highlights

- Facilities based provider of video, voice and high-speed data services to residential and business customers in 13 markets in the US
- Ten markets in the Southeast
- Three markets in the Midwest and Upper Midwest
- Attractive footprints in secondary and tertiary markets with solid demographics and growth characteristics
- Customer service and “The Customer Experience” is top priority
- Solid growth in revenue, EBITDA and free cash flow with anticipated ramp in EPS
- Simple and efficient capital structure
- Future capital investment largely growth and success-based
- Continued disciplined growth anticipated from:
  - High ROI edge-out network expansion
  - Accretive M&A opportunities
  - Continued focus on serving business customers
  - Ongoing penetration of existing network passings
- Knology competes primarily against incumbent cable providers and the RBOCs



# Full Bundled Product Offering – Video, Voice, Data

## Data

- Speed at 12Mbps and higher
- 24 / 7 technical support
- E-mail and other features
- Passive optical network services
- SIP trunk services and IP/fiber solutions
- GigE offering speeds over 100Mbps



## Video

- Analog video
- Digital video
- HDTV
- VOD
- DVR



## Voice

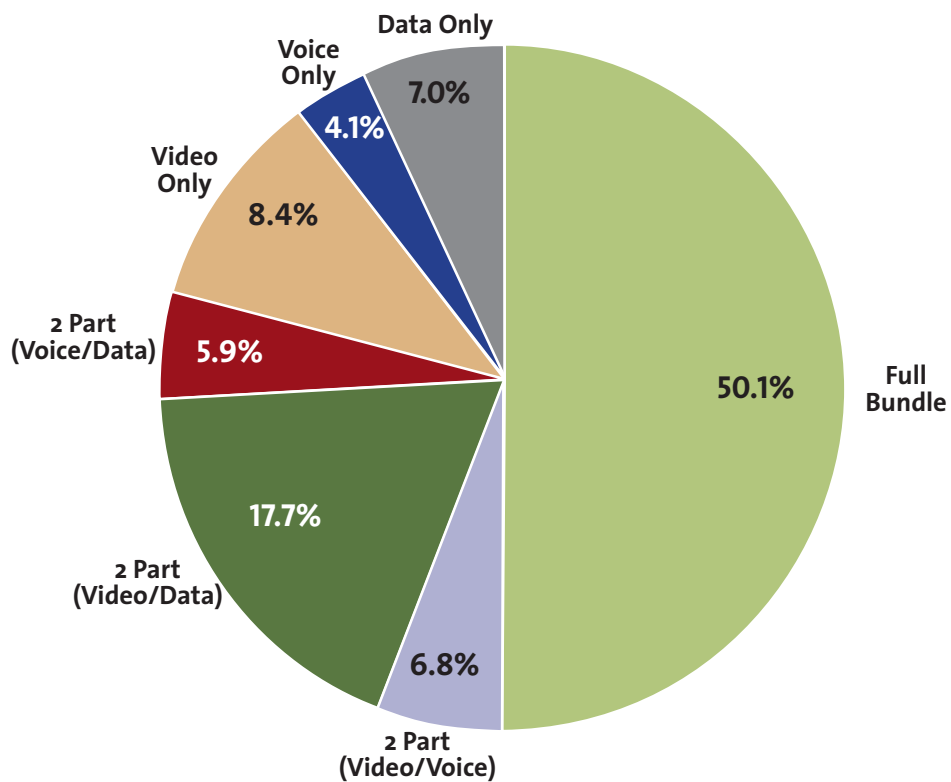
- Local voice
- Long distance packages
- Advanced calling features
- Circuit-switched and VoIP
- Managed IP services for Business Customers



Efficient architecture, technically  
and geographically

## Over 80% of Knology's Customer Base is Bundled

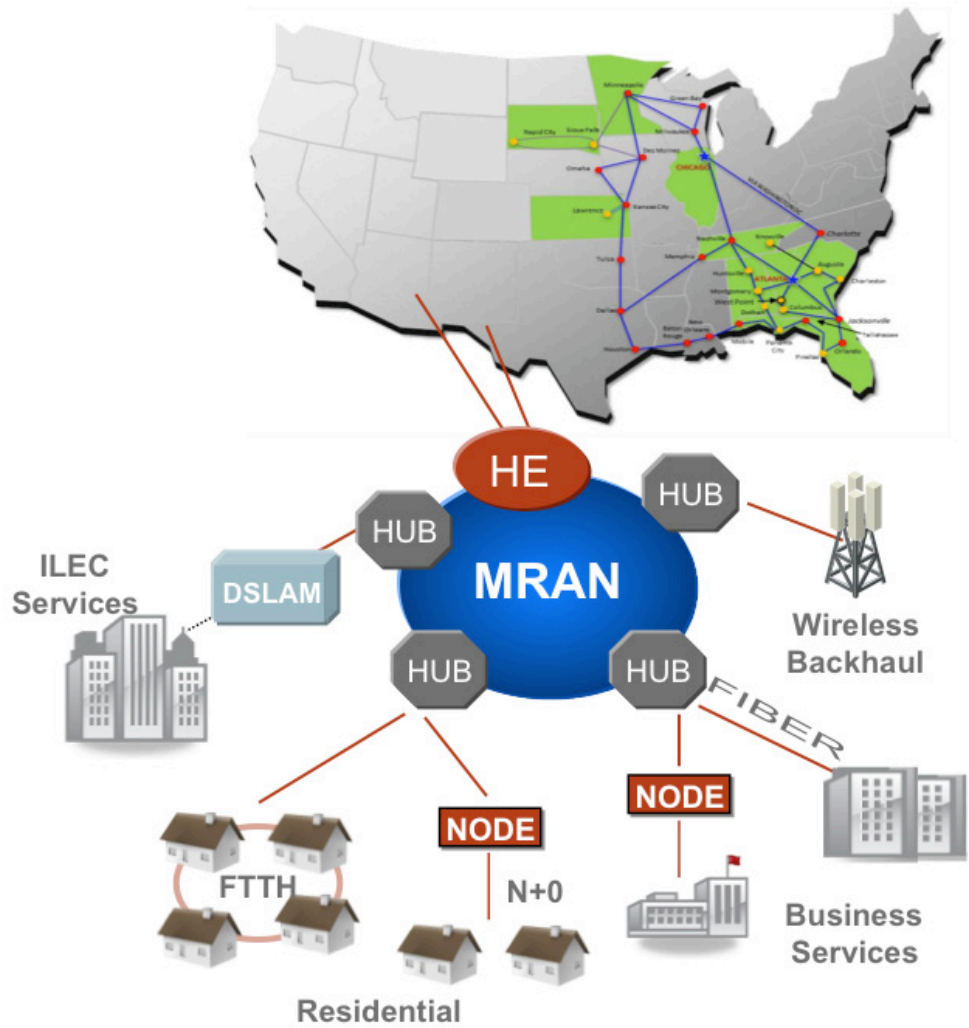
Percent of Residential Customers by Product Bundle June 30, 2011  
(Excludes Pinellas, Lawrence and Dothan)



clustered, designed for scalability

# Network and Facilities

- Multiservice Regional Area Network (MRAN)  
10Gbps fault tolerant design
- Diverse last mile architecture provides unprecedented solutions to meet customers needs
- 750MHz to 1GHz
- DOCSIS 3.0 for Business & Residential
- Proactive network maintenance
- Edge – Out Network
- Node +0 architecture (100 homes per node)
- Wireless Backhaul
- Fully redundant 10Gbps backbone scalable to 40Gbps Backbone



# Focus On the Customer Experience

## Key Drivers

- Single billing platform and enterprise management system
- Culture: emphasis on “the customer experience”
- Cross-trained customer service reps
- Domestic, in-house, & in-market CSR’s
- End-to-end network monitoring
- Key productivity and service metrics
- Operate with telephone reliability standard
- Conversion from 4 to 14 billing cycles per month
- Guaranteed 2-hour appointment windows

## Results

- Call answer rate 97%
- Average speed to answer 20 seconds
- First call resolution rate 87%
- 2-hour management flash reports on customer service statistics
- 94% customer satisfaction rating through survey results
- 30% of customer inquiries are handled through technology with no human intervention

## High ROI Edge-Out Investment Opportunity

- Unique opportunity to extend the network to pass additional homes and businesses in the current franchise footprint while leveraging the existing operating infrastructure
- Displayed successful edge-out investment in 2008, 2009 and 2010, increasing the amount of investment each year
- Over \$100 million in new projects identified with > 40% IRR
- Investing approximately \$25 million in edge-out projects in 2011

### Edge-Out Model Dynamics:

RGU PENETRATION	IRR
50%	33%
75%	49%
100%	61%

## Proven Commercial Strategy

### Key Contribution to Knology’s Business

- Knology offers a full suite of products for small, medium and large enterprises
- Dedicated sales and support staff for business customers
- Strong commercial revenue and connection growth drives an increasingly larger percentage of the overall business
  - June 30, 2011 commercial connections were 116,978, a 10.4% increase since 2009
  - Commercial business represents over 15% of consolidated connections and over 20% of consolidated revenue
- Successfully selling “up market” to more sophisticated businesses with higher ARPU’s and better economics
- Provider of high-growth wireless backhaul services, including investment in Tower Cloud, a wireless backhaul provider

### Business Solutions Available

- Traditional bundled product offering
- Products such as passive optical network service (“PONS”) address the more complex voice and data needs of the larger business sector, enabling customers to have T-1 voice services and data speeds of up to 100 megabits per second
- iPlex (SIP-based) and Matrix (IP-Centrex) products offer more flexible features at a lower cost
- Virtual private network services to businesses with multiple sites providing the ability to exchange information privately among their locations over Knology’s network
- Network support 24 hours a day, seven days a week

### Key Growth Strategies

- High ROI edge-out network expansion
- Pursue accretive M&A transactions
- Increase penetration of business customers
- Focus on solid execution and “best in class” customer service

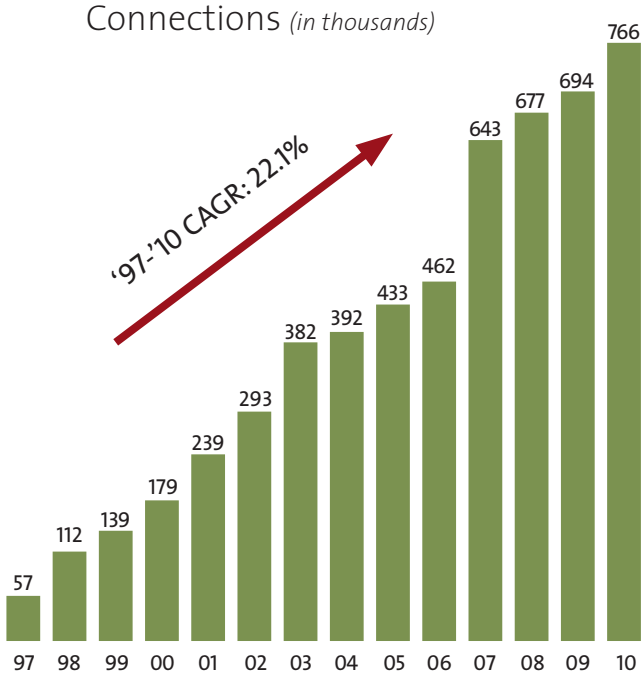
# Financial Overview

## Key Financial Goals

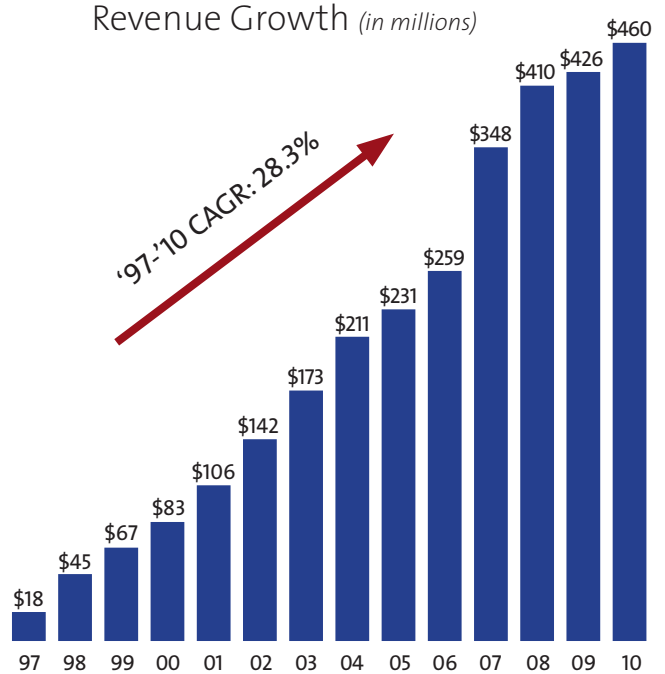
- Focus on profitable growth and free cash flow
  - Profitable top-line revenue growth
  - Maintain industry leading gross margins
  - Continue to expand EBITDA margin
  - Grow free cash flow at 10+% per year
  - Increase net income
- Maintain simple and efficient capital structure
  - Comfortable liquidity
  - Conservative leverage
  - Low cost of debt

## Triple Play Drives High ARPU's

Connections (in thousands)



Revenue Growth (in millions)



- Customer ARPU for Q2 2011 was \$133.66\*
- Connection ARPU for Q2 2011 was \$56.20

\*Excludes non-recurring, wholesale, Lawrence and Dothan revenue



## Summary Capitalization

- \$545M at L+300 (1% L Floor), \$195M at L+300
- Approximately 50% of Term Loan is swapped for fixed rate
- Weighted average cost of debt is less than 5%
- B1/B+ Credit Ratings

	6/30/2011	Multiple of Q211 EBITDA <sup>(1)</sup>
First Lien Term Loan	738.6	3.8
Capitalized Lease Obligations	11.7	0.1
<b>Total Debt</b>	<b>750.3</b>	<b>3.9</b>
Cash and Equivalents	57.7	0.3
<b>Net Debt</b>	<b>692.6</b>	<b>3.6</b>
Equity Value <sup>(2)</sup>	555.0	2.9
<b>Total Capitalization</b>	<b>1,305.3</b>	<b>6.8</b>

(1) Based on LQA Q2 2011 actual EBITDA of \$48.20

(2) Based on a share price of \$14.85 as of June 30, 2011.

## Solid First Half of 2011

<i>(dollars in millions)</i>	Q2 2010	Q2 2011	Change
Total Revenue	\$ 113.0	\$ 131.4	16.3%
EBITDA	39.4	48.2	22.3%
% Margin	34.2%	37.1%	2.9%
Operating Income	16.6	22.6	36.2%
% Margin	14.7%	17.2%	17.2%
Capital Expenditures	18.8	24.3	29.1%
Cash Interest, Net	11.0	5.0	-54.4%
Pro Forma Net Income <sup>(1)</sup>	\$ 5.4	\$ 13.1	140.2%
Pro Forma Free Cash Flow <sup>(2)</sup>	\$ 11.2	\$ 26.1	133.0%

(1) Pro Forma Net Income excludes impact of accounting for interest rate swaps.

(2) Pro Forma Free Cash Flow excludes Edge-out Capex.

## EBITDA, As Adjusted



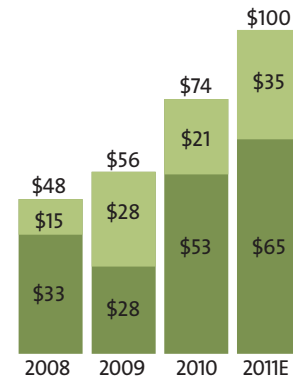
EBITDA Margin 31% 33% 34% 35%

## Trended Levered Free Cash Flow



■ Levered Free Cash Flow  
■ Edge-Out CapEx

## Efficient, Success-Based Capital Expenditures



■ Success Based/Revenue Generating Capital  
■ Network and Maintenance Capital

- Knology is a facilities based provider – owns its network
- Highly “success-based” CapEx going forward
- Unique opportunity for edge-out investment
- Disciplined deployment of Capex investment

## Disciplined Acquisition Strategy

- Acquire accretively on a valuation basis and from a key financial and operating metric perspective
- Maintain strategic niche of secondary and tertiary footprint
- Buy well-run businesses with similar network architecture facilitating a smooth integration process
- Evaluate edge-out opportunities contiguous to acquired operations
- Maintain “Bulletproof” balance sheet; \$250 million incremental facility provides capacity for funding

## Investment Conclusion

Knology’s focus is to deliver increased shareholder value through continued growth in key operational and financial metrics – connections, revenue, EBITDA, free cash flow and net income. We will continue to invest in high return on investment edge-out growth opportunities and opportunistically pursue accretive M&A transactions. Our focus on business fundamentals and “best in class” customer service remains high, and we will continue to maintain a simple and efficient balance sheet with solid liquidity.

# Knology Leadership

**Rodger L. Johnson**

*Chairman of the Board and  
Chief Executive Officer*

**M. Todd Holt**

*President*

**Robert K. Mills**

*Chief Financial Officer*

**Bret T. McCants**

*Executive Vice President of Operations*

**Allan H. Goodson**

*Vice President of Regional Operations*

**Andrew M. Sivell**

*Vice President of Network Operations*

**Brad M. Vanacore**

*Vice President of Human Resources*

**Chad S. Wachter**

*Vice President, General Counsel and  
Secretary*

**Felix L. Boccucci**

*Vice President of Regulatory and  
Government Affairs*

**John Treece**

*Chief Technology Officer*

**Marcus R. Luke, Ph.D**

*Vice President, Chief Scientist*

**Richard D. Perkins**

*Vice President of Information  
Technology and Billing*

**Ronald Johnson**

*Vice President of Sales*

**Anthony J. Palermo**

*Vice President of Marketing*

**Weldon Feightner**

*Vice President of Regional Operations*

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