



Cox Communications: Distribution At its Best

Jim Robbins – President and CEO
Chris Bowick – SVP, Engineering and CTO

**Bear Stearns 17th Annual Media,
Entertainment & Information Conference**

Use of Non-GAAP Measures



This presentation contains certain non-GAAP financial measures including operating cash flow (also referred to as EBITDA) and free cash flow. For full disclosure of the use of these non-GAAP measures and a reconciliation between the non-GAAP financial measures and the GAAP financial measures, please see our quarterly earnings press release, 10K or 10Q available at www.cox.com/investor.

Safe Harbor



During this presentation, we will be making certain forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, about business strategies and goals, market potential, future financial performance, new service and product launches and other matters. These statements address matters that involve significant risks and uncertainties that could cause actual results to differ materially from such statements, including, without limitation, possible changes in expected market acceptance of new products or services, impact of rate changes, ability of vendors to meet contractual obligations, competitive issues, regulatory issues and continued access to capital on terms acceptable to the Company. Please refer to publicly filed documents of the Company, including the Company's most recent Form 10-K for additional information about the Company and for additional information about the risks and uncertainties related to the Company.

2003 in Review



2003 Priorities

I. Continue the Growth

- RGU's
- Revenue
- Operating cash flow
- New product introductions

II. Enhance Competitive Position

- Versus the RBOC's
- Versus satellite

III. Control our Costs

- Direct and operating costs

2003 Results

+0.9% basic subs; +1.2m RGUs
Industry-leading growth of 14%
19% growth
Rollouts of DVR, HDTV, EOD, etc.

Better bundling, customer care

Product enhancements, differentiation

Margin improvement of 150 basis points

2003 Financial Performance



(Millions of Dollars)

	<u>Actual 2002</u>	<u>Actual 2003</u>	<u>% Change</u>
Total residential revenues	\$ 4,431	\$ 5,086	15%
Advertising	378	385	2%
Commercial	230	288	25%
Total Revenue	<u>\$ 5,039</u>	<u>\$ 5,759</u>	<u>14.3%</u>
Total OCF	\$ 1,779	\$ 2,117	19.0%
<i>OCF Margin</i>	35.3%	36.8%	4.2%
Capital Expenditures	\$ 1,932	\$1,561	-19%
Free Cash Flow	(\$ 160)	\$ 307	

Positive free cash flow puts us in a great position going forward

Programming Update



- Cox has made significant progress in reducing the rate of increase for programming costs, especially sports programming
- Most major programming contracts have recently been renegotiated
 - Signed 9-year ESPN contract in February
 - Rates increase at a 7% CAGR through 2012 vs. 20% in the previous contract
 - Double-digit increase in the first year declining to 5% in the later years
 - Signed 6-year contract with Fox Sports last fall
 - Turner and Viacom contracts were also recently renewed

2004 Focus Areas



- **Continued Growth**
- Next generation **Productivity Improvements**
- Winning in a highly **Competitive Environment**

Growth in 2004 - Guidance



2004 Focus Area

Basic sub growth

Advanced service RGU additions*

**Includes digital video, high-speed Internet and telephone net additions*

Revenue

Operating cash flow

Capital expenditures

Free cash flow

Guidance

just under 1%

1.0m - 1.1m

11.5% - 12.5%

14% - 15%

\$1.35b - \$1.40b

Positive

**by more than
2003 FCF of \$307 million**

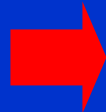
The distribution business continues to generate significant growth potential – Cox remains committed to focused execution and long-term value creation

“Next Gen” Productivity Improvements



2004 Focus Area

TODAY:
TRANSACTION
ORIENTED



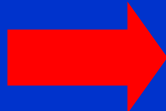
- Keep Driving Transaction Improvement



- Customer churn
- Inbound calls
- Field service truck rolls
- Self install (HSI & digital)
- E-care / Cox.Com

NEXT

GENERATION:



STANDARDS
And
PROCESS
IMPROVEMENT

- Theft Of Service

- CPE Management

- Customer Relationship Management (CRM)

- HR Information Services (E-HR)

Winning In A Highly Competitive Environment

2004 Focus Area



FOUNDATION: INDUSTRY LEADING CUSTOMER CARE

VIDEO

HDTV

- Available to 85% of HP YE03
- Retail presence critical

DVR

- Available in 8 markets YE03
- Aggressive roll out in 2004

EOD

- 8 total markets in 2004
- Focus on content development

INTERACTIVE

HIGH-SPEED INTERNET

- Tiered services
- Focus on non-video households

TELEPHONE

- Expand voice footprint
- VOIP deployment

Integrate & Differentiate



Distribution At Its Best:
Cox Digital Telephone
The Voice of Experience

Chris Bowick – SVP, Engineering and CTO

The VoIP Landscape



- VoIP deployment announcements are increasing voice competition and adding new players
- Regulatory uncertainty is a by-product of new and varied approaches to VoIP service delivery
- Technology, market and regulatory forces will accelerate industry VoIP deployment in 2004

**Though competitive environment is diverse and dynamic,
Cox is well-positioned**

The Voice of Experience



- We've been in the telephone business since 1997
 - > 1M residential subscribers
 - > 100,000 business services locations
 - 12 markets, 20 switches
 - Available to 48% of total homes passed
 - 19 percent penetration to phone ready homes passed

Cox Digital Telephone – continued, long-term success

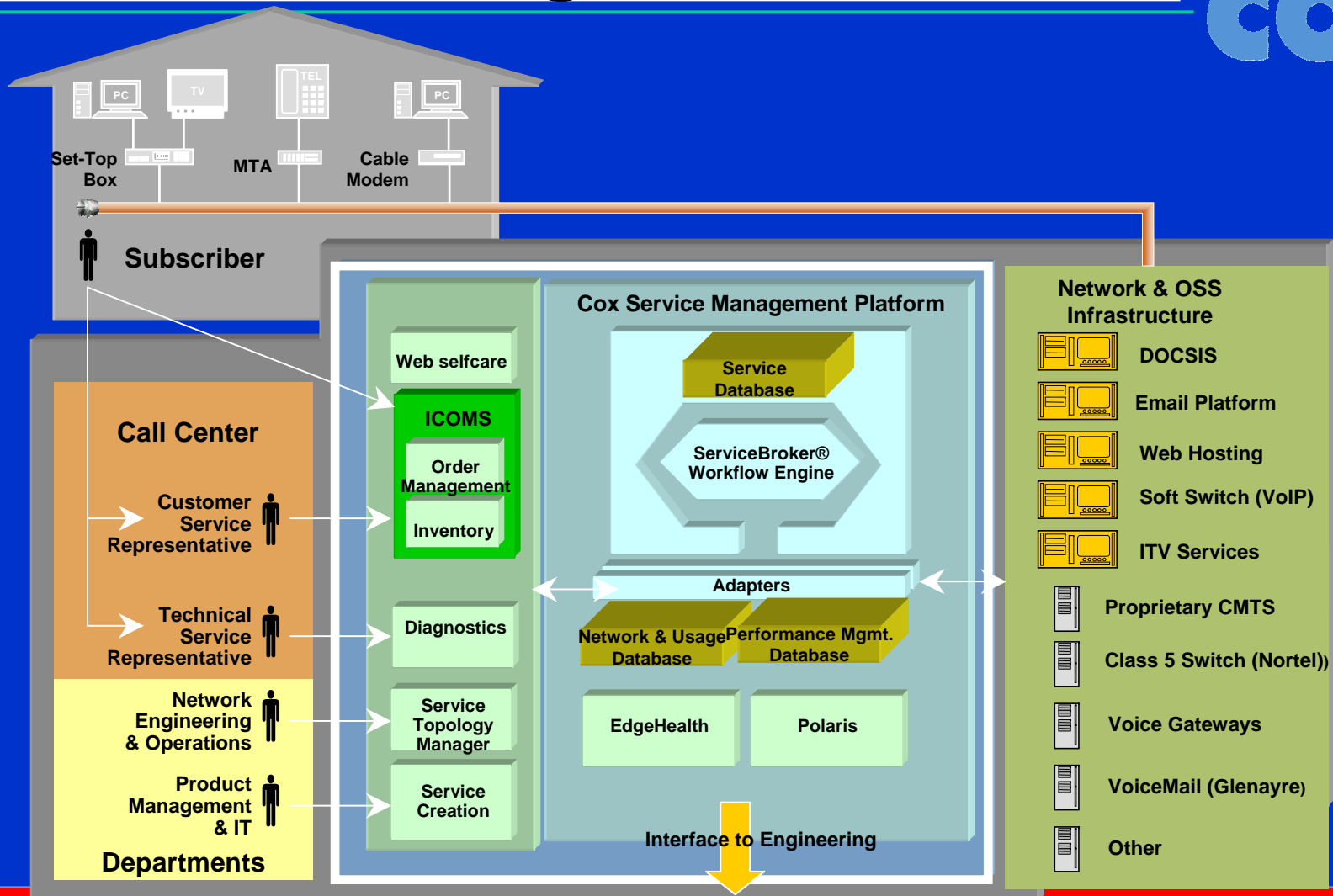
Keys To Our Success



- Robust reliable network
- The flexibility to adapt to customer needs and the rapidly changing technological and regulatory landscape
- Video, voice and data services on common platform
 - Integrated, nation-wide billing and back-office system
 - Lean, self-managed platform drives operational efficiencies

Flexible infrastructure is key to future success

Service Management Architecture



A VERY complex business.

But we're there with the knowledge, experience, and infrastructure

Cox High Speed Internet Backbone

NATIONAL BACKBONE – RDC,SDC INFRASTRUCTURE IN PLACE

Leverage, Leverage, Leverage

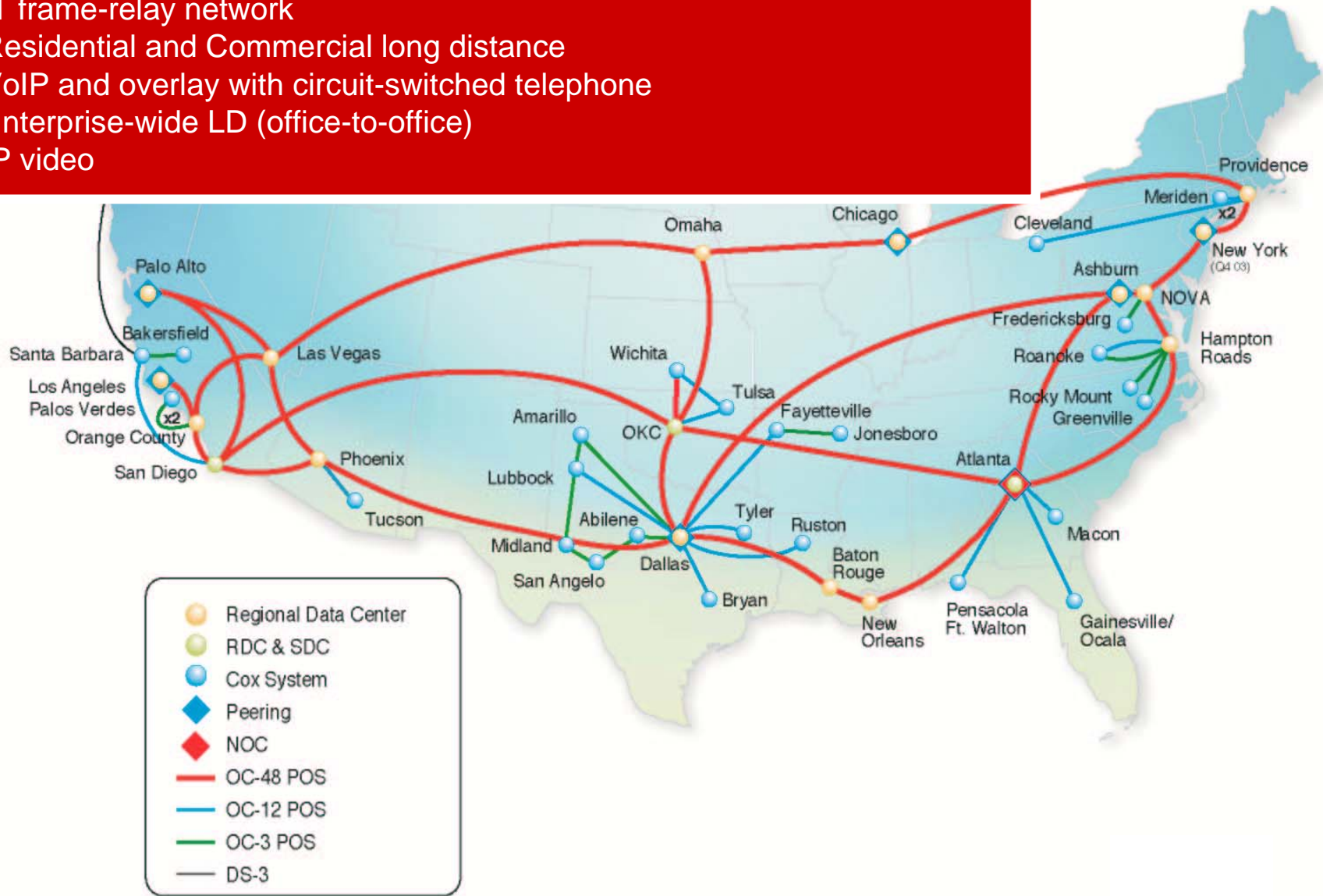
IT frame-relay network

Residential and Commercial long distance

VoIP and overlay with circuit-switched telephone

Enterprise-wide LD (office-to-office)

IP video



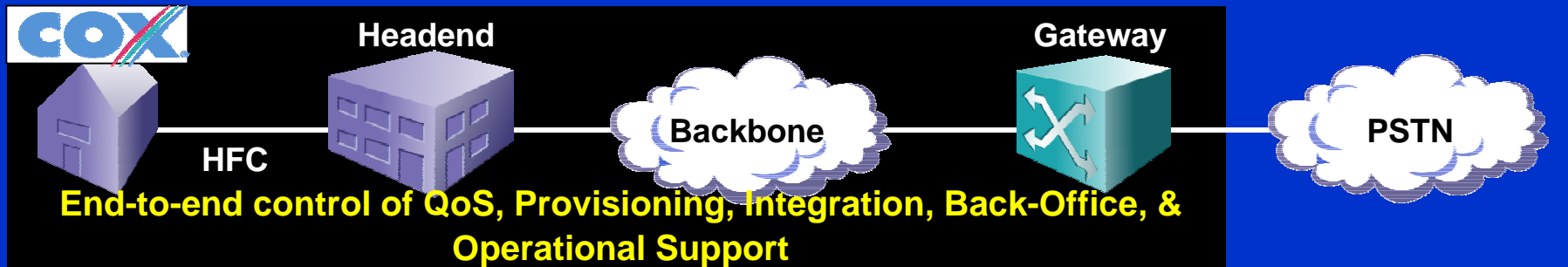
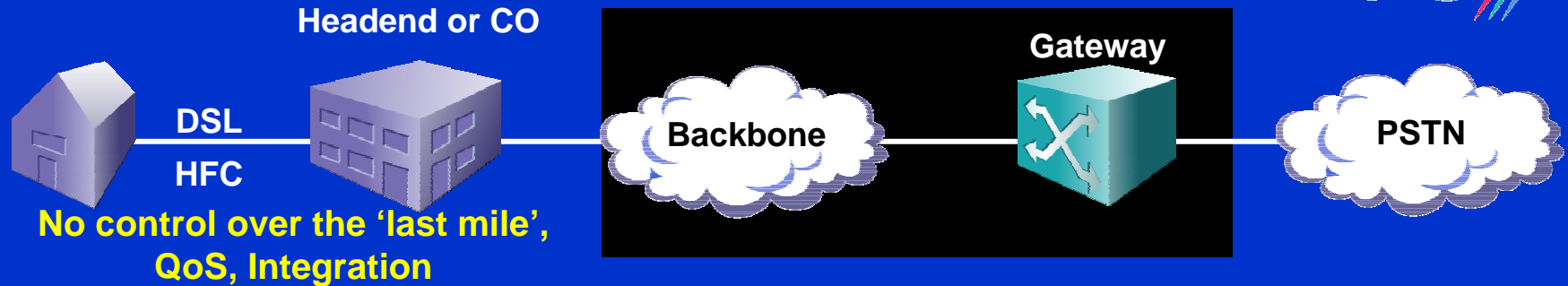
VoIP Opportunities



- Efficiencies in technology, operations and people
 - Regional architecture creates numerous leverage opportunities
 - Single platform allows for management of data traffic for today's and future IP transport applications
- **No stranded capital in circuit-switched markets**
 - Cap and grow via IP transport technology
- Architecture is a key differentiator

Leverage and differentiation are key!

Architecture Variations



Cox offers a truly differentiated, LEC replacement service

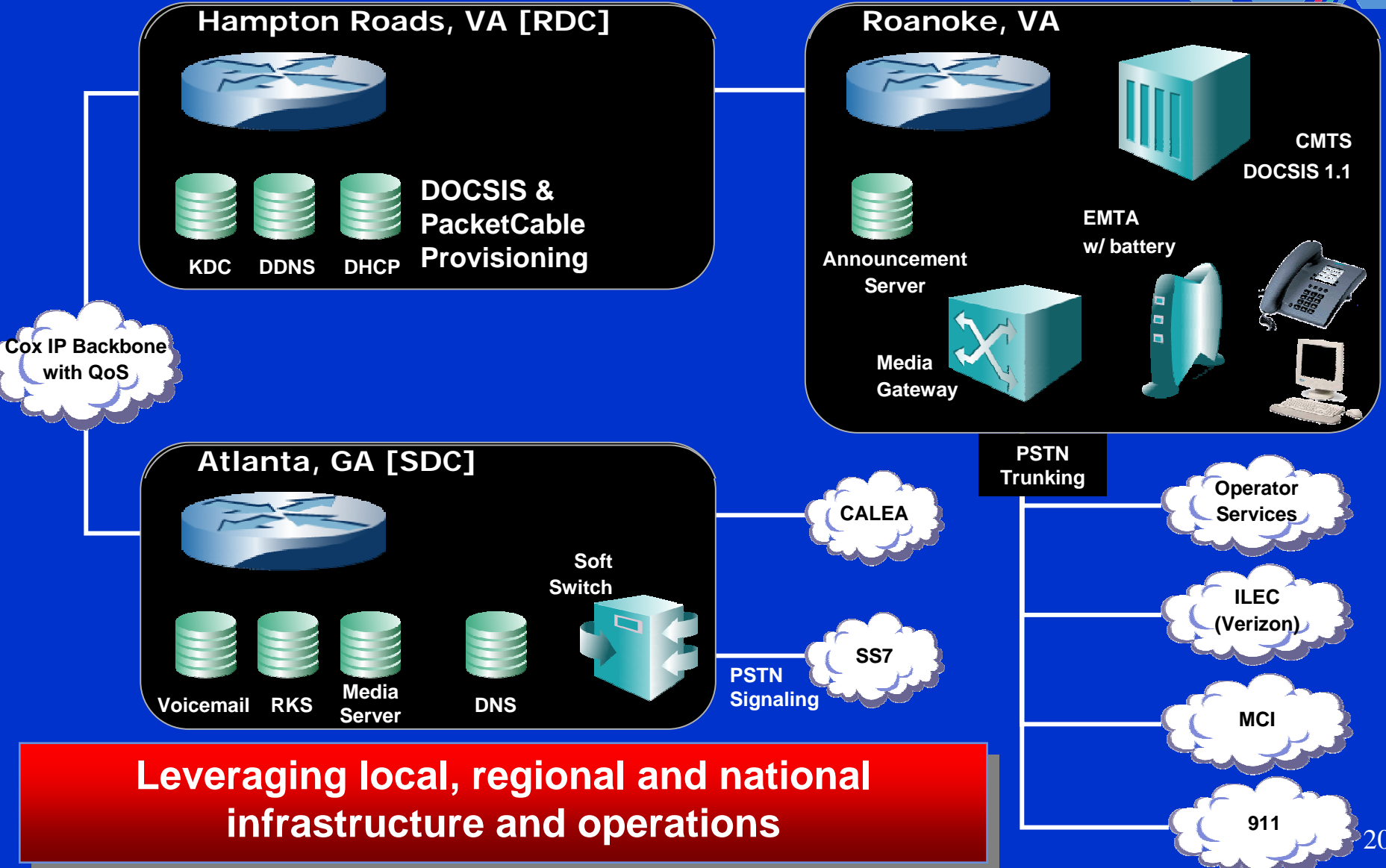
VoIP In Roanoke



- Cox Digital Telephone launch in Roanoke 12/15/03
 - ILEC/RBOC replacement, full regulatory compliance
 - E-911, directory assistance, local number portability, operator assistance
 - Early success
 - Penetration ramp trending like previous circuit-switched launches
- Additional market launches planned in 2004

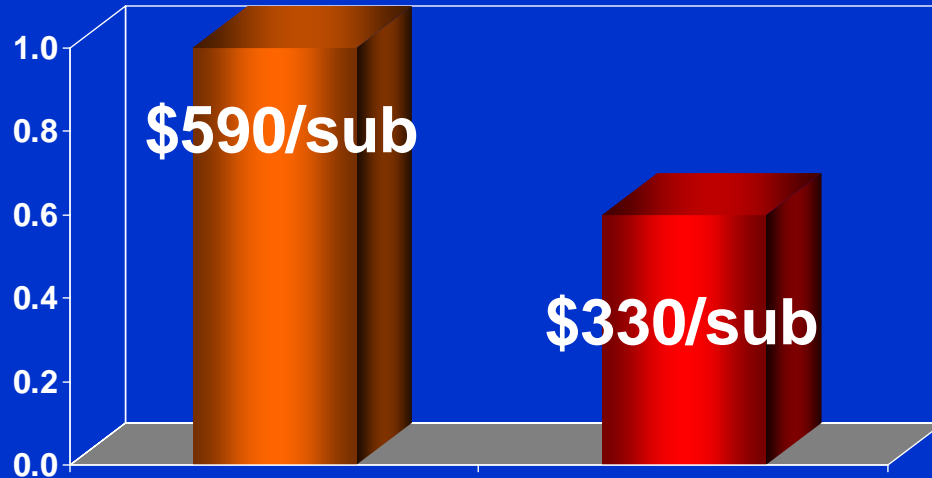
Leveraging our knowledge, experience, and platform

Cox Telephone Roanoke Architecture



Leveraging local, regional and national infrastructure and operations

Expected CapEx Per Customer



■ Circuit Switched

■ VoIP

Circuit Switch

- Network Power
- Circuit Switch
- HIT
- 2-line network interface unit (NIU)
- Tap
- Drop

VoIP

- Premises Power
- Soft switch
- CMTS
- 2-line media terminal adaptor (MTA)
- Drop

Media terminal adaptor and premise powering drive improved capex cost structure

Key Points on VoIP



- **We know the telephone business and have the infrastructure in place**
- **VoIP is now “ready for prime time”**
- **Improved CapEx cost structure and expected OpEx savings**
- **Efficient access to small and medium sized markets**
- **No stranded capital in circuit switched markets**
- **National backbone expands possibilities and scope**
- **Flexible infrastructure for dynamic market and regulatory environment**



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