



# NEWS

FOR RELEASE: 7:00 A.M. ET Monday, February 11, 2002

## **Charter 2001 Pro Forma Cable Modem and Digital Customers Increase Nearly 165% and 82%, Respectively**

**ST. LOUIS** – Charter Communications, Inc. (Nasdaq: CHTR) today reported revenue growth that exceeded its guidance, and cash flow growth at the top of its estimated range for the year 2001. These results were highlighted by the addition of a near record number of new cable modem customers during the fourth quarter.

During a conference call this morning, Charter President and CEO Carl Vogel will provide an overview of his first 100 days at the helm of the nation's fourth largest broadband communications company, financial results for the year 2001, and guidance for the year 2002.

“Charter will maintain its decentralized operating philosophy; take a responsible approach to internal customer growth, placing additional focus on the sale of advanced services; maintain a strong emphasis on revenue generating units (RGU's) given our multiple product offerings; and maintain leadership in the continuing rollout of interactive services and advanced set top devices over our robust broadband platform,” Mr. Vogel said.

### **Demand for Advanced Services Remains Strong**

Mr. Vogel said that at the close of 2001, Charter had almost 645,000 data customers, exceeding previously stated guidance of 630,000. “We narrowly missed having the largest increase ever in cable modem customers during the fourth quarter, adding some 100,000 Charter Pipeline customers, no matter that our marketing efforts were impacted by the @Home bankruptcy. We're confident in continued consumer demand for this product. I believe we could double the number of cable modem customers in 2002.”

During the fourth quarter of 2001, the Company successfully converted about 145,000 cable modem customers from service with the bankrupt ISP @Home to Charter Pipeline. Mr. Vogel said the transition process was quick and handled internally, with virtually no churn as a result of customer service issues or the inconvenience of changing e-mail addresses.

-more-

## **Charter, page 2**

As of December 31, 2001, Charter Digital Cable<sup>TM</sup> customers totaled 2,144,800, with fourth quarter weekly additions averaging approximately 15,000 installations per week. “Charter continues to experience strong demand for its digital video service, resulting in industry leading penetration. As we continue to add interactive products like video on demand (VOD), and personal interactive channels, we see enhanced customer satisfaction, reduced digital churn, and improved retention levels,” Mr. Vogel said.

Mr. Vogel said Charter’s marketing efforts are directed to attract new advanced services customers by selling a Charter bundle. “This is our triple play of digital video, data, and interactivity, which we’ll price in a good-better-best scenario because of our unique ability within the industry to sell Internet access at varying speed levels. It will serve us well in today’s highly competitive marketplace against satellite, with its limited, single dimension product offerings.”

### **Fourth Quarter Financial Highlights**

Revenue during the fourth quarter of 2001 increased 13.6% to \$1.1 billion, and operating cash flow increased 11.0% to \$502.6 million compared to pro forma results for the fourth quarter of 2000, before a special charge including the @Home conversion of \$17.6 million. Year-end 2001 pro forma revenue was over \$4.1 billion, up 14.0% from pro forma 2000 revenue of \$3.6 billion. Pro forma operating cash flow increased 10.9% from \$1.65 billion to \$1.83 billion for 2001, before a special charge including the @Home conversion of \$17.6 million.

### **New Accounting Standard**

Effective January 1, 2002, Charter will adopt Statement of Financial Accounting Standard No. 142, “Goodwill and Other Intangible Assets,” a new accounting standard that addresses the accounting for intangible assets, including franchises. As of December 31, 2001, Charter’s balance sheet reflects franchises with a net book value of \$17.1 billion that are amortized over a 15 year period. We believe that substantially all franchises will qualify for indefinite life treatment under the new standard. While our analysis, including the impairment testing of franchises required under the new standard, is not complete, we expect to stop amortizing franchise intangible assets that meet the indefinite life treatment beginning January 1, 2002. If the new standard had been in effect for 2001, amortization expense would have been reduced by approximately \$1.2 to \$1.3 billion.

## **Charter, page 3**

### **Looking Ahead**

In 2002, Charter expects revenue to grow between 12.0% and 14.0% compared to pro forma 2001 results. Operating cash flow growth is expected to range between 11% and 13%.

Charter expects to add approximately 1,100,000 to 1,200,000 RGU's in 2002. These RGUs will be comprised of basic, digital and cable modem customers. While the Company expects no meaningful increase in basic customers in 2002, Mr. Vogel said they expect to add 550,000 to 600,000 Charter Digital Cable customers. Cable modem marketing efforts will increase in 2002 as more plant miles are upgraded to two-way interactivity. Charter Pipeline customers are anticipated to increase by 550,000 to 600,000, nearly doubling that customer base. VOD launches are planned for 17 additional markets in 2002. Mr. Vogel said he expects about half of Charter's digital customers will have access to VOD technology by the end of 2002.

### **About Charter Communications**

Charter Communications, a Wired World™ company, is among the nation's largest broadband communications companies, currently serving some 7 million customers in 40 states. Charter provides a full range of advanced broadband services to the home, including cable television on an advanced digital video programming platform marketed under the Charter Digital Cable™ brand and high-speed Internet access via Charter Pipeline™. Commercial high-speed data, video and Internet solutions are provided under the Charter Business Networks™ brand. Advertising sales and production services are sold under the Charter Media™ brand.

A Fortune 500 and NASDAQ 100 Company, Charter was the 2001 recipient of the Outstanding Corporate Growth Award from the Association for Corporate Growth, the 2001 R.E. "Ted" Turner Innovator of the Year Award from the Southern Cable Telecommunications Association, and the 2001 Fast 50 Award for Growth from the St. Louis Regional Chamber and Growth Association.

# # #

**-more-**

## Charter, page 4

More information about Charter can be found at [www.charter.com](http://www.charter.com).

Detailed financial information is included in the attached addendum.

Charter will conduct a conference call to discuss their operating results on Monday, February 11, 2002, at 11:00 AM Eastern Time. The call will be available live via webcast at [www.charter.com](http://www.charter.com). The call will be available on the "Investor Center" portion of the website, via "About Us." Participants should go to the call link at least 10 minutes prior to the start time to register. The call will be archived on the website.

*Statements in this press release regarding Charter Communications' business that are not historical facts may be "forward-looking statements." Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from any such forward-looking statements are identified in the reports and documents Charter files from time to time with the U.S. Securities and Exchange Commission.*

### CONTACTS:

Media: Andy Morgan  
314.543.2217  
[amorgan@chartercom.com](mailto:amorgan@chartercom.com)

Analysts: Colleen Hegarty  
314.543.5619  
[chegarty@chartercom.com](mailto:chegarty@chartercom.com)

# Charter Communications, Inc.

## Unaudited Consolidated Statements of Operations

(Dollars in thousands)

	<i>Three Months Ended December 31,</i>		<i>% Change</i>
	<i>Actual</i> <i>2001 (a)</i>	<i>Pro Forma</i> <i>2000 (a)</i>	
<b>Revenues:</b>			
Analog video	\$ 741,784	\$ 702,396	
Digital video	97,231	44,848	
Cable modem	52,469	21,931	
Advertising sales	108,566	98,914	
Other	106,966	105,969	
Total revenues	1,107,016	974,058	13.6%
<b>Operating Expenses:</b>			
General, administrative and service	244,327	204,543	
Analog video programming	243,295	230,724	
Digital video	35,316	13,409	
Cable modem	33,008	17,036	
Advertising sales	17,918	18,611	
Marketing	16,316	19,615	
Corporate expenses	14,203	17,420	
Operating expenses	604,383	521,358	15.9%
Operating cash flow before special charges	502,633	452,700	11.0%
Special charges	17,629 (b)	-	
Operating cash flow	\$ 485,004	\$ 452,700	

(a) The pro forma results reflect all significant acquisitions and dispositions of cable systems closed during 2001 and 2000, as if the transactions closed on January 1, 2000. Pro forma revenues exceed actual revenues for the three months ended December 31, 2000 by \$80.2 million. Pro forma operating cash flow before special charges exceed actual operating cash flow before special charges for three months ended December 31, 2000 by \$19.5 million. The unaudited pro forma financial information has been presented for comparative purposes and does not purport to be indicative of the consolidated results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

(b) Reflects charges incurred during the fourth quarter associated with the transition of approximately 145,000 data customers from Excite@Home Internet service to Charter Pipeline, as well as certain employee severance costs.

# Charter Communications, Inc.

## Unaudited Consolidated Statements of Operations

(Dollars in thousands)

	<i>Year Ended December 31,</i>		<i>% Change</i>
	<i>Pro Forma</i> <i>2001 (a)</i>	<i>Pro Forma</i> <i>2000 (a)</i>	
<b>Revenues:</b>			
Analog video	\$ 2,912,954	\$ 2,782,062	
Digital video	314,464	104,996	
Cable modem	158,657	68,173	
Advertising sales	332,879	261,874	
Other	395,813	393,734	
Total revenues	4,114,767	3,610,839	14.0%
<b>Operating Expenses:</b>			
General, administrative and service	905,244	816,402	
Analog video programming	951,458	836,871	
Digital video	113,707	36,173	
Cable modem	103,618	57,723	
Advertising sales	68,178	71,656	
Marketing	72,427	69,823	
Corporate expenses	66,486	68,038	
Operating expenses	2,281,118	1,956,686	16.6%
Operating cash flow before special charges	1,833,649	1,654,153	10.9%
Special charges	17,629 (b)	-	
Operating cash flow	\$ 1,816,020	\$ 1,654,153	

(a) The pro forma results reflect all significant acquisitions and dispositions of cable systems closed during 2001 and 2000, as if the transactions closed on January 1, 2000. Pro forma revenues exceed actual revenues for the years ended December 31, 2001 and 2000 by \$161.6 million and \$361.6 million, respectively. Pro forma operating cash flow before special charges exceed actual operating cash flow before special charges for the years ended December 31, 2001 and 2000 by \$47.5 million and \$111.5 million, respectively. The unaudited pro forma financial information has been presented for comparative purposes and does not purport to be indicative of the consolidated results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

(b) Reflects charges incurred during the fourth quarter associated with the transition of approximately 145,000 data customers from Excite@Home Internet service to Charter Pipeline, as well as certain employee severance costs.

**Charter Communications, Inc.**  
**Unaudited Consolidated Statements of Operations**  
(Dollars in thousands, except share data)

	Periods Ended December 31, 2001	
	Three Months	Twelve Months
<b>Revenues:</b>		
Analog video	\$ 741,784	\$ 2,787,632
Digital video	97,231	307,240
Cable modem	52,469	154,402
Advertising sales	108,566	312,554
Other	106,966	391,304
Total revenues	1,107,016	3,953,132
<b>Operating Expenses:</b>		
General, administrative and service	244,327	861,722
Analog video programming	243,295	902,837
Digital video	35,316	111,167
Cable modem	33,008	99,956
Advertising sales	17,918	64,026
Marketing	16,316	70,335
Corporate expenses	14,203	56,930
Operating expenses	604,383	2,166,973
Operating cash flow before special charges	502,633	1,786,159
Depreciation	470,855	1,662,549
Amortization	346,929	1,347,519
Option compensation expense	511	(45,683) (a)
Interest expense, net	345,830	1,311,788
Special charges	17,629 (b)	17,629 (b)
Other expense, net	(24,552) (c)	148,273 (d)
	(654,569)	(2,655,916)
Minority interest	348,882	1,478,239
Net loss	(305,687)	(1,177,677)
Accretion of preferred stock dividends	(727)	(969)
Net loss applicable to common stock	\$ (306,414)	\$ (1,178,646)
Basic and diluted loss per share	\$ (1.04)	\$ (4.37)
Weighted average common shares outstanding	294,384,003	269,594,386

(a) Reflects the reversal of \$66.6 million of expense previously recorded in connection with approximately seven million options forfeited by our former President and Chief Executive Officer as part of his September 2001 separation agreement.

(b) Reflects charges incurred during the fourth quarter associated with the transition of approximately 145,000 data customers from Excite@Home Internet service to Charter Pipeline, as well as certain employee severance costs.

(c) Includes current period income of \$33.8 million as a result of the application of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities".

(d) Includes a \$23.9 million cumulative effect of a change in accounting principle and net expense of \$51.2 million, as a result of the implementation and application of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities".

# Charter Communications, Inc.

## Unaudited Summary of Operating Statistics

---

<b><u>Cable Television</u></b>	As of December 31,		
	<i>Actual</i>	<i>Pro Forma</i>	<i>Actual</i>
	<i>2001</i>	<i>2000 (a)</i>	<i>2000</i>
Homes Passed	11,502,300	11,291,800	10,225,000
Basic Customers	6,953,700	6,913,100	6,350,900
Basic Penetration	60.5%	61.2%	62.1%
Average Monthly Revenue per Basic Customer (quarter)	\$ 53.07	\$ 46.97	\$ 46.92

---

<b><u>Digital Video</u></b>	As of December 31,		
	<i>Actual</i>	<i>Pro Forma</i>	<i>Actual</i>
	<i>2001</i>	<i>2000 (a)</i>	<i>2000</i>
Digital Homes Passed	10,638,300	9,711,600	8,793,000
Digital Customers	2,144,800	1,177,500	1,069,500
Penetration of Digital Homes Passed	20.2%	12.1%	12.2%
Penetration of Basic Customers	30.8%	17.0%	16.8%
Digital Converters Deployed	2,951,400	1,470,500	1,336,900

---

<b><u>Data Services</u></b>	As of December 31,		
	<i>Actual</i>	<i>Pro Forma</i>	<i>Actual</i>
	<i>2001</i>	<i>2000 (a)</i>	<i>2000</i>
Data Homes Passed	7,560,600	5,841,300	5,550,800
Cable Modem Customers	607,700	229,000	215,900
Dial-up Customers	37,100	42,000	36,500
Total Data Customers	644,800	271,000	252,400
Penetration	8.5%	4.6%	4.5%

---

<b><u>Other Statistics</u></b>	As of December 31,	
	<i>Actual</i>	
	<i>2001</i>	
Capital Expenditures (in 000's)		
For the three months ended	\$	870,459
For the year ended	\$	3,027,059
Book Value per Share	\$	9.72

---

(a) The pro forma operating statistics reflect all significant acquisitions and dispositions of cable systems closed during 2001 and 2000.



**Charter Communications, Inc.**  
**Unaudited Consolidated Balance Sheet Data**  
(Dollars in thousands)

	<i>Actual</i> <u>December 31, 2001</u>	<i>Actual</i> <u>December 31, 2000</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,679	\$ 130,702
Accounts receivable, net of allowance for doubtful accounts	290,504	217,667
Receivable from related party	4,634	6,480
Prepaid expenses and other	<u>70,362</u>	<u>77,719</u>
Total current assets	<u>367,179</u>	<u>432,568</u>
Investment in Cable Properties:		
Property, plant and equipment, net	7,149,483	5,267,519
Franchises, net	<u>17,138,774</u>	<u>17,068,702</u>
Total investment in cable properties	<u>24,288,257</u>	<u>22,336,221</u>
Other assets		
	<u>306,388</u>	<u>274,777</u>
	<u>\$ 24,961,824</u>	<u>\$ 23,043,566</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued expenses	<u>\$ 1,374,994</u>	<u>\$ 1,367,234</u>
Total current liabilities	<u>1,374,994</u>	<u>1,367,234</u>
Long-term debt	16,342,873	13,060,455
Deferred management fees - related party	13,751	13,751
Other long-term liabilities	341,057	285,266
Minority interest	3,976,791	4,089,329
Redeemable securities	-	1,104,327
Preferred stock - redeemable	50,566	-
Shareholders' equity	<u>2,861,792</u>	<u>3,123,204</u>
	<u>\$ 24,961,824</u>	<u>\$ 23,043,566</u>

# Charter Communications, Inc.

(Dollars in thousands, except earnings per share)

## 2001 Pro Forma<sup>(a)</sup> Highlights

	<u>Q1 2001</u>	<u>Q2 2001</u>	<u>Q3 2001</u>	<u>Q4 2001</u>	<u>Full Year 2001</u>
Revenues	\$ 953,081	\$ 1,010,825	\$ 1,043,845	\$ 1,107,016	\$ 4,114,767
Operating cash flow excluding special charges	\$ 411,358	\$ 452,116	\$ 467,542	\$ 502,633	\$ 1,833,649
Basic customers	6,914,500	6,949,500	6,970,100	6,953,700	6,953,700
Digital customers	1,455,900	1,701,500	1,951,200	2,144,800	2,144,800
Cable modem customers	324,600	405,300	507,700	607,700	607,700

## 2002 Guidance

	<u>Full Year 2002</u>
<i>Growth rates over year-ago pro forma<sup>(a)</sup> period</i>	
Revenues	12-14%
Operating cash flow	11-13%
Earnings per share	\$(2.80) - \$(3.00)
Revenue generating units (b)	1,100,000 - 1,200,000
Capital expenditures	\$ 2,475,000

(a) The pro forma results reflect all significant acquisitions and dispositions of cable systems closed during 2001.

(b) Revenue generating units consist of basic customers, digital customers, and cable modem customers.

Statements in this press release regarding Charter Communications' business that are not historical facts may be "forward-looking statements." These forward-looking statements include specific projections regarding Charter's revenues, EPS and operating cash flow for the year 2002, as well as projections regarding growth in basic, digital and data customers. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from any such forward-looking statements are identified in the reports and documents Charter files from time to time with the U.S. Securities and Exchange Commission. All forward-looking statements contained in this press release are expressly qualified in their entirety by this cautionary statement.