

Competition In The Video Marketplace



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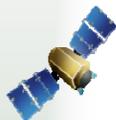
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- Charter, with ~5.7M customers (~11.7M RGUs) in 29 States, is the country's 3rd largest publicly-held cable system, and 5th largest-publicly held MVPD.
- Charter provides analog, digital and high definition video programming (including video-on-demand and pay per-view); high-speed Internet service; and telephone service – separately and in two- and three-product *Charter Bundles*
- Since 1998, Charter has obtained *thousands* of franchises and has invested *billions* of privately-financed dollars building out its network and upgrading its systems.

The Video Marketplace is Highly Competitive

Charter and cable in general face *robust* competition in the video marketplace from, among other sources:



Satellite Operators (Direct TV; EchoStar) with ~30M subscribers (~33% market share) and ~\$28B in combined annual revenues



Competing Cable Companies, including over-builders (e.g., RCN), municipal cable operators, and private cable operators/SMATVs – possibly growing presence in light of FCC’s MDU non-exclusivity and “*Drywall*” orders



Local Telcos expanding into video (e.g., NRTC’s “*IP Prime*”) and advantaged with Rural Loan availability

. and, of course



- Verizon claims to pass 4.7M HHs and have over 700,000 FIOS customers, gaining more than 200,000 last quarter and ~17,000 every week
- Including its DBS partnership, Verizon has over 1.5 million customers, making it the 10th largest MVPD

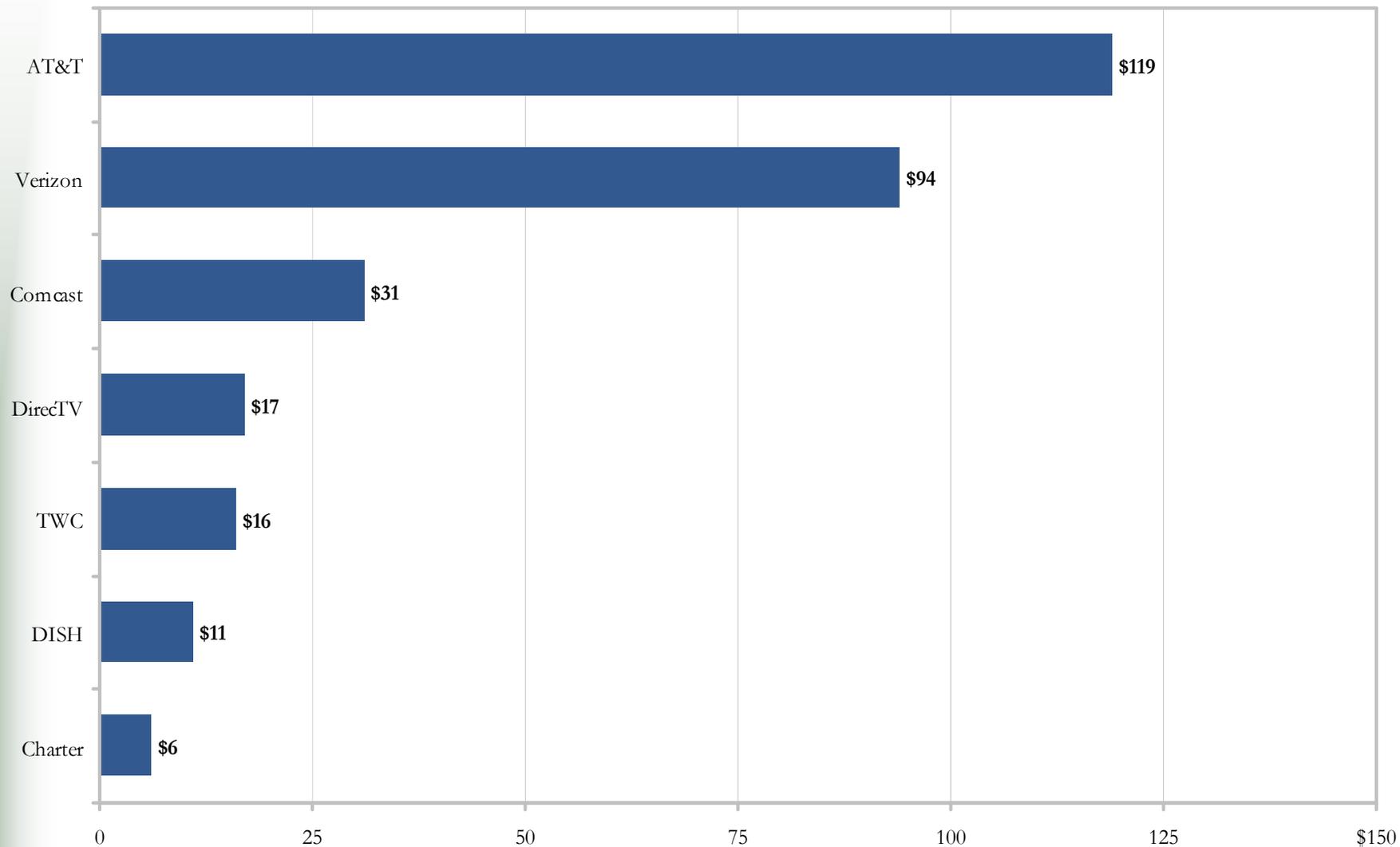


- AT&T claims to have 126,000 customers for its new “U-verse” video service, growing at ~10,000 per-week
- Including its DBS partnership, AT&T has > 2.1 million customers, making it the 9th largest MVPD

Each RBOC enjoys tremendous advantages in terms of having huge capitalization and revenue flows; in-place networks, systems & infrastructure (build at rate payers’ cost); and well-known brand names.

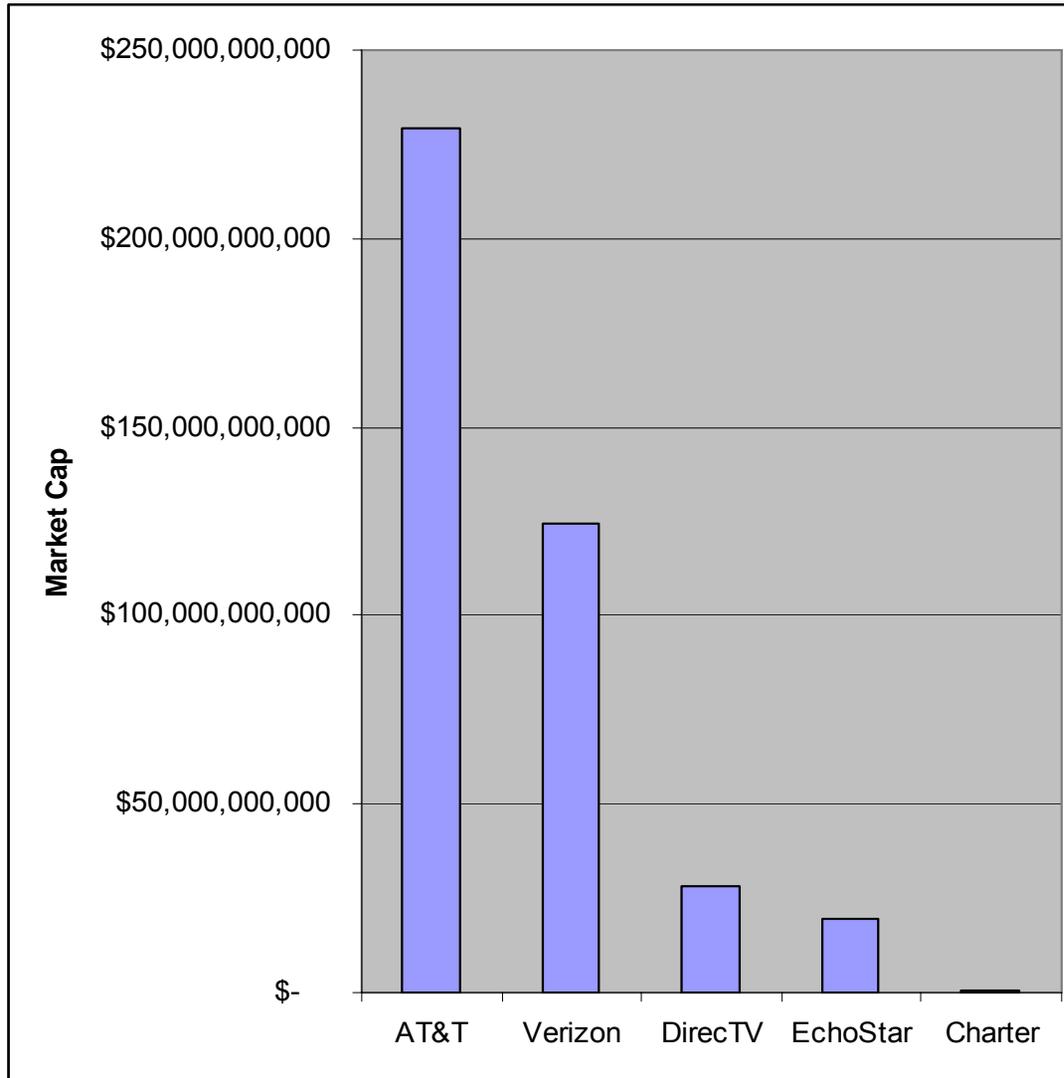


Relative 2007E Revenues (\$B)



AT&T has ~20x, and VZ has ~16x, Charter's Revenues

Relative Market Capitalizations



AT&T has 411x, and VZ has 230x, Charter's Market Cap.

And the Future Promises More Competition



RBOCs promising dramatic growth

- VRZN projects to reach 18M HHs, and have 3-4M FIOS customers (20-25% penetration) by 2010
- ATT on track to pass 8M HHs by 2008



Power Companies soon be offering “Broadband over-Powerline” video services



IPTV offering video over the internet; including majors (CBS’ *Audience Network*; NBC/Fox’s *Wulu*; ABC’s *Full Episode Player*; Disney’s *XD Theater*) and new entrants (e.g., NetFlix; Amazon; IP Prime; Joost; Veoh)



Mobile Delivery Platforms to cell phones and PDAs, such as Google’s latest platform proposal



Neither State nor Federal Regulations Constrain New Entrants

- Charter has obtained *thousands* of franchises since its inception – over 2,000 in one 18-month period alone
- Over 18 states, including the largest, have adopted state-wide franchising laws (6-7 considering similar laws in '08)
- In addition, the FCC has granted tremendous regulatory relief *uniquely to cable's competitors; e.g.*,
 - Sat Coms and most PCOs not subject to Rate Regulation, MDU Exclusivity Prohibition, Program Access or equal Must Carry Requirements
 - RBOCs given unique relief from Franchising Delays and Build-Out Requirements
 - VRZN granted *permanent* waiver of Set Top Box Integrated Security Ban for low-end boxes vs. Charter's 1 year waiver



Charter's Commercial Responses

- Competition is not new – the ILECs normally are 3rd or 4th competitor in a market – so overreaction to entry to be avoided
- Key competitive response is the **Charter Bundle™** – offers unmatched value to customer.
- But, in the normal course, we are also:
 - Offering Enhanced Products – e.g., more HD; 16 Mbps HSI (DOCSIS 3.0 may offer >100 Mbps; ≈ or >FIOS); Digital Home; Home Networks
 - Enabling Increased Bandwidth – e.g., rolling out switched digital
 - Increasing Distribution Channels – increased Internet and sales and service centers; WalMart agreement
 - Improving Customer Service – 2-hour services windows; same-day service appointments

Competition in the video industry is longstanding and robust, with two to four competitors in each local market.

Regulatory action in the past two to three years, under the guise of removing barriers to entry, has actually put the regulatory “thumb on the scale” in favor of huge new entrants that do not require further regulatory advantages.

Thank you.