

**BACK UP MATERIAL
TO**

SLIDE #56

**COMPETITIVE
EFFECTS
PRESENTATION**



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MYTH #5. "Everybody loves satellite."

The percentage of customers who disconnect their service each month is higher in DBS households than the comparable number for cable households⁴. These losses are especially telling considering that when satellite subscribers move, they generally can take their satellite dishes and service with them. This trend would suggest that some subscribers aren't as enamored with their service as the satellite hoopla suggests. Many returning Cox customers say they ditched their dishes because of the availability of Cox Digital Cable. They cite the fact that digital cable offers virtually the same number of channels at a comparable price, with the added benefit of receiving all local channels and hooking up standard cable service on additional TV sets for no extra charge. In addition, Cox customers who purchase multiple services, including Cox Digital Telephone and high-speed Internet access, can save even more money each month. [[Back to the myths](#)]

4 Source: Churn data reported by Cox Communications, DirecTV and Dish Network for first and second quarters 2001.

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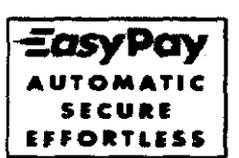
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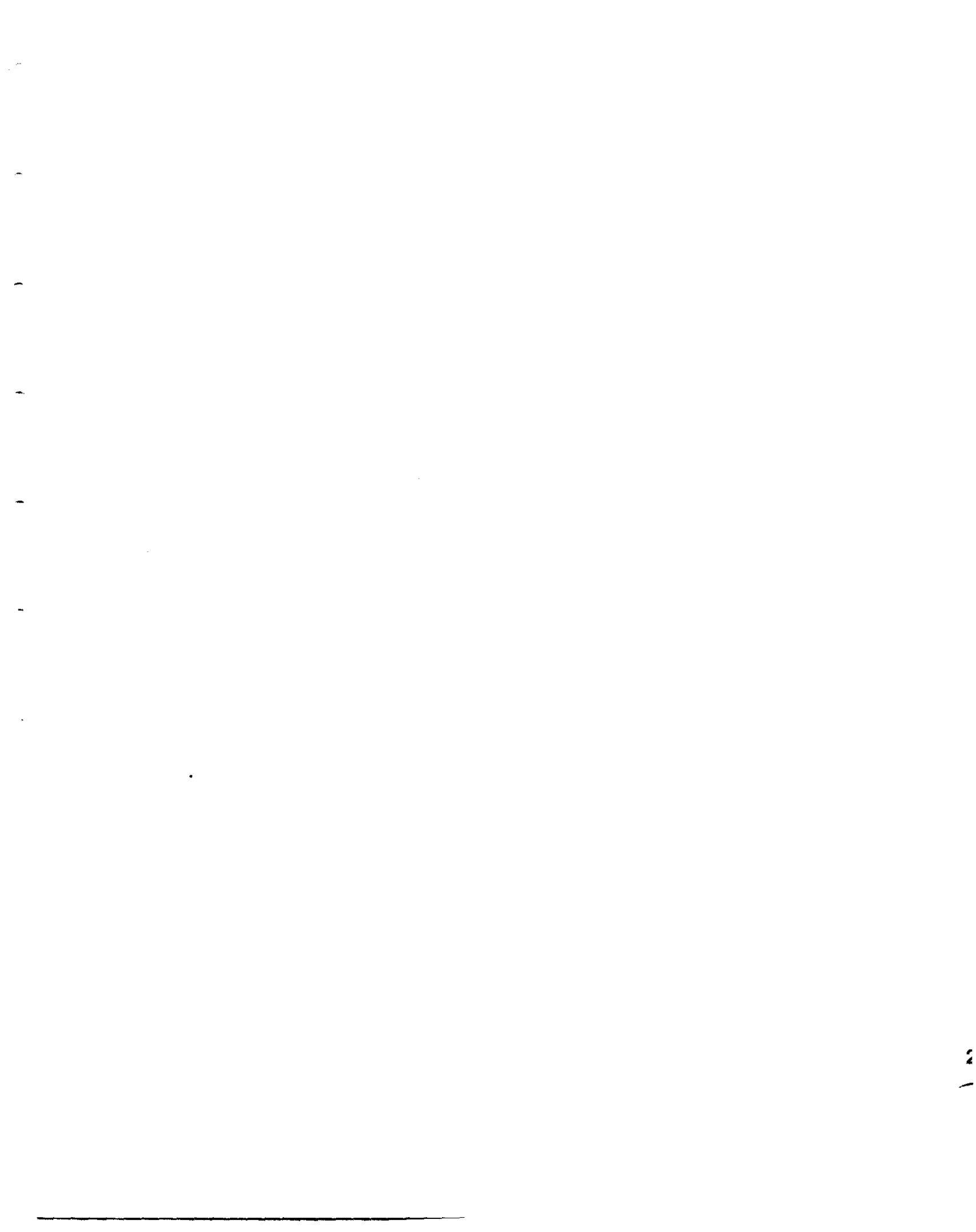
**BACK UP MATERIAL
TO**

SLIDE #58

**COMPETITIVE
EFFECTS
PRESENTATION**

CONFIDENTIAL
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HIGHLY CONFIDENTIAL
REDACTED -- FOR PUBLIC INSPECTION



**BACK UP MATERIAL
TO**

SLIDE #59

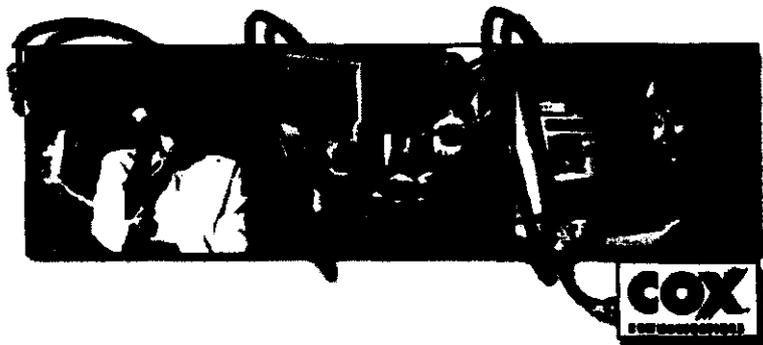
**COMPETITIVE
EFFECTS
PRESENTATION**



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FOR IMMEDIATE RELEASE NOVEMBER 26, 2001

COX COMMUNICATIONS ANNOUNCES ONE MILLION 'BUNDLED' CUSTOMERS

ATLANTA - Cox Communications, Inc. (NYSE: COX) announced today that 1 million Cox customers now subscribe to a "bundle" of multiple services. The company defines a bundle as two or more of its communications and entertainment services - cable TV, high-speed Internet and digital telephone - delivered to a single customer.

"We are thrilled to surpass this highly significant milestone for our bundled services," said Jim Robbins, President and CEO of Cox Communications. "Our success with delivering the bundle clearly demonstrates that customers want choice and convenience and they trust Cox to provide high-quality, reliable services. We take great pride in our ability to offer customers one-stop shopping for their communications and entertainment needs."

Cox first began offering multiple services in selected markets in 1997 and today more than 15% of customers company-wide subscribe to the bundle, an 80% increase over the last year. In Cox's Orange County and Omaha operations, where bundled products have been offered the longest, 40% of customers subscribe to the bundle. In those locations, approximately 1 in 10 take all three services from Cox, and over 50% of customers have multiple RGUs.

In markets where Cox Digital Telephone is available, 23% of customers buy a bundle. In the last 12 months, the number of customers subscribing to all three products has increased by 165%. In addition, digital penetration among these customers has grown from 48% in 2000 to 60% today.

"The best news is that customers who buy a bundle seem to be very satisfied customers," said Joe Rooney, Vice President of Marketing. "Churn among bundled customers is 33 to 50% less

than that of single product customers."

Earlier this year, Cox began offering even more choice to bundled customers in select markets. With Cox's *flexible statement*, customers who subscribe to more than one service have a choice of receiving single or multiple billing statements. Cox is the first major communications company to offer customers this kind of choice on a large-scale.

Cox Communications, a Fortune 500 company, serves approximately 6.2 million customers nationwide, making it the nation's fifth largest cable television company. A full-service provider of telecommunications products, Cox offers an array of services, including Cox Cable; local and long distance telephone services under the Cox Digital Telephone brand; high-speed Internet access under the brands Cox@Home, Road Runner and Cox Express; advanced digital video programming services under the Cox Digital Cable brand; and commercial voice and data services via Cox Business Services. Cox is an investor in telecommunications companies including Sprint PCS and Excite@Home, as well as programming networks including Discovery Channel and The Learning Channel. More information about Cox Communications can be accessed on the Internet at www.cox.com.

###

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FEBRUARY 14, 2001

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What percentage of businesses were cyber attacked in 2001?

a. 5% c. 30%

b. 15% d. 50%

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STREET WISE
By Jane Black

Why Cox Is Leading Cable's Comeback

Bundling video, Net, and phone service is grabbing new subscribers and helping it fend off satellite and phone companies

A few years back, most people thought the cable companies couldn't survive in the Digital Age. Best known for terrible customer service and high prices, they began losing ground in the late '90s to satellite competitors such as DirecTV and EchoStar, which delivered far more channels via digital video than cable could supply over its analog lines. Since 1999, the satellite companies have won four out of every five new video subscribers, according to the National Cable Television Assn. (NCTA).

But there are signs now that some cable companies are getting it together. With their networks newly upgraded for high-speed digital traffic, cable companies are beating out phone and satellite providers by offering consumers packages of services, including digital video, high-speed Internet access, and local-phone service.

At the forefront of the comeback is Atlanta-based Cox Communications (COX). The stock had a 17% runup in December as investors abandoned satellite companies because of fears they may be hitting the saturation point. But since then, Cox's share price has remained flat, hovering around \$45. With analysts' 12-month target prices ranging from \$43 to \$59, Cox is again becoming more attractive for long-term investors.

SOLID GROWTH. "Cox is one of the blue-chip names in the cable industry," says Jeffrey Wlodarczak, an analyst with investment firm CIBC World Markets. The nation's fifth-largest cable service, Cox has

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one of the country's most advanced networks, having spent \$2.2 billion on upgrades last year.

Cox also has a reputation as a successful marketer of new services. According to Wlodarczak, potential competitors -- including satellite providers and local-phone companies -- aren't nearly as aggressive in Cox's markets as they are elsewhere. Satellite penetration is 8% in Cox's service areas, vs. 14% to 15% in other cable companies' markets. Phone companies, too, seem reticent about rolling out new offerings in Cox territory. Both BellSouth and SBC are bailing out of earlier forays into video services.

Cox also saw its subscriber rates in new services grow steadily in 2000. In total, Cox won 910,000 new customers for Internet access, phone service, and digital video last year. These new services will be crucial to cable companies' future growth since the market for regular analog video is almost saturated. About 80% of U.S. homes that pay for TV service get it through cable. Cox conservatively estimates it can add 1.1 million or so more new customers in 2001, despite the economic slowdown.

MONEY IN THE BANK. But the biggest reason analysts are content with Cox is its impressive growth in operating cash flow (OCF) -- the cable industry's vital measure. Cox, which reported earnings last week, saw 10% pro forma OCF growth for 2001 and expects that figure to rise to 13% or 14% in 2001.

Cable companies are valued based on OCF growth rather than earnings per share because of the industry's high depreciation costs. Since 1996, the cable industry has spent \$42 billion to build out its networks, according to the NCTA. True, those depreciation charges reduce net income -- but because growth forecasts are strong for cable's new markets, OCF growth is the key. Cox expects to report OCF above and beyond its expenses -- free and clear money in the bank -- in 2003.

Almost as important is the general state of the cable industry. Today, cable companies not only have digital service in most of their markets but they can offer something satellites can't: high-speed two-way Internet access. Satellites are one-way transmitters, meaning they can send data to a consumer, who cannot send any back.

To offer high-speed Internet access, digital broadcast companies will need to launch a new generation of satellites that allow two-way communication. That's not likely to happen anytime soon. In the past year, high-profile satellite companies Iridium and ICO have gone under, and GlobalStar is flailing. "Investors have been burned, and pumping more money in is not without risks," says one industry source, who adds: "It will take a while for the satellite industry to launch new satellites and come up with a good product."

BULK SAVINGS. At the same time, Cox and other cable companies are the first to offer truly bundled services -- packages that allow customers to

buy more than one service from the same company. For example, you might get your video and high-speed Net access from your cable company instead of obtaining TV from one source and Internet access from another. The advantage is in the potential discounts. "Bundled services are great for customers because the more you buy, the more you save. It's the same reason you go to CostCo or Walmart: People love to get a deal," says Merrill Lynch analyst Stuart Rossmiller.

Bundled services are central to Cox's competitive strategy. Starting midyear, the company will offer "aggressive" discounts for customers who buy more than one service. Even without the price incentive, the concept of bundled services seems to be catching on. In 2000, Cox reported that the number of customers ordering more than one service doubled, up from 6% to 12%. In California's Orange County, one of Cox's key markets, 35% of customers subscribe to more than one Cox service. In Omaha, 30% take advantage of bundled services.

With the one pipe running into the home, Cox earns fees for Net access, video, even telephone -- instead of just traditional video. Bundled services also help reduce customer churn. "It's always easier to retain a customer than steal one because customer inertia is a powerful force," says Rossmiller. Although reliable statistics are lacking, Frank Loomans, Cox's vice-president for finance, says: "There is clear evidence that bundled services provide stickiness."

STATIC AHEAD? Still, the picture isn't all golden. While cable has been historically recession-proof -- the last thing consumers cut back on is TV watching -- the new services may not prove as stalwart. Cox management is being particularly cautious about tooting its own horn. Loomans says while the company has seen no slowdown in data services -- "the Internet is almost a necessity now" -- digital-cable services could be a weakness. "Digital is just more video, and a slowdown in at-home entertainment is pretty regular in a recession," he warns.

Analysts are more sanguine. True, the stock might see a slight drop for the first and second quarters if digital-cable numbers don't meet expectations. But the first quarter is traditionally slow in the cable business because, after the Christmas spending blowout, consumers are usually less keen to purchase new subscription services. Betting on a gain of 10% to 20% in Cox's stock over one year might not be a great return in boom times, but it's pretty respectable in a downturn.

With cable companies poised to be the first to deliver and cash in on bundled services, there's room for a lot more growth over the next 24 months to 36 months. As the economy falters, a solid stock like Cox's may be just what investors have in mind.

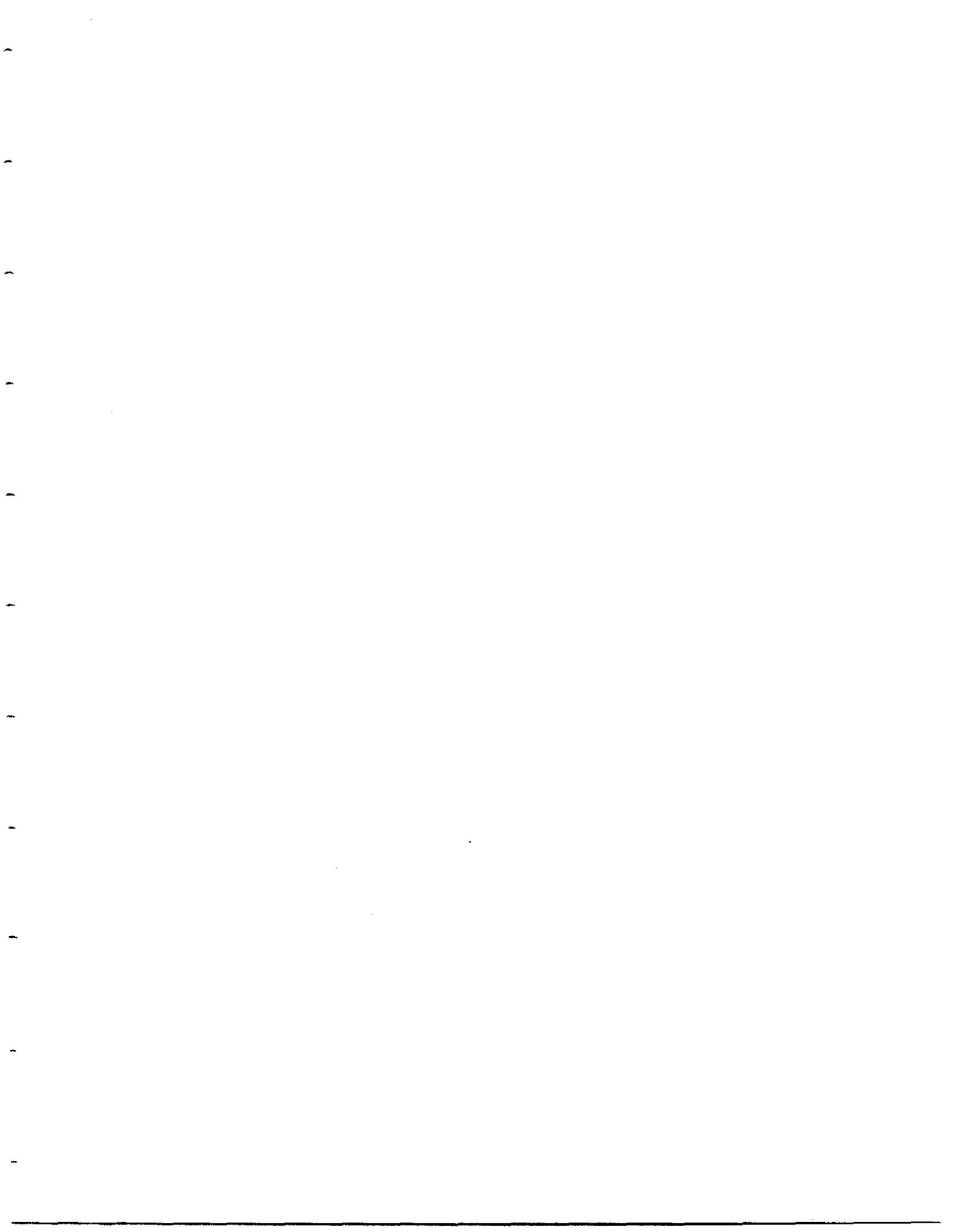
*Black writes about technology for BW Online in New York
Edited by Beth Belton*



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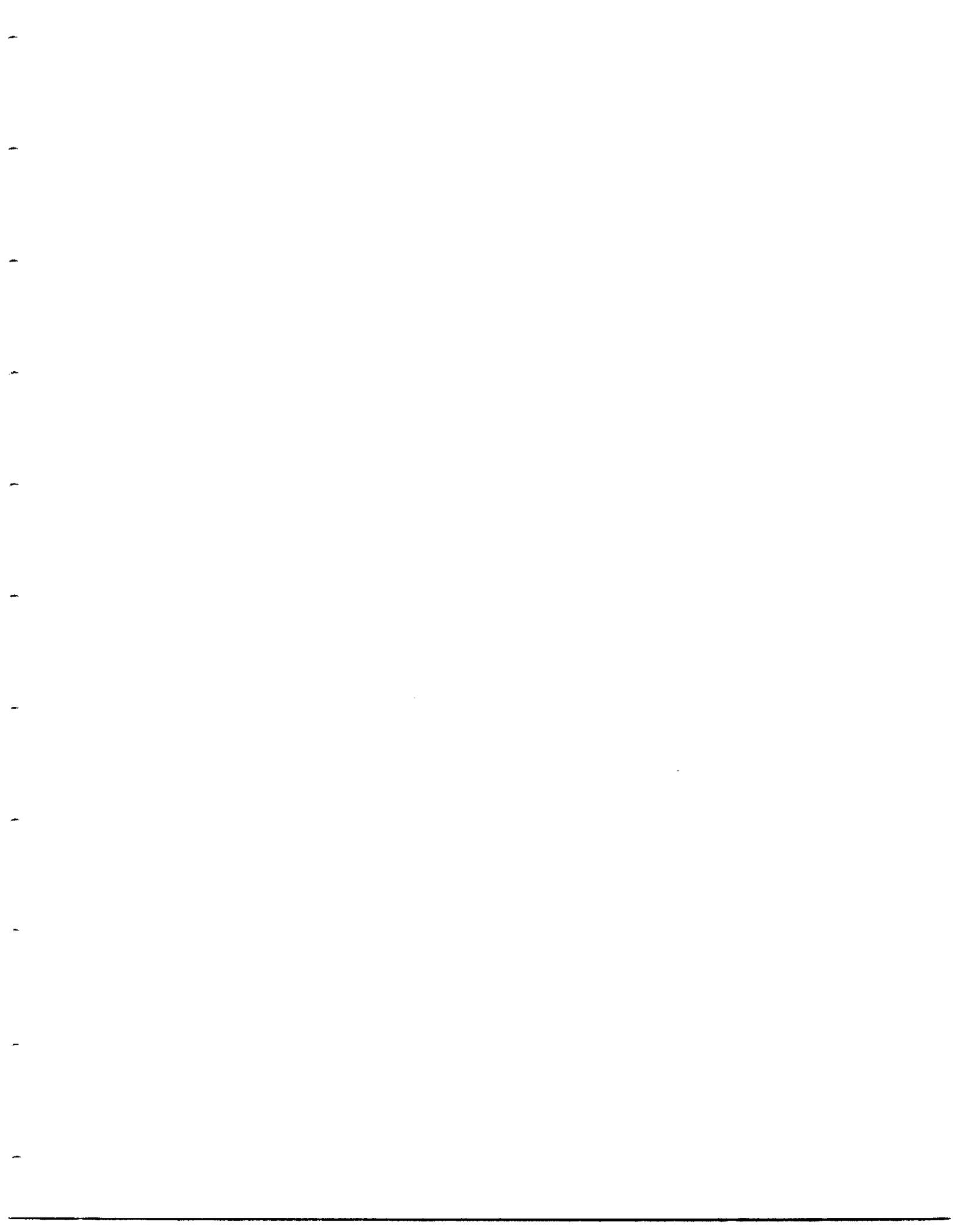


BACKUP MATERIAL
TO

SLIDE #65

COMPETITIVE
EFFECTS
PRESENTATION

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**BACKUP MATERIAL
TO**

SLIDE #67

**COMPETITIVE
EFFECTS
PRESENTATION**

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PER SLIDE #67

**ADDITIONAL
BACKGROUND**

**MATERIALS ARE BEING
PROVIDED ON ATTACHED
CD**



**BACKUP MATERIAL
TO**

SLIDE #68-69

**COMPETITIVE
EFFECTS
PRESENTATION**

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Cabled and Non-Cabled Housing Units DMA Comparisons

2000

	Housing Units		
	Non-Cabled	Cabled	Total
	Count		
	(a)	(b)	(c) (a)+(b)
Top 20 DMAs	1,050,185	48,697,424	49,747,609
Bottom 20 DMAs	73,875	862,759	936,634

Note: Counts limited only to observations for which complete ZIP Code and DMA information were available.
This analysis assumes that U.S. Census Bureau Zip Code Tabulation Areas (ZCTAs) are equivalent to U.S. Postal Service Zip Codes.

Sources: Nielsen Media Research data for zip codes by DMA, file titled "dmazip0102.xls" received January 18, 2002.
MediaPrints file titled "MediaPrints_Zipcode_03262002.csv" received on April 18, 2002.
U.S. Census Zip Code Tabulation Areas (ZCTAs) demographic data, file titled "ZCTA5.txt", downloaded from U.S. Census Bureau at www.census.gov on April 15, 2002.

**Cabled and Non-Cabled Housing Units
DMA Comparisons**

2000

	Housing Units		Total
	Non-Cabled	Cabled	
	Percent		
	(a)	(b)	(c) (a)+(b)
Top 20 DMAs	2.11 %	97.89 %	100.00 %
Bottom 20 DMAs	7.89	92.11	100.00

Note: Analysis limited only to observations for which complete ZIP Code and DMA information were available.
This analysis assumes that U.S. Census Bureau Zip Code Tabulation Areas (ZCTAs) are equivalent to U.S. Postal Service Zip Codes.

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**Cabled and Non-Cabled Housing Units
by DMA
2000**

DMA Rank	DMA Name	Housing Units		
		Non-Cabled	Cabled	Total
		(a)	(b) (Percent)	(c)
Top 20 DMAs				
1	NEW YORK	0.2 %	99.8 %	100.0 %
2	LOS ANGELES	1.7	98.3	100.0
3	CHICAGO	0.7	99.3	100.0
4	PHILADELPHIA	0.0	100.0	100.0
5	SAN FRANCISCO-OAK-SAN JOSE	0.7	99.3	100.0
6	BOSTON (MANCHESTER)	0.9	99.1	100.0
7	DALLAS-FT. WORTH	0.7	99.3	100.0
8	WASHINGTON, DC (HAGRSTWN)	4.8	95.2	100.0
9	ATLANTA	19.4	80.6	100.0
10	DETROIT	0.0	100.0	100.0
11	HOUSTON	2.0	98.0	100.0
12	SEATTLE-TACOMA	1.6	98.4	100.0
13	MINNEAPOLIS-ST. PAUL	3.8	96.2	100.0
14	TAMPA-ST. PETE (SARASOTA)	3.6	96.4	100.0
15	MIAMI-FT. LAUDERDALE	0.3	99.7	100.0
16	PHOENIX	4.1	95.9	100.0
17	CLEVELAND-AKRON (CANTON)	0.2	99.8	100.0
18	DENVER	3.1	96.9	100.0
19	SACRAMENTO-STOKTON-MODESTO	3.1	96.9	100.0
20	ORLANDO-DAYTONA BCH-MELBRN	0.1	99.9	100.0
Bottom 20 DMAs				
191	LIMA	0.8	99.2	100.0
192	CHARLOTTESVILLE	6.8	93.2	100.0
193	BUTTE-BOZEMAN	5.2	94.8	100.0
194	LAREDO	0.0	100.0	100.0
195	EUREKA	4.0	96.0	100.0
196	MANKATO	2.5	97.5	100.0
197	CHEYENNE-SCOTTSBLUF	1.3	98.7	100.0
198	OTTUMWA-KIRKSVILLE	18.6	81.4	100.0
199	SAN ANGELO	13.7	86.3	100.0
200	CASPER-RIVERTON	4.6	95.4	100.0
201	BEND, OR	19.7	80.3	100.0
202	ZANESVILLE	1.8	98.2	100.0
203	FAIRBANKS	19.1	80.9	100.0
204	VICTORIA	3.5	96.5	100.0
205	PRESQUE ISLE	7.4	92.6	100.0
206	JUNEAU	30.2	69.8	100.0
207	HELENA	4.7	95.3	100.0
208	ALPENA	3.9	96.1	100.0
209	NORTH PLATTE	8.3	91.7	100.0
210	GLEN DIVE	14.7	85.3	100.0

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Cabled and Non-Cabled Housing Units by DMA

2000

DMA Rank	DMA Name	Housing Units		
		Non-Cabled	Cabled (Count)	Total
		(a)	(b)	(c)
Top 20 DMAs				
1	NEW YORK	18,148	7,806,429	7,824,577
2	LOS ANGELES	96,552	5,464,295	5,560,847
3	CHICAGO	23,692	3,509,631	3,533,323
4	PHILADELPHIA	1,473	3,072,233	3,073,706
5	SAN FRANCISCO-OAK-SAN JOSE	17,557	2,496,431	2,513,988
6	BOSTON (MANCHESTER)	21,840	2,494,064	2,515,904
7	DALLAS-FT. WORTH	15,164	2,224,499	2,239,663
8	WASHINGTON, DC (HAGRSTWN)	106,501	2,135,010	2,241,511
9	ATLANTA	390,260	1,626,510	2,016,770
10	DETROIT	570	1,998,156	1,998,726
11	HOUSTON	38,245	1,887,409	1,925,654
12	SEATTLE-TACOMA	28,755	1,754,138	1,782,893
13	MINNEAPOLIS-ST. PAUL	64,594	1,627,409	1,692,003
14	TAMPA-ST. PETE (SARASOTA)	64,804	1,759,218	1,824,022
15	MIAMI-FT. LAUDERDALE	5,141	1,639,837	1,644,978
16	PHOENIX	67,149	1,584,597	1,651,746
17	CLEVELAND-AKRON (CANTON)	3,686	1,643,529	1,647,215
18	DENVER	44,527	1,408,033	1,452,560
19	SACRAMENTO-ST. JOHNS-MODESTO	40,239	1,277,758	1,317,997
20	ORLANDO-DAYTONA BCH-MELBRN	1,288	1,288,238	1,289,526
Bottom 20 DMAs				
191	LIMA	500	64,918	65,418
192	CHARLOTTESVILLE	4,170	57,288	61,458
193	BUTTE-BOZEMAN	3,519	63,729	67,248
194	LAREDO	0	60,857	60,857
195	EUREKA	2,663	63,926	66,589
196	MANKATO	1,558	61,264	62,822
197	CHEYENNE-SCOTTSDALE	742	55,623	56,365
198	OTTUMWA-KIRKSVILLE	11,013	48,046	59,059
199	SAN ANGELO	8,593	53,946	62,539
200	CASPER-RIVERTON	2,625	54,599	57,224
201	BEND, OR	10,689	43,438	54,127
202	ZANESVILLE	665	36,354	37,019
203	FAIRBANKS	8,927	37,742	46,669
204	VICTORIA	1,144	31,971	33,115
205	PRESQUE ISLE	2,801	34,866	37,667
206	JUNEAU	9,783	22,593	32,376
207	HELENA	1,292	26,363	27,655
208	ALPENA	1,023	24,978	26,001
209	NORTH PLATTE	1,450	16,081	17,531
210	GLENDIVE	718	4,177	4,895

Note: Counts limited only to observations for which complete ZIP Code and DMA information were available. This analysis assumes that U.S. Census Bureau Zip Code Tabulation Areas (ZCTAs) are equivalent to U.S. Postal Service Zip Codes.

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