# Second Quarter 2020 Results

July 31, 2020

Charter
COMMUNICATIONS

# Cautionary Statement Regarding Forward-Looking Statements

This quarterly presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act, regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions including, without limitation, the factors described under "Risk Factors" from time to time in our filings with the Securities and Exchange Commission (the "SEC"). Many of the forward-looking statements contained in this quarterly presentation may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated," "aim," "on track," "target," "opportunity," "tentative," "positioning," "designed," "create," "predict," "project," "initiatives," "seek," "would," "could," "continue," "ongoing," "upside," "increases," "focused on" and "potential," among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this quarterly presentation are set forth in this quarterly presentation, in our annual report on Form 10-K, and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- the impact of the COVID-19 pandemic on the economy, our customers, our vendors, local, state and federal governmental responses to the pandemic and our businesses generally;
- our ability to sustain and grow revenues and cash flow from operations by offering video, Internet, voice, mobile, advertising and other services to residential and commercial customers, to adequately meet the customer experience demands in our service areas and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition, the need for innovation and the related expenditures;
- the impact of competition from other market participants, including but not limited to incumbent telephone companies, direct broadcast satellite ("DBS") operators, wireless broadband and telephone providers, digital subscriber line ("DSL") providers, fiber to the home providers and providers of video content over broadband Internet connections;
- our ability to obtain programming at reasonable prices or to raise prices to offset, in whole or in part, the effects of higher programming costs (including retransmission consents);
- our ability to develop and deploy new products and technologies including mobile products and any other consumer services and service platforms;
- any events that disrupt our networks, information systems or properties and impair our operating activities or our reputation;
- the effects of governmental regulation on our business including costs, disruptions and possible limitations on operating flexibility related to, and our ability to comply with, regulatory conditions applicable to us as a result of the Time Warner Cable Inc. and Bright House Networks, LLC transactions;
- general business conditions, economic uncertainty or downturn, including the impacts of the COVID-19 pandemic to unemployment levels and the level of activity in the housing sector;
- the ability to retain and hire key personnel;
- the availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) free cash flow, or (iii) access to the capital or credit markets; and
- our ability to comply with all covenants in our indentures and credit facilities, any violation of which, if not cured in a timely manner, could trigger a default of our other obligations under cross-default provisions.

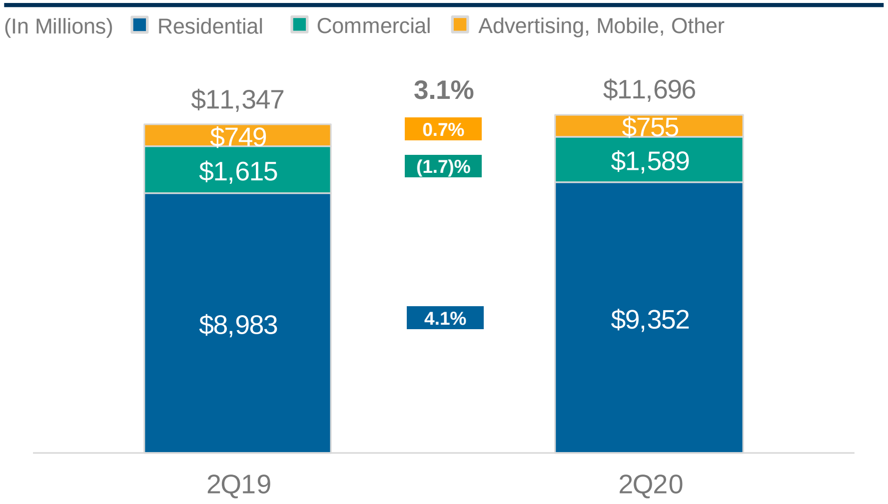
All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. We are under no duty or obligation to update any of the forward-looking statements after the date of this presentation.

# Thomas M. Rutledge

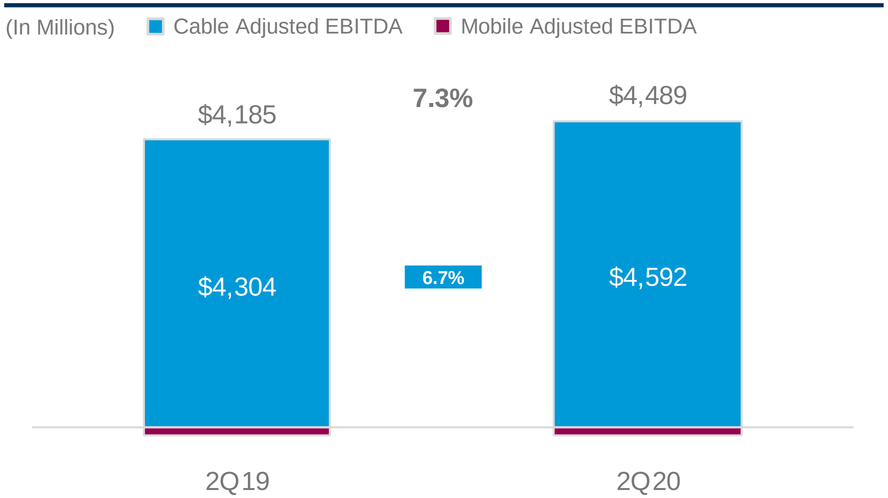
Chairman and CEO, Charter Communications

# Second Quarter Overview

## Revenue




## Adjusted EBITDA[1)]




## Operating and Financial Overview

- Total residential and SMB customer relationship[1), 2)] growth of 6.3% Y/Y, with net adds of 755k in 2Q20 vs. 203k in 2Q19
- Total residential and SMB Internet customers[2)] up 2.2M Y/Y, or 8.3%
- Total revenue growth of 3.1% Y/Y, and 3.2% Y/Y excluding mobile and advertising
    - Residential revenue growth of 4.1% Y/Y, despite one-time write-down related to the Keep Americans Connected Pledge
    - Commercial revenue declined 1.7% Y/Y driven by COVID-19 impacts and wholesale; growth of 0.6% excluding Navisite revenue in 2Q19
    - Advertising revenue declined 37.0% Y/Y driven by lower local and national sales due to the COVID-19 pandemic
    - Mobile revenue growth of 96.1% Y/Y
- Adjusted EBITDA[1)] growth of 7.3% Y/Y
- Cable Adjusted EBITDA[1)] growth of 6.7% Y/Y
- Net income attributable to Charter shareholders of $766M in 2Q20 vs. $314M in 2Q19

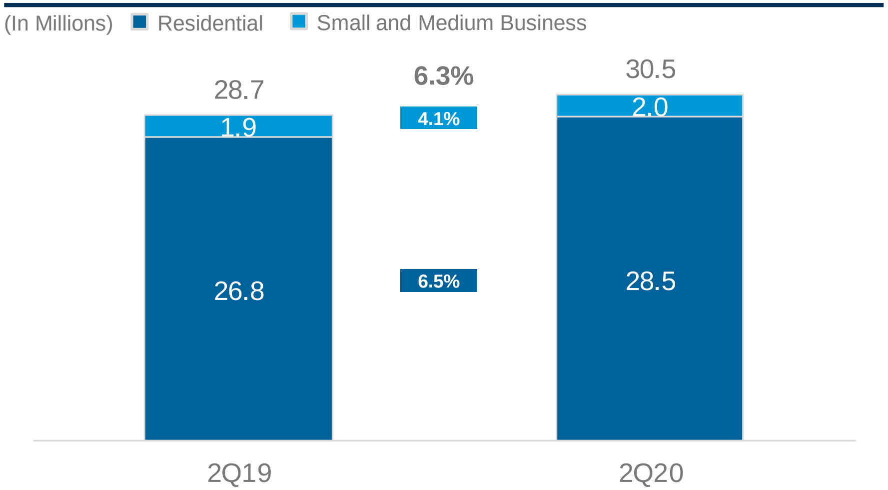
1) See notes on slide 19.
2) Results include the impact of COVID-19 related offers and programs launched by Charter in the first quarter of 2020. See slide 6 for additional information.

# Christopher L. Winfrey

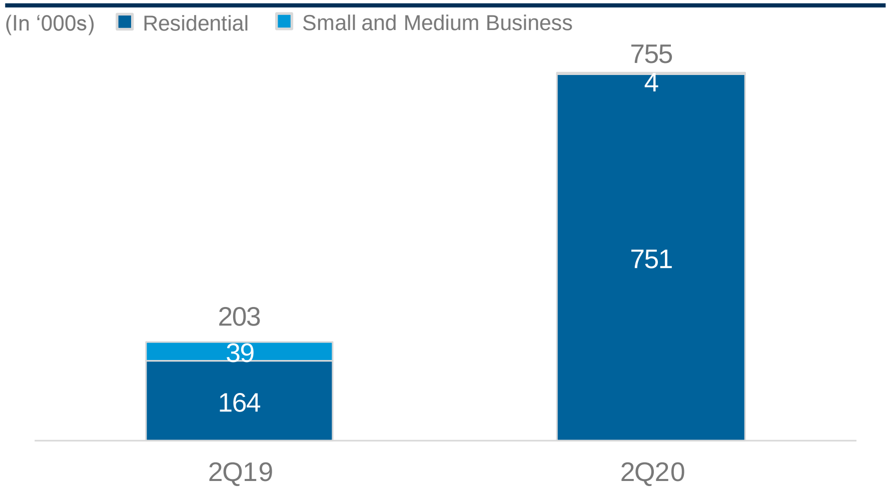
Chief Financial Officer, Charter Communications

# Residential and SMB Customers[1)]

## Customer Relationships[2)]




## Customer Net Additions[2)]




## Residential PSU Net Additions / (Losses)

(In '000s)

| | 2Q19 | 2Q20 | Y/Y Change |
|---|---|---|---|
| Internet | 221 | **842** | 621 |
| Video | (150) | **102** | 252 |
| Voice | (207) | **38** | 245 |
| Mobile Lines | 208 | **313** | 105 |

## SMB PSU Net Additions / (Losses)

(In '000s)

| | 2Q19 | 2Q20 | Y/Y Change |
|---|---|---|---|
| Internet | 37 | **8** | (29) |
| Video | 9 | **(8)** | (17) |
| Voice | 25 | **7** | (18) |
| Mobile Lines | n/a | **12** | n/a |

1) Results include the impact of COVID-19 related offers and programs launched by Charter in the first quarter of 2020. See slide 6 for additional information.
2) See notes on slide 19.

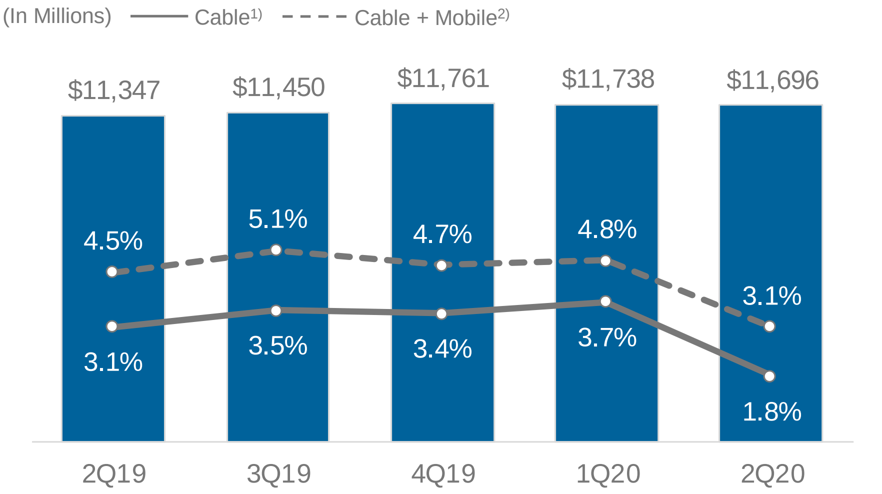
# Net Additions on COVID-19 Offers

| (In '000s) | Remote Education Offer[1)] | Keep Americans Connected[2)] | Small and Medium Business Seasonal Plan[3)] | Total |
|---|---|---|---|---|
| **Residential 2Q20 Net Adds** | | | | |
| Customer Relationships | 41 | 207 | n/a | 248 |
| Internet PSUs | 41 | 201 | n/a | 242 |
| Video PSUs | 12 [4)] | 147 | n/a | 159 |
| Voice PSUs | 12 [4)] | 90 | n/a | 102 |
| Mobile Lines | 7 [4)] | 8 | n/a | 15 |
| **SMB 2Q20 Net Adds** | | | | |
| Customer Relationships | n/a | 14 | 8 | 22 |
| Internet PSUs | n/a | 13 | 7 | 20 |
| Video PSUs | n/a | 6 | 11 | 17 |
| Voice PSUs | n/a | 11 | 5 | 16 |
| Mobile Lines | n/a | — | — | — |

1) The Remote Education Offer ("REO") represents residential customers receiving free Internet service by participating in Charter's free 60-day Internet offer available to households with K-12 and/or college students or educators who were not Spectrum Internet customers. This offer for new customers ended on June 30, 2020. These residential customers are generally eligible to purchase additional products and services (i.e. video, voice and mobile) at current promotional rates. Of the 448,000 Internet customers who were added as part of the REO through June 30, 2020 (of which 119,000 were added in March), 160,000 remained within their 60-day free period with 288,000 having rolled off the promotional period as of June 30, 2020. Nearly 90% of cumulative connects on the REO remained Internet customers as of July 27, 2020.
2) As part of our March 2020 pledge to the FCC which we extended through June 30, Keep Americans Connected ("KAC") represents customers who requested to not be disconnected from service due to COVID-19 related payment challenges and would have been disconnected under our normal collection policies during the pledge period. Approximately 600,000 residential customers and 100,000 SMB customers had requested protection from disconnection, of which at the peak of the program, 208,000 and 14,000, respectively, would have been disconnected under our normal collection policies. Approximately 30% of the KAC customer bills were current, and over 60% were making partial or full payments. In an effort to assist these COVID-19 impacted customers with overdue balances, Charter waived $76 million of residential, $6 million of SMB and $3 million of mobile receivables, each of which were recorded as a reduction to revenue in the second quarter. These customers no longer have an overdue balance and will be subject to Charter's standard collection practices going forward.
3) Represents small and medium businesses customers who have requested a reduced level of service and now pay a reduced price for their service due to temporary business closure or because these customers have reduced their service offering to their own customers.
4) Customers who are receiving free Internet Service as part of the REO who have subscribed to products in addition to Spectrum Internet (i.e., video, voice, mobile) during the 60-day Free Internet Offer. Billings are not deferred for these additional services.

# Revenue

## Revenue and Y/Y % Growth




## Quarterly Highlights

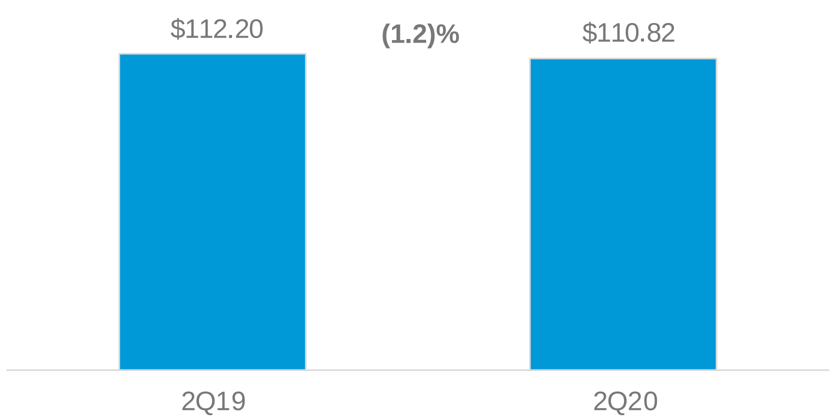
- Residential revenue growth of 4.1% Y/Y driven by residential customer growth of 6.5% Y/Y, partly offset by residential revenue per residential customer[3)] decline of 1.2% Y/Y
- Total commercial revenue declined 1.7%; growth of 0.6% when excluding Navisite revenue in 2Q19
  - SMB growth of 2.0%
  - Enterprise declined 7.1%; growth of 2.2% when excluding cell backhaul and Navisite
- Advertising revenue declined 37.0% Y/Y

## Revenue Split by Type

(In Millions)

| | 2Q19 | 2Q20 | Y/Y Change |
|---|---|---|---|
| Residential | $8,983 | $9,352 | 4.1% |
| Commercial | 1,615 | 1,589 | (1.7)% |
| Other | 196 | 196 | — |
| Cable excl. Adv. | $10,794 | $11,137 | 3.2% |
| Advertising | 395 | 249 | (37.0)% |
| Mobile | 158 | 310 | 96.1% |
| Total Revenue | $11,347 | $11,696 | 3.1% |

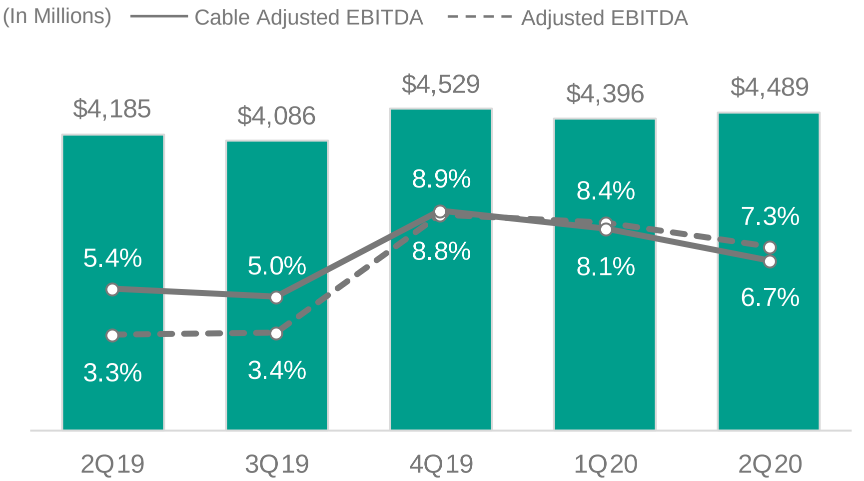
## Residential Revenue per Residential Customer[3)]



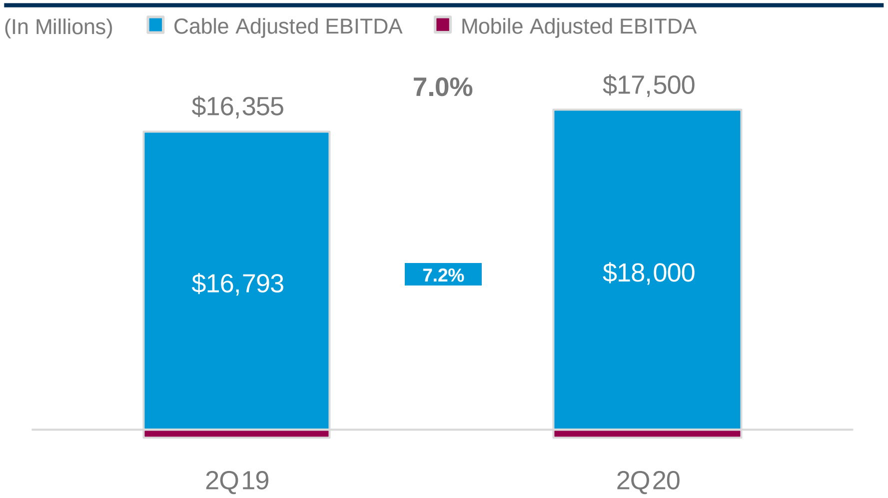

1) Represents total Y/Y % revenue growth excluding mobile revenue.
2) Represents total Y/Y % revenue growth including mobile revenue.
3) Residential Revenue per Residential Customer excludes mobile revenue and customers.

# Adjusted EBITDA[1)]

## Adjusted EBITDA[1)] and Y/Y % Growth




## LTM Adjusted EBITDA[1)]




## Quarterly Highlights

- Adjusted EBITDA[1)] grew 7.3% Y/Y
- Cable Adjusted EBITDA[1)] grew 6.7% Y/Y
  - Operating costs declined 1.3% Y/Y when excluding mobile
  - Programming costs increased 1.6% Y/Y reflecting contractual rate increases, partly offset by lower video customers and mix
  - Regulatory, connectivity and produced content declined 18.3% Y/Y, primarily driven by delayed sports rights costs associated with Dodgers and Lakers RSNs
  - Costs to service customers increased 4.6% Y/Y vs. 6.3% Y/Y increase in total customer relationships
  - Marketing expenses declined 6.3% Y/Y, primarily driven by better media placement rates and a one-time payroll tax credit
  - Other expenses declined 6.6% Y/Y due to lower advertising sales expense, enterprise costs from the sale of Navisite, employee travel expense and insurance costs

1) See notes on slide 19.

# 2Q20 COVID-19 Related Financial Impacts

| Impact | Favorable (Unfavorable) In millions | Comments |
|---|---|---|
| Residential | ($66) | ($76) Keep Americans Connected[1] ("KAC"), $10 pay-per-view |
| SMB | (17) | Seasonal plans for closed businesses, and KAC[1] |
| Enterprise | (18) | Customer credits for partially closed businesses (with contract extension) |
| Advertising Sales | (178) | COVID-19 impact based on cancelled bookings and mgmt. estimate |
| Mobile | (3) | KAC[1] revenue write-off |
| **Total Estimated Revenue Impact** | **($282)** | |
| | | |
| Reg., Connect. and Prod. Cont. | $125 | Delayed sports rights costs associated with Dodgers and Lakers RSNs |
| Costs to Service Customers – Labor | (44) | Wage rate increase and flex time, partially offset by lower medical costs and a one-time payroll tax credit |
| Costs to Service Customers – Bad Debt | 48 | KAC revenue write-off and stimulus plan benefit to regular collections |
| Marketing | 29 | Better media placement rates and a one-time payroll tax credit |
| Other Impacts | 42 | Lower ad sales expense and employee travel, partially offset by higher facilities costs and protective equipment related to COVID-19 |
| **Total Estimated Expense Impact** | **$200** | |
| | | |
| **Net Impact** | **($82)** | |

1) In an effort to assist COVID-19 impacted customers with overdue balances, Charter waived $76 million of residential, $6 million of SMB and $3 million of mobile receivables, each of which were recorded as a reduction to revenue in the second quarter. These customers no longer have an overdue balance and will be subject to Charter's standard collection practices going forward.

# Net Income

## Net Income

(In Millions, except per share data)

| | 2Q20 | 2Q19 | Y/Y Var. |
|---|---|---|---|
| Adjusted EBITDA[1)] | $ 4,489 | $ 4,185 | 304 |
| Depreciation and Amortization | 2,428 | 2,500 | (72) |
| Stock Compensation Expense | 90 | 82 | 8 |
| Other Operating Expenses, Net | 2 | 62 | (60) |
| **Income from Operations** | **1,969** | **1,541** | **428** |
| Interest Expense, Net | (957) | (945) | (12) |
| Loss on Extinguishment of Debt | (36) | — | (36) |
| Gain (Loss) on Financial Instr., Net | 64 | (119) | 183 |
| Other Pension Benefits, Net | 11 | 9 | 2 |
| Other Expense, Net | (9) | (16) | 7 |
| | (927) | (1,071) | 144 |
| **Income before Income Taxes** | **1,042** | **470** | **572** |
| Income Tax Expense | (166) | (84) | (82) |
| **Consolidated Net Income** | **876** | **386** | **490** |
| Less: Noncontrolling Interest | (110) | (72) | (38) |
| **Net Income Attributable to Charter Shareholders** | **$ 766** | **$ 314** | **$ 452** |
| **Earnings per Common Share Attr. to Charter Shareholders** | | | |
| Basic | $ 3.72 | $ 1.41 | $ 2.31 |
| Diluted | $ 3.63 | $ 1.39 | $ 2.24 |

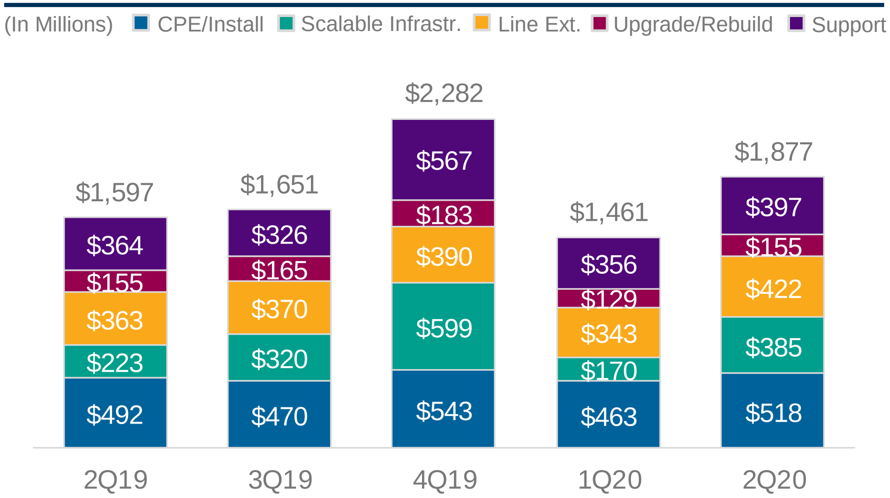
## Quarterly Highlights

- Depreciation and amortization $72M lower Y/Y
- Other operating expenses $60M lower Y/Y due to a non-cash impairment loss in the prior year period
- Change in gain (loss) on financial instruments, net represents fluctuations in the Great Britain Pound (“GBP”) principal debt and the FMV of the GBP swap
- Income tax expense $82M higher Y/Y primarily due to higher pretax income

1) See notes on slide 19.

# Capital Investment

## Capital Expenditures by NCTA Category




## Capital Expenditures

(In Millions)

| | | | LTM | |
|---|---|---|---|---|
| | 2Q19 | 2Q20 | 2Q19 | 2Q20 |
| Cable | $1,504 | $1,752 | $7,460 | $6,808 |
| Mobile | 93 | 125 | 353 | 463 |
| Total | $1,597 | $1,877 | $7,813 | $7,271 |
| *Of which: All-digital* | — | — | 70 | — |
| *Of which: Commercial* | 324 | 323 | 1,350 | 1,269 |

## Highlights

- 2Q20 capex of $1,877M comprised of $1,752M cable and $125M mobile
  - Y/Y increase in cable capex of $248M
  - $162M Y/Y increase in Scalable Infrastructure primarily due to core network enhancements and node splits to maintain excess network capacity with growing customers and traffic
  - $59M Y/Y increase in Line Extensions due to continued network expansion, including to rural areas
  - $26M Y/Y increase in CPE/Install primarily due to higher Internet CPE purchases related to Internet customer growth
  - Mobile capital of $125M for retail footprint upgrades and back office systems, most of which are included in support capital

# Free Cash Flow[1)]

## Free Cash Flow[1)]

(In Millions)

| | 2Q20 | 2Q19 | Y/Y Var. |
|---|---|---|---|
| Cable Adjusted EBITDA[1)] | $ 4,592 | $ 4,304 | $ 288 |
| Mobile Adjusted EBITDA[1)] | (103) | (119) | 16 |
| Cable Capex | (1,752) | (1,504) | (248) |
| Mobile Capex | (125) | (93) | (32) |
| Cash Paid for Interest, Net | (932) | (1,046) | 114 |
| Cash Taxes, Net | (29) | (38) | 9 |
| Cable Working Capital | 226 | (284) | 510 |
| Mobile Working Capital | (5) | (85) | 80 |
| Other | (6) | (23) | 17 |
| **Consolidated Free Cash Flow[1)]** | **1,866** | **1,112** | **754** |
| *Memo: Cable Free Cash Flow[1)]* | *2,099* | *1,409* | *690* |
| *Memo: Mobile Free Cash Flow[1)]* | *(233)* | *(297)* | *64* |
| Financing Activities | (2,632) | (1,875) | (757) |
| Other | (45) | 8 | (53) |
| **Change in Cash[2)]** | **$ (811)** | **$ (755)** | **$ (56)** |
| **Total Liquidity[3)]** | **$ 6,812** | **$ 4,755** | **$ 2,057** |
| **Leverage (LTM Adj. EBITDA)[1,4)]** | **4.32x** | **4.40x** | **-0.08x** |
| *Cable Leverage[1,4)]* | *4.20x* | *4.28x* | *-0.08x* |

1) See notes on slide 19.
2) Excludes impact of changes to restricted cash of negative $23M in 2Q20.
3) Includes revolver availability and unrestricted cash on hand.
4) Leverage is total principal amount of debt less cash and cash equivalents divided by LTM Adjusted EBITDA[1)] of $17,500M and $16,355M as of 6/30/20 and 6/30/19, respectively. Cable leverage is total principal amount of debt less cash and cash equivalents divided by LTM cable Adjusted EBITDA[1)] of $18,000M and $16,793M as of 6/30/20 and 6/30/19, respectively. The leverage calculations do not reflect the leverage calculations pursuant to Charter's indentures or credit agreements.

## Quarterly Highlights

### Free Cash Flow[1)]

- Consolidated Free Cash Flow[1)] ("FCF") of $1.9B
- Cable FCF[1)] of $2.1B, $0.7B higher Y/Y

### Financing Activities and Leverage

- Repayments of long-term debt exceeding borrowings by $1.3B
- Payment of $37.5M preferred dividend to A/N
- $1.2B of common share and unit repurchases
- Remain within target total leverage range of 4-4.5x

| **Buyback Summary** | **2Q20** | **Since Sep 2016** |
|---|---|---|
| Common Shares Repurchased (M) | 2.0 | 75.7 |
| x Avg. Price | $506.21 | $358.81 |
| = Total Common Shares Repurchased ($B) | $1.0 | $27.2 |
| A/N Common Units Repurchased (M) | 0.3 | 11.0 |
| x Avg. Price | $445.15 | $357.52 |
| = A/N Common Units Repurchased ($B) | $0.1 | $3.9 |
| Total Common Shares & Units Repurchased (M)[5)] | 2.3 | 86.8 |
| % of FDSO Repurchased[6)] | 0.7% | 27.6% |
| Total Common Share & Units Repurchased ($B) | $1.2 | $31.1 |

5) Excludes 436,574 shares withheld from employees for the payment of taxes and exercise costs upon the exercise of stock options or vesting of other equity awards during 2Q20, and 2,704,690 since Sep. 2016.
6) Represents % of fully diluted shares outstanding (FDSO), as-exchanged, as-converted, as of 6/30/16.

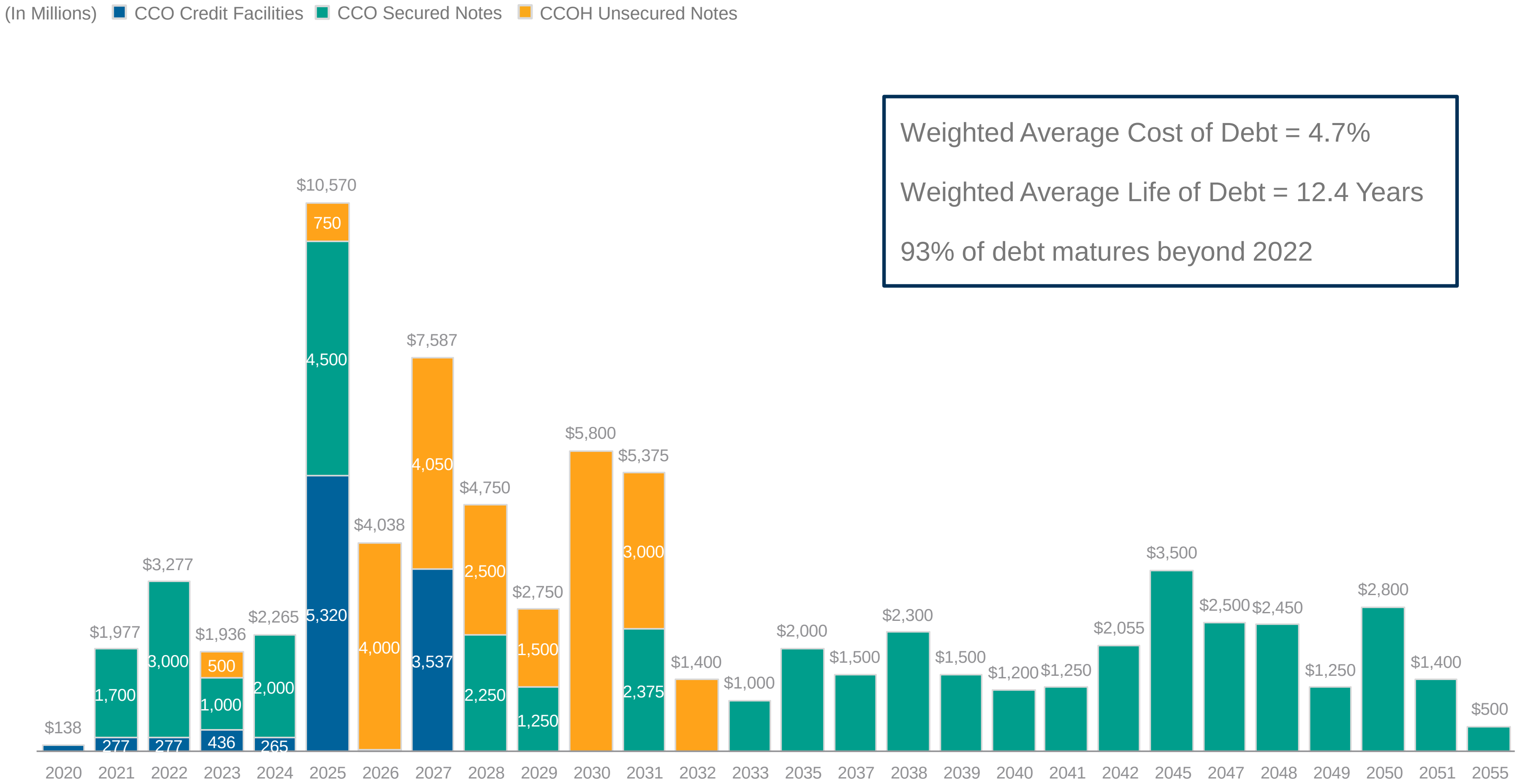
# Capital Structure Summary

| As of Jun 30, 2020 ($ In Millions, unless otherwise noted) | Issue | Type | Rates[1] / Shares | Issuer Amount[2] | Aggregate Debt[3] | Leverage Ratio[4] |
|---|---|---|---|---|---|---|
| | | | | Equity (Mkt Cap) | | |
| **Charter Communications, Inc. (CCI)** | • Shares Outstanding (S/O)<br>• S/O + As-Converted and As-Exchanged CCH Units | Equity | • 205M<br>• 231M[5] | • $105B<br>• $118B | | |
| **Charter Communications Holdings, LLC (CCH) Partnership** | A/N Preferred CCH Units | Convertible Preferred | 6.0% | $2,500 | | |
| **CCO Holdings, LLC (CCOH)** | Sr. Notes due 2023-2032 | High Yield | 4.000 - 5.875% | $22,200 | $77,768 | 4.32x |
| **Charter Communications Operating, LLC (CCO)** | Sr. Sec. Notes due 2021-2055 | Investment Grade | 2.337 - 8.375% | $45,280 | | |
| | 1st Lien Bank due 2023-2027 | Loans / Revolver | L + 1.25-1.75% | $10,288 | | |
| | Total CCO | | | $55,568 | $55,568 | 3.06x |
| **Operating Subsidiaries** | | | | | | |

1) Interest rates are stated bank interest rates or bond coupon rates.
2) Issuer amount includes principal value of debt and current equity market capitalization of shares outstanding based on a closing share price of $510.04 on 6/30/20. Equity market capitalization, on an as-converted as-exchanged basis, includes the estimated market value of A/N common CCH units and the market value of A/N convertible preferred CCH units with a face value of $2,500M.
3) Aggregate debt is total principal amount of debt, excluding intercompany loans and $778M of guarantees, letters of credit and finance leases.
4) Leverage equals aggregate debt less cash and cash equivalents divided by LTM Adjusted EBITDA[6] of $17,500M. The leverage calculations do not reflect the leverage calculations pursuant to Charter's indentures or credit agreements.
5) Assumes exchange and conversion of Advance/Newhouse (A/N) common and preferred CCH units into Charter stock.
6) See notes on slide 19.

# Debt Maturity Profile

## As of June 30, 2020; Pro-Forma[1)] for Recent Transactions




Weighted Average Cost of Debt = 4.7%

Weighted Average Life of Debt = 12.4 Years

93% of debt matures beyond 2022

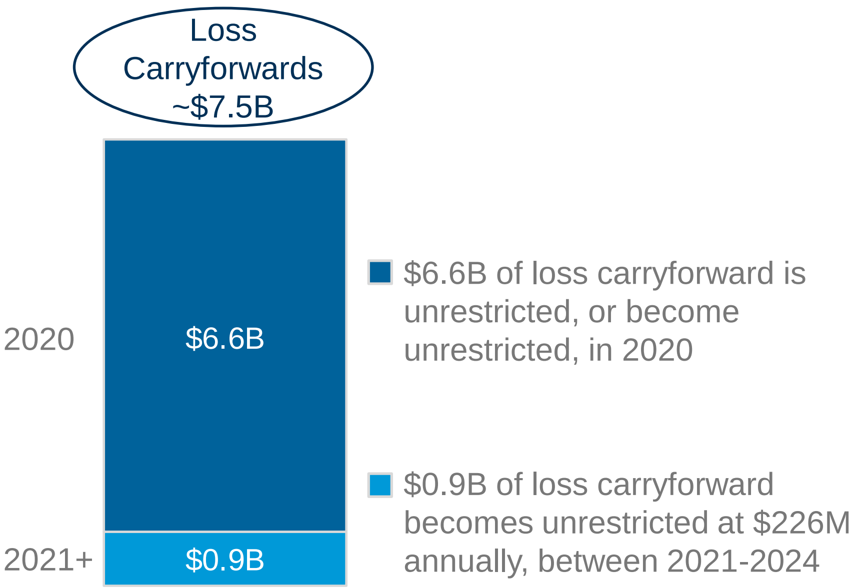
1) Pro forma for the July 2020 issuance of $3.0B 4.25% CCOH notes due 2031 and call of $1.7B 5.875% CCOH notes due 2024. Maturity towers include scheduled amortization for term loans.

# Significant Tax Assets Support Cash Flow Growth

## Tax Assets as of December 31, 2019

- $7.5B of loss carryforwards shield cash taxes
- Charter does not expect to become a meaningful federal cash tax payer until 2022, with some modest federal cash tax payments beginning in late 2021
- Tax receivable agreement with A/N drives meaningful value for Charter shareholders via basis step-up at point of conversion and/or exchange of partnership units

## Estimated Loss Carryforward Availability[1)]




## Valuable Tax Receivables Agreement with A/N

- Charter will receive additional tax basis step-up upon any future A/N conversion and/or exchange of its partnership units into Charter stock
- Charter retains 50% of the cash tax savings value associated with the tax basis step-up received, if and when A/N converts and/or exchanges partnership units for shares in Charter
- A/N receives 50% of the net cash tax savings value associated with the tax basis step-up received by Charter, on a with and without FIFO basis, when the step-up benefits are used by Charter

1) Current availability estimates subject to change.

# Integrated Operating, Balance Sheet and Capital Allocation Strategy

**Unique asset with superior network infrastructure and long runway for growth**

- High-capacity two-way network delivering superior connectivity and data-rich wireline and wireless products, with large opportunity for residential and commercial customer growth
- Only scaled, publicly-traded pure-play cable operator in US
- Not reliant on M&A for success

**Execution of our customer-focused operating and long-term cash flow growth strategy**

- Extend industry-leading customer and revenue growth to large set of underpenetrated assets
- Realize operational cost efficiencies by improving products and service, and reducing transactions
- Additional operating and capital efficiency from larger base of customers on fixed network

**Cable offers best connectivity on growing set of services**

- Internet penetration low relative to current and future wireline/wireless capabilities of fully deployed network
- Traditional video market in transition, but transition manageable even as video units decline
- Competitive bundled video offering remains central to long-term connectivity strategy
- Large opportunity to use existing wireless infrastructure with attractive MVNO and capital-light entry into mobile to drive growth of core cable business and future option value

**Operating, balance sheet and capital allocation strategy generates significant FCF potential**

- High growth cable company with declining cable capital intensity
- Charter does not expect to become a meaningful federal cash tax payer until 2022, driving Adjusted EBITDA to free cash flow conversion
- Together with prudent leverage, innovative capital structure, and ROI-based capital allocation, drives levered equity returns

# Investor Inquiries:

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# Appendix

# Use of Non-GAAP Financial Metrics and Additional Information

We use certain measures that are not defined by U.S. generally accepted accounting principles ("GAAP") to evaluate various aspects of our business. Adjusted EBITDA and free cash flow are non-GAAP financial measures and should be considered in addition to, not as a substitute for, net income attributable to Charter shareholders and net cash flows from operating activities reported in accordance with GAAP. These terms, as defined by us, may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and free cash flow are reconciled to net income attributable to Charter shareholders and net cash flows from operating activities, respectively, in the appendix of this presentation.

Adjusted EBITDA is defined as net income attributable to Charter shareholders plus net income attributable to noncontrolling interest, net interest expense, income taxes, depreciation and amortization, stock compensation expense, loss on extinguishment of debt, (gain) loss on financial instruments, net, other pension (benefits) costs, net, other (income) expense, net and other operating (income) expenses, such as special charges and (gain) loss on sale or retirement of assets. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses as well as other non-cash or special items, and is unaffected by our capital structure or investment activities. However, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and our cash cost of financing. These costs are evaluated through other financial measures.

Free cash flow is defined as net cash flows from operating activities, less capital expenditures and changes in accrued expenses related to capital expenditures.

Management and Charter's board of directors use Adjusted EBITDA and free cash flow to assess Charter's performance and its ability to service its debt, fund operations and make additional investments with internally generated funds. In addition, Adjusted EBITDA generally correlates to the leverage ratio calculation under our credit facilities or outstanding notes to determine compliance with the covenants contained in the facilities and notes (all such documents have been previously filed with the Securities and Exchange Commission (the "SEC")). For the purpose of calculating compliance with leverage covenants, we use Adjusted EBITDA, as presented, excluding certain expenses paid by our operating subsidiaries to other Charter entities. Our debt covenants refer to these expenses as management fees, which were $308 million and $619 million for the three and six months ended June 30, 2020, respectively, and $299 million and $599 million for the three and six months ended June 30, 2019, respectively.

Cable Adjusted EBITDA is defined as Adjusted EBITDA less mobile revenues plus mobile operating costs and expenses. Mobile Adjusted EBITDA is defined as mobile revenue less mobile costs and expenses. Cable free cash flow is defined as free cash flow plus mobile net cash outflows from operating activities and mobile capital expenditures. Mobile free cash flow is defined as mobile net cash outflows from operating activities plus mobile capital expenditures. Management and Charter's board of directors use cable Adjusted EBITDA, mobile Adjusted EBITDA, cable free cash flow and mobile free cash flow to provide management and investors a more meaningful year-over-year perspective on the financial and operational performance and trends of our core cable business without the impact of the revenue, costs and capital expenditures in the initial funding period to grow a new product line as well as the negative working capital impacts from the timing of device-related cash flows when we provide the handset or tablet to customers pursuant to equipment installment plans.

For a reconciliation of Adjusted EBITDA, cable Adjusted EBITDA, mobile Adjusted EBITDA, free cash flow, cable free cash flow and mobile free cash flow to the most directly comparable GAAP financial measure, see slides 20, 21 and 22.

Customer relationships include the number of customers that receive one or more levels of service, encompassing video, Internet and voice services, without regard to which service(s) such customers receive. Customers who reside in residential multiple dwelling units ("MDUs") and that are billed under bulk contracts are counted based on the number of billed units within each bulk MDU. Total customer relationships exclude enterprise customer relationships and mobile-only customer relationships.

# GAAP Reconciliations

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**
**UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES**
**(DOLLARS IN MILLIONS)**

| | Three Months Ended June 30, 2020 | Three Months Ended June 30, 2019 |
|---|---|---|
| Net income attributable to Charter shareholders | $ 766 | $ 314 |
| Plus: Net income attributable to noncontrolling interest | 110 | 72 |
| Interest expense, net | 957 | 945 |
| Income tax expense | 166 | 84 |
| Depreciation and amortization | 2,428 | 2,500 |
| Stock compensation expense | 90 | 82 |
| Loss on extinguishment of debt | 36 | — |
| (Gain) loss on financial instruments, net | (64) | 119 |
| Other pension benefits, net | (11) | (9) |
| Other, net | 11 | 78 |
| Adjusted EBITDA [1)] | 4,489 | 4,185 |
| Less: Mobile revenue [1), 2)] | (310) | (158) |
| Plus: Mobile costs and expenses [1), 2)] | 413 | 277 |
| Cable Adjusted EBITDA [1)] | $ 4,592 | $ 4,304 |
| | | |
| Net cash flows from operating activities | $ 3,529 | $ 2,761 |
| Less: Purchases of property, plant and equipment | (1,877) | (1,597) |
| Change in accrued expenses related to capital expenditures | 214 | (52) |
| Free cash flow [1)] | 1,866 | 1,112 |
| Plus: Mobile net cash outflows from operating activities [1), 3)] | 108 | 204 |
| Plus: Purchases of mobile property, plant and equipment [1), 3)] | 125 | 93 |
| Cable free cash flow [1)] | $ 2,099 | $ 1,409 |

The above schedule is presented in order to reconcile Adjusted EBITDA, cable Adjusted EBITDA, mobile Adjusted EBITDA, free cash flow, cable free cash flow and mobile free cash flow, non-GAAP measures, to the most directly comparable GAAP measures in accordance with Section 401(b) of the Sarbanes-Oxley Act.

1) See notes on slide 19.
2) Mobile Adjusted EBITDA is calculated as mobile revenue less mobile costs and expenses, and totaled negative $103 million and negative $119 million, for the three months ended June 30, 2020 and 2019, respectively.
3) Mobile free cash flow is calculated as mobile net cash outflows from operating activities plus mobile capital expenditures, and totaled negative $233 million and negative $297 million for the three months ended June 30, 2020 and 2019, respectively.

# GAAP Reconciliations

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES
(DOLLARS IN MILLIONS)

| | Three Months Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2020 | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
| Net income attributable to Charter shareholders | $ 766 | $ 396 | $ 714 | $ 387 | $ 314 |
| Plus: Net income attributable to noncontrolling interest | 110 | 71 | 108 | 80 | 72 |
| Interest expense, net | 957 | 980 | 964 | 963 | 945 |
| Income tax expense | 166 | 29 | 110 | 126 | 84 |
| Depreciation and amortization | 2,428 | 2,497 | 2,461 | 2,415 | 2,500 |
| Stock compensation expense | 90 | 90 | 77 | 71 | 82 |
| Loss on extinguishment of debt | 36 | 27 | 25 | — | — |
| (Gain) loss on financial instruments, net | (64) | 318 | (62) | 34 | 119 |
| Other pension (benefits) costs, net | (11) | (10) | 96 | (9) | (9) |
| Other, net | 11 | (2) | 36 | 19 | 78 |
| Adjusted EBITDA [1)] | 4,489 | 4,396 | 4,529 | 4,086 | 4,185 |
| Less: Mobile revenue [1)] | (310) | (258) | (236) | (192) | (158) |
| Plus: Mobile costs and expenses [1)] | 413 | 374 | 372 | 337 | 277 |
| Cable Adjusted EBITDA [1)] | $ 4,592 | $ 4,512 | $ 4,665 | $ 4,231 | $ 4,304 |

The above schedule is presented in order to reconcile Adjusted EBITDA, cable Adjusted EBITDA and mobile Adjusted EBITDA, non-GAAP measures, to the most directly comparable GAAP measures in accordance with Section 401(b) of the Sarbanes-Oxley Act.

1) See notes on slide 19.

# GAAP Reconciliations

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**
**UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES**
**(DOLLARS IN MILLIONS)**

| | Last Twelve Months Ended June 30, 2020 | Last Twelve Months Ended June 30, 2019 |
|---|---|---|
| Net income attributable to Charter shareholders | $ 2,263 | $ 1,356 |
| Plus: Net income attributable to noncontrolling interest | 369 | 291 |
| Interest expense, net | 3,864 | 3,681 |
| Income tax expense | 431 | 314 |
| Depreciation and amortization | 9,801 | 10,066 |
| Stock compensation expense | 328 | 310 |
| Loss on extinguishment of debt | 88 | — |
| Loss on financial instruments, net | 226 | 180 |
| Other pension (benefits) costs, net | 66 | (170) |
| Other, net | 64 | 327 |
| Adjusted EBITDA [1)] | 17,500 | 16,355 |
| Less: Mobile revenue [1)] | (996) | (404) |
| Plus: Mobile costs and expenses [1)] | 1,496 | 842 |
| Cable Adjusted EBITDA [1)] | $ 18,000 | $ 16,793 |

The above schedule is presented in order to reconcile Adjusted EBITDA, cable Adjusted EBITDA and mobile Adjusted EBITDA, non-GAAP measures, to the most directly comparable GAAP measures in accordance with Section 401(b) of the Sarbanes-Oxley Act.

1) See notes on slide 19.

# Shares

## Shares Outstanding as of June 30, 2020

| | |
|---|---|
| Class A Common Shares | 204,893,184 |
| Class B Common Shares[1)] | 1 |
| Restricted Stock[2)] | 5,992 |
| **Total Outstanding Common Shares** | 204,899,177 |
| | |
| As-converted, as-exchanged Charter Holdings Partnership Units[3)] | 26,184,099 |
| **Total Shares (as-converted/as-exchanged)** | 231,083,276 |
| | |
| **Fully Diluted Shares (as-converted/as-exchanged)**[4), 5)] | 236,210,356 |

Note: Charter's financial statements only include partnership units, restricted stock units and options, in diluted weighted average common shares outstanding when such inclusion is dilutive to earnings per common share attributable to Charter shareholders.

1) Class B Common is a special class of stock solely owned by Advance/Newhouse and provides it with governance rights at Charter, reflecting Advance/Newhouse's ownership in the Charter Holdings Partnership.
2) Unvested restricted stock has voting rights and is therefore included in total issued and outstanding shares. Vesting occurs depending upon the terms of each award agreement.
3) Includes 16,850,599 of Advance/Newhouse as-exchanged common partnership units in Charter Holdings, and 9,333,500 of Advance/Newhouse as-converted, as-exchanged preferred partnership units in Charter Holdings.
4) Includes 899,426 restricted stock units based on the treasury stock method, and which vest over various periods of time depending upon the terms of each award agreement. As of June 30, 2020, there were an additional 179,953 performance-based restricted stock units which contain price vesting hurdles, in addition to time vesting requirements, included in fully diluted shares based on the treasury stock method, as their price vesting thresholds would have been met as of June 30, 2020. As of June 30, 2020, there were 156,400 performance-based restricted stock units which contain price vesting hurdles, in addition to time vesting requirements, which are excluded for dilution purposes as they had not met their respective price vesting thresholds as of June 30, 2020.
5) Includes 2,242,326 outstanding options based on the treasury stock method, with various time vesting requirements. As of June 30, 2020, there were an additional 1,805,375 performance-based options which contain price vesting hurdles, in addition to time vesting requirements, included in fully diluted shares based on the treasury stock method, as their price vesting thresholds would have been met as of June 30, 2020. An additional 813,233 performance-based options are excluded for dilution purposes as they had not met their respective price vesting thresholds as of June 30, 2020.