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Charter Communications Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Michael Pace – JP Morgan.

Michael Pace – JP Morgan

A question on the competitive landscape, I guess one of your peers on a conference call recently said that AT&T is I think they used a more formable competitor language and I guess could you comment on in putting that in context between their competitiveness from their service offerings or footprint expansion?

The second, I think for Neil or maybe for Mike, I think you have said in the past that you actually see an acceleration of unit growth or even telephony addition growth as you increase any more highly penetrated markets for telephone penetration. Can you comment on what's going on specifically in those markets?

Neil Smit

I will take the first part of the question, Michael, and then I'll turn it over to Mike for the second. I think there are two ways to look at the competition. One is foot print and the second is in marketing tactics and product related. From a footprint prospective, as we've mentioned before, AT&T has a 64% overlap and Verizon has a 20% overlap with us. In total the video overbuilds represent 9 to 11% of our footprint.

The Q2 market launches for AT&T we saw were in Michigan, Wisconsin and what we call the central states which is primarily Missouri. Competitors continue to increase ad spend but we saw that occur at a lower rate than '07, and we really haven't seen a change in competitive activity or impact from AT&T.

We believe our bundled service offerings provide us the flexibility to respond to various market conditions and offers and I think, as I mentioned in the call, the tools and infrastructure we have in place let us respond quickly to these market conditions and compete effectively. So, I think if anything from AT&T there's a greater footprint overlap for us, but in terms of product and our ability to compete we haven't seen a real change.

Mike Lovett

Michael, regarding the markets we've talked about markets where we're in the 20 to 25% penetration rate and those are the markets where we're seeing dominant share of new connects. So we feel

that has probably the most to do with awareness in the market. There's good buzz in the market and we've been in the market for an extended period of time, and as we drive deeper penetration that seems to be the shift that we see a dominant take of new connects.

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