**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Joint Application of Charter Communications, Inc., Charter Communications Holdings, LLC, and Cox Enterprises, Inc. for Approval Pursuant to Public Utilities Code Section 854 of the Indirect Transfer of Control of Cox California Telcom, LLC (U-5684-C)	Application 25-07-016

OPENING TESTIMONY OF JEFFREY B. MURPHY

SENIOR VICE PRESIDENT, CORPORATE FINANCE AND DEVELOPMENT

CHARTER COMMUNICATIONS, INC.

ON BEHALF OF JOINT APPLICANTS

January 30, 2026

[PUBLIC VERSION]

SUBJECT INDEX

I. INTRODUCTION

Q: Please state your name, occupation, and business address.

My name is Jeffrey B. Murphy. I am the Senior Vice President of Corporate Finance and Development at Charter Communications, Inc. ("Charter"). My business address is 400 Washington Boulevard, Stamford, Connecticut 06902.

Q: Please describe your professional qualifications.

I have been the Senior Vice President for Corporate Finance and Development at Charter for nearly five years. My responsibilities include overseeing all debt and equity capital markets strategy and execution, treasury, and mergers and acquisitions ("M&A"). I also have 25 years of experience as an investment banker, advising clients in the global telecommunications sector regarding capital raising and M&A. Prior to my current position at Charter, I served as a Vice Chairman of the Investment Banking & Capital Markets division and was a Managing Director in the Global Telecom, Media & Technology group at Credit Suisse Group for 14 years. As a Managing Director, I had various responsibilities during my tenure, including as Co-Head of the Europe, Middle East, and Africa Telecom, Media & Technology group; regional responsibility for large-cap integrated telecom and cable/broadband operators; global responsibility for the data center/colocation sector; regional responsibility for Media and Telecom in Latin America; and coverage responsibility for select large-cap, U.S.-based clients.

I graduated from Harvard Business School in 1995 and earned my undergraduate Bachelor of Science degree, *summa cum laude*, in Business Administration from Georgetown University in Washington, D.C. in 1991.

Q: What is the purpose of your testimony?

I am testifying about the anticipated financial effects of the indirect transfer of control of

Cox California Telcom, LLC ("Cox California") from Cox Enterprises, Inc. ("CEI") to Charter (the "Transfer"), which will result from a combination of Charter and Cox Communications, Inc. ("Cox") under common ownership (the "Transaction").

Q: Please provide a summary of your testimony.

Charter has a proven record of financial strength, and the Transaction will provide the combined company with even stronger financial resources and ability to innovate and compete than either company alone.

The combined company will not only have greater assets and revenues, but Charter also expects that the Transaction will result in hundreds of millions of dollars of annualized cost synergies within three years of closing, which will allow it to invest in advanced technologies and product innovation and to serve customers in more cost-effective ways. The combined company will have sufficient cash flow to finance new investments while comfortably managing debt payments; a debt level appropriate for its resources and combined cash flow; and plans, which Charter has announced to the market, to reduce the combined company's leverage following the consummation of the Transaction, all of which will further strengthen the combined company's financial health. These stronger financial resources will allow the combined company to be in a better position (as compared to the independent companies) to invest and innovate; and they will position the combined company to more effectively compete in a highly competitive market, in turn allowing it to offer California consumers more value and better products by promoting competitive pricing.

II. FINANCING AND STRUCTURE OF TRANSACTION

Q: Please provide an overview of how the Transaction will be financed.

The Transaction is being financed primarily with equity, rather than being debt financed.

Specifically, as consideration for the Transaction, CEI will receive equity in Charter Communications Holdings, LLC ("Charter Holdings"), which is an indirect subsidiary of Charter, and $4 billion in cash. CEI will also receive one share of newly created Class C common stock of Charter, which will give CEI voting power reflecting the equity it holds in Charter Holdings (*i.e.*, will give CEI the voting power it would have if its equity in Charter Holdings were converted to Charter stock).

To finance the approximately $4 billion cash component of the Transaction, Charter plans to issue new indebtedness, which may be in the form of secured debt. The details of any such financing have not yet been determined; however, Charter presently anticipates that the terms governing collateral and guarantors for such additional financing, if secured, will likely be substantially similar to those governing Charter's existing credit agreement and secured notes today.

Q: What is the equity in Charter Holdings comprised of?

The equity in Charter Holdings will be a combination of approximately 33.6 million common units, which are exchangeable for common stock in Charter and had an implied value of approximately $6.4 billion as of January 29, 2026, and preferred units with an aggregate liquidation preference of $6 billion, which pay a 6.875% coupon and are convertible into common units of Charter Holdings (which, in turn, are exchangeable for Charter stock).

CEI's equity in Charter Holdings, if converted and exchanged into Charter stock, would represent approximately 24.8% of the Charter outstanding common stock (on a fully diluted basis) as of September 30, 2025, assuming that Charter's pending acquisition of Liberty Broadband Corporation ("Liberty Broadband") closes concurrently with the Transaction as currently planned. CEI's percentage ownership of Charter may be higher at closing if there is less Charter stock outstanding at closing than today. However, CEI's ownership interest and voting power will both be capped at 30%. Charter will remain majority owned by dispersed public shareholders, who hold the majority of Charter's stock today and will continue to do so after the Transaction is consummated.

Q: Please provide an overview of the structure of the Transaction.

Under the May 16, 2025 transaction agreement between Charter, Charter Holdings, and CEI (the "Transaction Agreement"), CEI will transfer or contribute the equity in its subsidiaries that own and operate its Cox, Segra, and Unite Private Networks commercial fiber businesses operating under the Segra brand ("Segra"), and RapidScale Managed information technology ("IT") and cloud business to Charter Holdings (or to another newly formed wholly owned subsidiary of Charter). Charter Holdings (or the other newly formed subsidiary) will then contribute the Cox, Segra, and RapidScale businesses to Charter Communications Operating, LLC ("Charter Operating"), an entity in which Charter has a controlling majority equity interest. As a result, those subsidiaries will all become indirect subsidiaries of Charter and will be under common ownership with Charter's existing subsidiaries.

Christopher Winfrey, Charter's current President and Chief Executive Officer and a current Charter Board member, will continue in these roles after the Transaction closes. Alex Taylor, the Chairman and Chief Executive Officer of CEI, will join the Charter Board as Chairman, and Eric Zinterhofer, the current Non-Executive Chairman of the Charter Board, will become the lead independent director on the Charter Board. In addition to Mr. Taylor, CEI will have the right to nominate an additional two members of the 13-member Charter Board. Liberty Broadband will also lose its right to appoint three Charter Board members because Charter has scheduled the closing of the Transaction to coincide with a separate transaction through which Charter will acquire Liberty Broadband (the "Charter-Liberty Merger"); Liberty Broadband's three directors currently on the Charter Board will resign from their positions effective upon the closing of the Charter-Liberty Merger. The Charter-Liberty Merger will not result in the change in ownership or control of any regulated entity. The Charter-Liberty Merger is relevant to the Transaction only insofar as it impacts the Charter Board in the way I just described, and insofar as its effect will be to transfer the ownership of Charter's largest investor to Charter for the benefit of shareholders.

III. CHARTER'S CURRENT FINANCIAL CONDITION

Q: Please describe Charter's current financial condition.

Charter is among the most successful providers of cable telecommunications services in the United States and has proven financial qualifications that, as demonstrated below, will be strengthened by the Transaction. Charter's filings with the Securities and Exchange Commission substantiate its financial health, including its annual reports, quarterly reports, proxy statements, and *pro forma* financials.

As of September 30, 2025, Charter had approximately 31.1 million residential and small-business customers, excluding mobile-only relationships. Of those customer relationships, approximately 5 million were residential voice customers and approximately 1.2 million were small-business voice customers. For the year ending December 31, 2024, which is the most recent period for which the full-year Charter financial statements are publicly available as of the time I prepared this testimony, Charter generated approximately $55.1 billion in revenue, an increase of 0.9% year-over-year. Full year 2024 Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") totaled $22.6 billion, 3.1% higher than in 2023.

IV. FINANCIAL EFFECTS OF TRANSACTION AND FUTURE FINANCIAL CONDITION OF THE COMBINED COMPANY

Q: Please summarize the anticipated effects of the Transaction on the financial health of Cox California.

After the Transaction, Cox California will be a wholly owned subsidiary of Charter. Although Charter's regulated state affiliates recognize certain revenues and costs for accounting and reporting purposes, they are ultimately part of the same corporate family, and do not issue bonds or take on bank debt independently from the other entities in Charter's corporate structure. Therefore, the effects of the Transaction on the financial health of Cox California are best understood by looking to the financial health of Charter as a whole.

Q: Will the Transaction maintain or improve the financial condition of the combined company doing business in California?

The Transaction, which was approved by 99% of all voting shareholders—including many independent shareholders—who all agreed that the Transaction was in the best interests of the company's long-term financial future, will improve the combined company's financial condition.

Q: Please summarize how the Transaction will improve the combined company's financial condition.

The combined company will have more customer relationships, significantly greater assets and revenues, and improved ability to access the capital markets on advantageous terms. The Transaction will also create synergies across the combined company, which will allow it to better serve current Cox customers, including in California, in more efficient, cost-effective ways. Chief among them is an estimated $500 million of annualized Transaction cost synergies within three years of closing, primarily from duplicative overhead and procurement. I discuss the basis for this estimate later in my testimony.

As of December 31, 2024, which is the most recent period for which the full-year Cox financial statements are publicly available as of the time I prepared this testimony, Charter anticipates that the following financial ratios of the combined company will improve as a result of the Transaction: Current Ratio; Cash Flow from Operations Ratio; Times Interest Earned; Cash Flow Coverage Ratio; Total Debt/Total Capital Percentage; Funds from Operations/Total Debt Percentage; and Net Debt to EBITDA Ratio. The only financial ratios that are expected to worsen are Return on Total Assets and Return on Total Capital, which are 1% lower *pro forma* due to Cox's lower standalone asset and capital return. These anticipated financial metrics as of December 31, 2024, are listed in the table below.

Ratio	**Pre-Transaction**	**Anticipated Post-Transaction**
Current Ratio (Current Assets/Current Liabilities)	0.31x	0.57x
Cash Flow ("CF") from Operations Ratio (CF from Ops/Current Liabilities)	1.07x	1.11x
Times Interest Earned (Earnings before Interest & Taxes/Total Interest Charges)	2.51x	2.80x
Cash Flow Coverage Ratio (Cash Flow from Ops/Interest)	2.76x	3.29x
Total Debt/Total Capital Percentage (Long-Term ("LT") Debt/(LT Debt + Equity, incl. Goodwill)	65%	62%
Funds from Operations/Total Debt Percentage (Cash Flow from Ops/LT Debt)	16%	18%
Net Debt to EBITDA Ratio (LT Debt/EBITDA)	4.13x	3.86x
Return on Total Assets (EBIT/Total Assets)	9%	8%

Return on Total Capital (EBIT/(LT Debt + Equity))	12%	11%

Q: Please provide additional information about the cost synergies that are expected to result from the Transaction.

As an initial matter, Charter's cost-synergy estimates **[BEGIN CONFIDENTIAL]** [redacted]

HIGHLY CONFIDENTIAL

[redacted] **[END CONFIDENTIAL]**. Charter intends to re-evaluate savings estimates after closing, with a detailed operating budget, once it has access to Cox's operations.

Because Charter is still in the process of integration planning and remains focused on securing the necessary regulatory consents to complete the Transaction, Charter has not yet further quantified these approximate synergies, including on a state-by-state basis. With respect to how the synergies will translate into cost savings for customers, unlike rate-regulated utilities whose rates are structured to reflect recoverable costs, competitive providers such as Charter set prices and product features based on competitive market dynamics. However, the ability to realize cost savings—whether arising from cost synergies associated with the Transaction or otherwise—helps position competitive providers to offer better value through the products and services they offer in the marketplace.

Q: Please explain the source of any debt the combined company will assume through the Transaction.

Most of the added debt from the Transaction consists of approximately $12 billion in *existing* Cox net debt, as well as approximately $0.7 billion of finance leases, that will be assumed by Charter along with Cox's assets and revenues. This debt is therefore not incremental to the Transaction but already associated with Cox's operations today. Additionally, none of the $11.8 billion in Cox notes included in the debt amount is anticipated to be repaid at closing. As part of Charter's normal balance sheet management practices, the assumed Cox debt will be either refinanced or repaid on or before its maturity date. As I discussed previously, Charter also plans to issue new indebtedness, which may be in the form of secured debt to finance the approximately $4 billion cash component of the Transaction.

As of September 30, 2025, the date of the most recent published financial statements for the two companies as of the time I prepared this testimony, the $11.8 billion of Cox notes that Charter will assume had a weighted average interest of 4.6%. On the same date, Charter's debt had a weighted average interest rate of 5.2%. This 0.6% difference in weighted average interest rate implies an additional annual interest expense of $72 million per year, which is a relatively *de minimis* sum compared to Charter's and Cox's standalone free cash flow of $5.2 billion and $1.5 billion respectively, for the twelve months ending September 30, 2025.

Q: How does Charter expect to manage the additional amount of debt from the Transaction?

Charter has a long history of operating successfully within its stated leverage target range of 4.0 to 4.5 times Adjusted EBITDA. Nevertheless, Charter currently plans to adjust its long-term target leverage ratio after the close of the Transaction to 3.5 to 3.75 times Adjusted EBITDA and expects this change in policy will enhance the combined company's operational and financial flexibility. The net leverage will be reduced primarily as a result of EBITDA growth over the five-year period after closing (based on *pro forma* operating projections from the Definitive Proxy Statement for the combined company).

Consistent with past practice, Charter expects to use free cash flow, cash on hand, and availability under revolving credit facilities to service its debt obligations going forward. Charter believes there will be sufficient liquidity available from these sources to fund the combined company's projected cash flow needs across investment, debt service, and shareholder return needs. Charter's standalone cash flow for the 12 months ending September 30, 2025, was $5.2 billion, which the company expects to increase to $9 billion by 2028, as it completes a system-wide network upgrade and capital expenditures return to a normal level. The decrease in capital expenditure, combined with tax benefits and its cash flow, will be more than sufficient to cover Charter's obligations over the next few years. Charter's standalone debt scheduled to become due in the next two years is just $1.6 billion. Charter's cash flow from operations is more than 2.75x its annual interest expense and would be more than 3.25x *pro forma* for the Transaction. Additionally, Charter's debt is "very long dated" and around 90% fixed cost, providing predictable payment obligations that it can readily manage.

Numerous analyses from independent credit agencies support Charter's position on its ability to service its debt both standalone and *pro forma* for the Transaction. Charter's credit ratings were affirmed by each of the three rating agencies (Moody's, S&P, and Fitch) following the announcement of the Transaction. In connection with its rating affirmations, Moody's updated its outlook for Charter from "Negative" to "Stable" and Fitch placed Charter's credit ratings on "Ratings Watch Positive." The agencies maintain this same ratings posture today.

The combined company will also have access to the capital markets on advantageous terms and improved long-term ability to obtain favorable financing for future initiatives. And Charter's combination with Cox will provide the combined company with even stronger financial resources and ability to invest, innovate, and maintain low prices as it challenges competitors, in turn allowing it to offer consumers more value and better products by promoting competitive pricing.

In short, the Transaction financing will not have a significant impact on the combined company's overall financial health, and the overall impact of the Transaction on the financial health of the combined company is expected to be positive. The combined company will be financially healthy to the benefit of its shareholders and consumers throughout California.

Q: Does this conclude your opening testimony?

Yes, it does.