# UNITED STATES
## SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

*(Mark One)*

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to

Commission File Number: **001-37789**
**333-112593-01**

# CCO Holdings, LLC
# CCO Holdings Capital Corp.

*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **Delaware** | **86-1067239** |
| **Delaware** | **20-0257904** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **400 Washington Blvd. Stamford Connecticut** | **06902** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(203) 905-7801**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o Non-accelerated filer x Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

All of the issued and outstanding shares of capital stock of CCO Holdings Capital Corp. are held by CCO Holdings, LLC. All of the limited liability company membership interests of CCO Holdings, LLC are held by CCH I Holdings, LLC (a subsidiary of Charter Communications, Inc., a reporting company under the Exchange Act). There is no public trading market for any of the aforementioned limited liability company membership interests or shares of capital stock.

CCO Holdings, LLC and CCO Holdings Capital Corp. meet the conditions set forth in General Instruction I(1)(a) and (b) to Form 10-K and are therefore filing with the reduced disclosure format.

Number of shares of common stock of CCO Holdings Capital Corporation outstanding as of June 30, 2023: 1

**CCO HOLDINGS, LLC**
**CCO HOLDINGS CAPITAL CORP.**
**QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED JUNE 30, 2023**

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This quarterly report on Form 10-Q is for the three and six months ended June 30, 2023. The United States Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. In this quarterly report, "CCO Holdings," "we," "us" and "our" refer to CCO Holdings, LLC and its subsidiaries.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this quarterly report. 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” in Part I, Item 1A of our most recent Form 10-K filed with the SEC. Many of the forward-looking statements contained in this quarterly report 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,” “grow,” “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 report are set forth in this quarterly report on Form 10-Q, 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:

- our ability to sustain and grow revenues and cash flow from operations by offering Internet, video, 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 capital 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;
- general business conditions, unemployment levels and the level of activity in the housing sector and economic uncertainty or downturn;
- 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 and distribution requirements);
- our ability to develop and deploy new products and technologies including 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 subsidies to consumers, subsidies and incentives for competitors, costs, disruptions and possible limitations on operating flexibility related to, and our ability to comply with, regulatory conditions applicable to us;
- the ability to hire and retain key personnel;
- our ability to procure necessary services and equipment from our vendors in a timely manner and at reasonable costs including in connection with our network evolution and rural construction initiatives;
- 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 quarterly report.

## PART I. FINANCIAL INFORMATION

**Item 1.** ***Financial Statements.***

### CCO HOLDINGS, LLC AND SUBSIDIARIES
### CONSOLIDATED BALANCE SHEETS
### (dollars in millions)

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| | (unaudited) | |
| **ASSETS** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | $ 292 | $ 392 |
| Accounts receivable, less allowance for doubtful accounts of $245 and $219, respectively | 2,827 | 2,869 |
| Prepaid expenses and other current assets | 533 | 402 |
| Total current assets | 3,652 | 3,663 |
| | | |
| INVESTMENT IN CABLE PROPERTIES: | | |
| Property, plant and equipment, net of accumulated depreciation of $35,958 and $36,035, respectively | 36,670 | 35,147 |
| Customer relationships, net of accumulated amortization of $16,046 and $15,478, respectively | 2,222 | 2,772 |
| Franchises | 67,396 | 67,363 |
| Goodwill | 29,672 | 29,563 |
| Total investment in cable properties, net | 135,960 | 134,845 |
| | | |
| OTHER NONCURRENT ASSETS | 4,359 | 4,259 |
| | | |
| Total assets | $ 143,971 | $ 142,767 |
| **LIABILITIES AND MEMBER’S EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued liabilities | $ 9,298 | $ 9,735 |
| Payables to related party | — | 11 |
| Current portion of long-term debt | 1,999 | 1,510 |
| Total current liabilities | 11,297 | 11,256 |
| | | |
| LONG-TERM DEBT | 95,971 | 96,093 |
| DEFERRED INCOME TAXES | 54 | 54 |
| OTHER LONG-TERM LIABILITIES | 3,331 | 3,471 |
| | | |
| MEMBER’S EQUITY: | | |
| CCO Holdings member's equity | 33,294 | 31,868 |
| Noncontrolling interests | 24 | 25 |
| Total member’s equity | 33,318 | 31,893 |
| | | |
| Total liabilities and member’s equity | $ 143,971 | $ 142,767 |

The accompanying notes are an integral part of these consolidated financial statements.

**CCO HOLDINGS, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(dollars in millions)**
**Unaudited**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| REVENUES | $ 13,659 | $ 13,598 | $ 27,312 | $ 26,796 |
| COSTS AND EXPENSES: | | | | |
| Operating costs and expenses (exclusive of items shown separately below) | 8,357 | 8,215 | 16,896 | 16,373 |
| Depreciation and amortization | 2,164 | 2,233 | 4,363 | 4,519 |
| Other operating income, net | (55) | (61) | (44) | (58) |
| | 10,466 | 10,387 | 21,215 | 20,834 |
| Income from operations | 3,193 | 3,211 | 6,097 | 5,962 |
| OTHER INCOME (EXPENSES): | | | | |
| Interest expense, net | (1,290) | (1,103) | (2,546) | (2,156) |
| Other income (expenses), net | (73) | 19 | (177) | 43 |
| | (1,363) | (1,084) | (2,723) | (2,113) |
| Income before income taxes | 1,830 | 2,127 | 3,374 | 3,849 |
| Income tax expense | (15) | (12) | (29) | (25) |
| Consolidated net income | 1,815 | 2,115 | 3,345 | 3,824 |
| Less: Net income attributable to noncontrolling interests | (1) | (1) | (1) | (1) |
| Net income attributable to CCO Holdings member | $ 1,814 | $ 2,114 | $ 3,344 | $ 3,823 |

The accompanying notes are an integral part of these consolidated financial statements.

**CCO HOLDINGS, LLC AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY**
**(dollars in millions)**
**Unaudited**

| | CCO Holdings Member's Equity | Noncontrolling Interests | Total Member's Equity |
|---|---|---|---|
| BALANCE, December 31, 2022 | $ 31,868 | $ 25 | $ 31,893 |
| Consolidated net income | 1,530 | — | 1,530 |
| Stock compensation expense | 208 | — | 208 |
| Distributions to parent | (1,094) | — | (1,094) |
| Distributions to noncontrolling interest | — | (2) | (2) |
| BALANCE, March 31, 2023 | 32,512 | 23 | 32,535 |
| Consolidated net income | 1,814 | 1 | 1,815 |
| Stock compensation expense | 168 | — | 168 |
| Contributions from parent | 1 | — | 1 |
| Distributions to parent | (1,201) | — | (1,201) |
| BALANCE, June 30, 2023 | $ 33,294 | $ 24 | $ 33,318 |

| | CCO Holdings Member's Equity | Noncontrolling Interests | Total Member's Equity |
|---|---|---|---|
| BALANCE, December 31, 2021 | $ 36,203 | $ 24 | $ 36,227 |
| Consolidated net income | 1,709 | — | 1,709 |
| Stock compensation expense | 147 | — | 147 |
| Contributions from parent | 81 | — | 81 |
| Distributions to parent | (3,775) | — | (3,775) |
| Distributions to noncontrolling interest | — | (1) | (1) |
| BALANCE, March 31, 2022 | 34,365 | 23 | 34,388 |
| Consolidated net income | 2,114 | 1 | 2,115 |
| Stock compensation expense | 104 | — | 104 |
| Contributions from parent | 5 | — | 5 |
| Distributions to parent | (4,307) | — | (4,307) |
| BALANCE, June 30, 2022 | $ 32,281 | $ 24 | $ 32,305 |

The accompanying notes are an integral part of these consolidated financial statements.

## CCO HOLDINGS, LLC AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS
**(dollars in millions)**
**Unaudited**

| | Six Months Ended June 30, 2023 | Six Months Ended June 30, 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Consolidated net income | $ 3,345 | $ 3,824 |
| Adjustments to reconcile consolidated net income to net cash flows from operating activities: | | |
| Depreciation and amortization | 4,363 | 4,519 |
| Stock compensation expense | 376 | 251 |
| Noncash interest, net | (6) | (15) |
| Other, net | 175 | (96) |
| Changes in operating assets and liabilities, net of effects from acquisitions and dispositions: | | |
| Accounts receivable | 42 | (194) |
| Prepaid expenses and other assets | (357) | (114) |
| Accounts payable, accrued liabilities and other | (438) | (417) |
| Receivables from and payables to related party | (9) | (13) |
| Net cash flows from operating activities | 7,491 | 7,745 |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property, plant and equipment | (5,298) | (4,050) |
| Change in accrued expenses related to capital expenditures | (4) | 128 |
| Other, net | (282) | (221) |
| Net cash flows from investing activities | (5,584) | (4,143) |
| | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings of long-term debt | 11,048 | 16,631 |
| Repayments of long-term debt | (10,735) | (11,947) |
| Payments for debt issuance costs | (18) | (57) |
| Repayments of loans payable - related parties, net | (3) | (281) |
| Distributions to parent | (2,295) | (8,082) |
| Contributions from parent | 1 | 86 |
| Distributions to noncontrolling interest | (2) | (1) |
| Other, net | (3) | (17) |
| Net cash flows from financing activities | (2,007) | (3,668) |
| | | |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (100) | (66) |
| CASH AND CASH EQUIVALENTS, beginning of period | 392 | 321 |
| CASH AND CASH EQUIVALENTS, end of period | $ 292 | $ 255 |
| | | |
| CASH PAID FOR INTEREST | $ 2,418 | $ 2,136 |
| CASH PAID FOR TAXES | $ 22 | $ 34 |

The accompanying notes are an integral part of these consolidated financial statements.

## 1. Organization and Basis of Presentation

### Organization

CCO Holdings, LLC (together with its subsidiaries, “CCO Holdings,” or the “Company”) is a leading broadband connectivity company and cable operator. Over an advanced communications network, the Company offers a full range of state-of-the-art residential and business services including Spectrum Internet®, TV, Mobile and Voice. For small and medium-sized companies, Spectrum Business® delivers the same suite of broadband products and services coupled with special features and applications to enhance productivity, while for larger businesses and government entities, Spectrum Enterprise™ provides highly customized, fiber-based solutions. Spectrum Reach® delivers tailored advertising and production for the modern media landscape. The Company also distributes award-winning news coverage and sports programming to its customers through Spectrum Networks.

CCO Holdings is a holding company whose principal assets are the equity interests in its operating subsidiaries. CCO Holdings is a direct subsidiary of CCH I Holdings, LLC, which is an indirect subsidiary of Charter Communications, Inc. (“Charter”), Charter Communications Holdings, LLC (“Charter Holdings”) and Spectrum Management Holding Company, LLC (“Spectrum Management”). All of the outstanding capital stock of CCO Holdings Capital Corp. is owned by CCO Holdings. The consolidated financial statements include the accounts of CCO Holdings and all of its subsidiaries where the underlying operations reside. All significant intercompany accounts and transactions among consolidated entities have been eliminated. Charter, Charter Holdings and Spectrum Management have performed financing, cash management, treasury and other services for CCO Holdings on a centralized basis. Changes in member’s equity in the consolidated balance sheets related to these activities have been considered cash receipts (contributions) and payments (distributions) for purposes of the consolidated statements of cash flows and are reflected in financing activities.

The Company’s operations are managed and reported to its Chief Executive Officer (“CEO”), the Company’s chief operating decision maker, on a consolidated basis. The CEO assesses performance and allocates resources based on the consolidated results of operations. Under this organizational and reporting structure, the Company has one reportable segment.

### Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, certain information and footnote disclosures typically included in the Company's Annual Report on Form 10-K have been condensed or omitted for this quarterly report. The accompanying consolidated financial statements are unaudited and are subject to review by regulatory authorities. However, in the opinion of management, such financial statements include all adjustments, which consist of only normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. Interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include capitalization of labor and overhead costs, pension benefits and income taxes. Actual results could differ from those estimates. Certain prior period amounts have been reclassified to conform with the 2023 presentation.

Comprehensive income equaled net income attributable to CCO Holdings member for the three and six months ended June 30, 2023 and 2022.

(dollars in millions, except where indicated)

## 2. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of June 30, 2023 and December 31, 2022:

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Accounts payable – trade | $ 726 | $ 914 |
| Deferred revenue | 522 | 511 |
| Accrued liabilities: | | |
| Programming costs | 1,865 | 1,914 |
| Labor | 1,058 | 1,306 |
| Capital expenditures | 1,783 | 1,792 |
| Interest | 1,299 | 1,165 |
| Taxes and regulatory fees | 486 | 512 |
| Operating lease liabilities | 258 | 261 |
| Other | 1,301 | 1,360 |
| | $ 9,298 | $ 9,735 |

## 3. Long-Term Debt

A summary of our debt as of June 30, 2023 and December 31, 2022 is as follows:

| | June 30, 2023 | | | December 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Principal Amount | Carrying Value | Fair Value | Principal Amount | Carrying Value | Fair Value |
| Senior unsecured notes | $ 27,250 | $ 27,161 | $ 23,303 | $ 26,650 | $ 26,567 | $ 22,426 |
| Senior secured notes and debentures[(a)] | 55,919 | 56,272 | 46,951 | 56,841 | 57,213 | 46,905 |
| Credit facilities[(b)] | 14,591 | 14,537 | 14,203 | 13,877 | 13,823 | 13,467 |
| | $ 97,760 | $ 97,970 | $ 84,457 | $ 97,368 | $ 97,603 | $ 82,798 |

(a) Includes the Company's £625 million fixed-rate British pound sterling denominated notes (the “Sterling Notes”) (remeasured at $794 million and $755 million as of June 30, 2023 and December 31, 2022, respectively, using the exchange rate at the respective dates) and the Company's £650 million aggregate principal amount of Sterling Notes (remeasured at $825 million and $786 million as of June 30, 2023 and December 31, 2022, respectively, using the exchange rate at the respective dates).

(b) The Company has availability under the Charter Communications Operating, LLC ("Charter Operating") credit facilities of approximately $3.2 billion as of June 30, 2023.

The estimated fair value of the Company’s senior unsecured and secured notes and debentures as of June 30, 2023 and December 31, 2022 is based on quoted market prices in active markets and is classified within Level 1 of the valuation hierarchy, while the estimated fair value of the Company’s credit facilities is based on quoted market prices in inactive markets and is classified within Level 2.

In February 2023, CCO Holdings and CCO Holdings Capital Corp. jointly issued $1.1 billion of 7.375% senior unsecured notes due March 2031 at par. The net proceeds were used for general corporate purposes, including repaying certain indebtedness, distributions to the Company's parent companies to fund buybacks of Charter Class A common stock and Charter Holdings common units and to pay related fees and expenses.

In February 2023, Charter Operating entered into an amendment to its credit agreement to replace London Interbank Offering Rate ("LIBOR") as the benchmark rate applicable to the Term B loans with Secured Overnight Financing Rate ("SOFR") and in March 2023, Charter Operating entered into another amendment to its credit agreement to incur a new Term B-3 loan with an aggregate principal amount of $750 million maturing in 2030 concurrently with the cancelation of certain of Charter Operating's existing Term B-1 and B-2 loans, among other amendments. Pricing on the new Term B-3 loan is SOFR plus 2.25%. After giving effect to the amendments, the aggregate principal amount of Term B-1 loans is $2.3 billion with pricing unchanged at SOFR plus 1.75% and the aggregate principal amount of Term B-2 loans is $3.1 billion with pricing unchanged at SOFR plus 1.75%.

**(dollars in millions, except where indicated)**

As of July 1, 2023, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, ceased publishing remaining U.S. Dollar LIBOR rates. The Charter Operating senior secured floating rate notes due 2024 (the "Floating Rate Notes") used LIBOR as a benchmark for establishing the interest rate of the Floating Rate Notes. As of July 1, 2023, SOFR is being used as the benchmark replacement for calculations of the amount of interest payable on the Floating Rate Notes with respect to interest periods with interest determination dates occurring after June 30, 2023.

Losses on extinguishment of debt are recorded in other income (expenses), net in the consolidated statements of operations and for the three and six months ended June 30, 2022 was $3 million as a result of the Charter Operating credit facility refinancing and Charter Operating notes redemption.

## 4. Accounting for Derivative Instruments and Hedging Activities

Cross-currency derivative instruments are used to manage foreign exchange risk on the Sterling Notes by effectively converting £1.275 billion aggregate principal amount of fixed-rate British pound sterling denominated debt, including annual interest payments and the payment of principal at maturity, to fixed-rate U.S. dollar denominated debt. The fair value of the Company's cross-currency derivatives, which are classified within Level 2 of the valuation hierarchy, was $522 million and $570 million and is included in other long-term liabilities on its consolidated balance sheets as of June 30, 2023 and December 31, 2022, respectively.

The effect of financial instruments are recorded in other income (expenses), net in the consolidated statements of operations and consisted of the following.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Change in fair value of cross-currency derivative instruments | $ 43 | $ (124) | $ 48 | $ (160) |
| Foreign currency remeasurement of Sterling Notes to U.S. dollars | (46) | 125 | (78) | 175 |
| Gain (loss) on financial instruments, net | $ (3) | $ 1 | $ (30) | $ 15 |

(dollars in millions, except where indicated)

## 5. Revenues

The Company's revenues by product line are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Internet | $ 5,733 | $ 5,562 | $ 11,451 | $ 11,014 |
| Video | 4,188 | 4,484 | 8,442 | 8,830 |
| Voice | 365 | 398 | 738 | 789 |
| Mobile service | 539 | 415 | 1,036 | 802 |
| Residential revenue | 10,825 | 10,859 | 21,667 | 21,435 |
| Small and medium business | 1,094 | 1,092 | 2,185 | 2,162 |
| Enterprise | 690 | 669 | 1,372 | 1,330 |
| Commercial revenue | 1,784 | 1,761 | 3,557 | 3,492 |
| Advertising sales | 384 | 460 | 739 | 843 |
| Other | 666 | 518 | 1,349 | 1,026 |
| | $ 13,659 | $ 13,598 | $ 27,312 | $ 26,796 |

As of June 30, 2023 and December 31, 2022, accounts receivable, net on the consolidated balance sheets includes approximately $650 million and $577 million of current equipment installment plan receivables, respectively, and other noncurrent assets includes approximately $456 million and $261 million of noncurrent equipment installment plan receivables, respectively.

## 6. Operating Costs and Expenses

Operating costs and expenses, exclusive of items shown separately in the consolidated statements of operations, consist of the following for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Programming | $ 2,740 | $ 2,972 | $ 5,539 | $ 5,949 |
| Other costs of revenue | 1,367 | 1,185 | 2,695 | 2,293 |
| Costs to service customers | 2,069 | 1,997 | 4,164 | 3,956 |
| Sales and marketing | 895 | 864 | 1,841 | 1,744 |
| Other expense | 1,286 | 1,197 | 2,657 | 2,431 |
| | $ 8,357 | $ 8,215 | $ 16,896 | $ 16,373 |

Programming costs consist primarily of costs paid to programmers for basic, premium, video on demand and pay-per-view programming. Other costs of revenue include costs directly related to providing Internet, video, voice and mobile services including mobile device costs, payments to franchise and regulatory authorities, payments for sports, local and news content produced by the Company and direct costs associated with selling advertising. Also included in other costs of revenue are content acquisition costs for the Los Angeles Lakers' basketball games and Los Angeles Dodgers' baseball games, which are recorded as games are exhibited over the contract period. Costs to service customers include costs related to field operations, network operations and customer operations for the Company's products, including mobile, sold to non-bulk residential and small and medium business ("SMB") customers including internal and third-party labor for the non-capitalizable portion of installations, service and repairs, maintenance, bad debt expense, billing and collection, occupancy and vehicle costs. Sales and marketing costs represent the costs of selling and marketing our Internet, video, voice and mobile services to current and potential non-bulk residential and SMB customers, including labor cost. Other expense includes indirect costs associated with the Company's Spectrum Enterprise, Spectrum Reach and Spectrum Networks businesses, including sales and marketing and bad debt expenses as well as costs associated with selling to and servicing bulk properties. Other expense also includes corporate overhead and stock compensation expense, among others.

(dollars in millions, except where indicated)

## 7. Other Operating Income, Net

Other operating income, net consist of the following for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Special charges, net | $ (49) | $ (62) | $ (38) | $ (59) |
| (Gain) loss on disposal of assets, net | (6) | 1 | (6) | 1 |
| | $ (55) | $ (61) | $ (44) | $ (58) |

Special charges, net primarily includes net amounts of litigation settlements and employee termination costs.

## 8. Other Income (Expenses), Net

Other income (expenses), net consist of the following for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Loss on extinguishment of debt (see Note 3) | $ — | $ (3) | $ — | $ (3) |
| Gain (loss) on financial instruments, net (see Note 4) | (3) | 1 | (30) | 15 |
| Net periodic pension benefits | 1 | 17 | 3 | 34 |
| Gain (loss) on equity investments, net | (71) | 4 | (150) | (3) |
| | $ (73) | $ 19 | $ (177) | $ 43 |

Loss on equity investments, net for the three and six months ended June 30, 2023 is primarily related to our joint venture in Xumo, a next generation streaming platform jointly owned with Comcast Corporation.

## 9. Stock Compensation Plans

Charter's stock incentive plans provide for grants of nonqualified stock options, incentive stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock, restricted stock units and restricted stock. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing consulting services for the Company, are eligible for grants under the stock incentive plans.

Charter granted the following equity awards for the periods presented.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Stock options | 21,500 | 32,000 | 4,257,200 | 1,404,400 |
| Restricted stock | 10,300 | 6,800 | 10,300 | 6,800 |
| Restricted stock units | 21,500 | 19,500 | 1,535,900 | 443,100 |

Stock options and restricted stock units generally cliff vest three years from the date of grant. Certain stock options and restricted stock units vest based on achievement of stock price hurdles. Stock options generally expire ten years from the grant date and restricted stock units have no voting rights. Restricted stock generally vests one year from the date of grant.

As of June 30, 2023, total unrecognized compensation remaining to be recognized in future periods totaled $555 million for stock options, $3 million for restricted stock and $610 million for restricted stock units and the weighted average period over which they are expected to be recognized is three years for stock options, ten months for restricted stock and two years for restricted stock units.

The Company recorded stock compensation expense of $168 million and $376 million for the three and six months ended June 30, 2023, respectively, and $104 million and $251 million for the three and six months ended June 30, 2022, respectively, which is included in operating costs and expenses.

## 10. Contingencies

In August 2015, a purported stockholder of Charter, Matthew Sciabacucchi, filed a lawsuit in the Delaware Court of Chancery, on behalf of a putative class of Charter stockholders, challenging the transactions involving Charter, Time Warner Cable Inc., Advance/Newhouse Partnership's, and Liberty Broadband announced by Charter on May 26, 2015. The lawsuit, which named as defendants Charter and its board of directors, alleged that the transactions resulted from breaches of fiduciary duty by Charter's directors and that Liberty Broadband improperly benefited from the challenged transactions at the expense of other Charter stockholders. On January 12, 2023, the parties reached a tentative agreement to settle the lawsuit. The court approved the settlement at a fairness hearing on June 22, 2023, resulting in a net payment to Charter on June 26, 2023 and the dismissal of the lawsuit.

In the previously disclosed lawsuit of William Goff, as Personal Representative of Betty Jo McClain Thomas, deceased, et al. v. Roy James Holden, Jr. and Charter Communications, LLC, Case No. CC-20-01579-E, in County Court at Law No. 5 for Dallas County, Texas, the settlement was finalized and paid, and the case was dismissed on June 22, 2023.

The Company is a defendant or co-defendant in several lawsuits involving alleged infringement of various intellectual property relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases or related cases. In the event that a court ultimately determines that the Company infringes on any intellectual property, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as negotiate royalty or license agreements with respect to the intellectual property at issue. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate a range of possible loss.

The Company is party to other lawsuits, claims and regulatory inquiries that arise in the ordinary course of conducting its business. The ultimate outcome of these other legal matters pending against the Company cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity. Whether or not the Company ultimately prevails in any particular lawsuit or claim, litigation can be time consuming and costly and injure the Company's reputation.

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

## General

CCO Holdings, LLC ("CCO Holdings") is a holding company whose principal assets are the equity interests in its operating subsidiaries. CCO Holdings is a direct subsidiary of CCH I Holdings, LLC, which is an indirect subsidiary of Charter Communications, Inc. ("Charter"), Charter Communications Holdings, LLC ("Charter Holdings") and Spectrum Management Holding Company, LLC. All of the outstanding capital stock of CCO Holdings Capital Corp. is owned by CCO Holdings. The consolidated financial statements include the accounts of CCO Holdings and all of its subsidiaries where the underlying operations reside. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

We are a leading broadband connectivity company and cable operator serving more than 32 million customers in 41 states through our Spectrum brand. Over an advanced communications network, we offer a full range of state-of-the-art residential and business services including Spectrum Internet, TV, Mobile and Voice. For small and medium-sized companies, Spectrum Business delivers the same suite of broadband products and services coupled with special features and applications to enhance productivity, while for larger businesses and government entities, Spectrum Enterprise provides highly customized, fiber-based solutions. Spectrum Reach delivers tailored advertising and production for the modern media landscape. We also distribute award-winning news coverage and sports programming to our customers through Spectrum Networks.

## Overview

During the second quarter of 2023, we added 648,000 mobile lines, 77,000 Internet customers and 17,000 residential and small and medium business ("SMB") customer relationships, which excludes mobile-only customer relationships. Our mobile line and Internet customer growth in the second quarter were supported by our Spectrum One offering, which brings together Spectrum Internet, Advanced WiFi and Unlimited Spectrum Mobile to offer consumers fast, reliable and secure online connections on their favorite devices at home and on-the-go in a high-value package. We are beginning to see benefits from the targeted investments we are making in employee wages and benefits inside of our operations to build employee skill sets and tenure, as well as the continued investments in digitization of our customer service platforms and proactive maintenance, all with the goal of improving the customer experience, reducing transactions and driving customer growth and retention.

We spent $541 million and $932 million on our subsidized rural construction initiative during the three and six months ended June 30, 2023, respectively. We expect that over time, our subsidized rural construction initiative will support customer growth, and we activated approximately 68,000 and 112,000 subsidized rural passings in the three and six months ended June 30, 2023, respectively. In addition, we continue to evolve and upgrade our network to provide higher Internet speeds and reliability and invest in our products and customer service platforms. We currently offer Spectrum Internet products with speeds up to 1 Gbps across our entire footprint, and over the next three years, we plan to upgrade our network to provide multi-gigabit speeds. Our Advanced WiFi, a managed WiFi service that provides customers an optimized home network while providing greater control of their connected devices with enhanced security and privacy, is available to all Internet customers. We continue to invest in our ability to provide a differentiated Internet connectivity experience for our mobile and fixed Internet customers with increasing availability of out-of-home WiFi access points across our footprint. In addition, we continue to work towards the construction of our own 5G mobile data-only network leveraging our Citizen Broadband Radio Service ("CBRS") Priority Access Licenses. By continually improving our product set and offering consumers the opportunity to save money by switching to our services, we believe we can continue to penetrate our expanding footprint and capture more spend on additional products for our existing customers.

We realized revenue, Adjusted EBITDA and income from operations during the periods presented as follows (in millions; all percentages are calculated using whole numbers; minor differences may exist due to rounding):

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | % Change | 2023 | 2022 | % Change |
| Revenues | $ 13,659 | $ 13,598 | 0.5 % | $ 27,312 | $ 26,796 | 1.9 % |
| Adjusted EBITDA | $ 5,470 | $ 5,487 | (0.3)% | $ 10,792 | $ 10,674 | 1.1 % |
| Income from operations | $ 3,193 | $ 3,211 | (0.6)% | $ 6,097 | $ 5,962 | 2.3 % |

Adjusted EBITDA is defined as net income attributable to CCO Holdings member plus net income attributable to noncontrolling interest, interest expense, net, income taxes, depreciation and amortization, stock compensation expense, other income (expenses), net and other operating (income) expenses, net, such as special charges and (gain) loss on sale or retirement of assets. See “Use of Adjusted EBITDA and Free Cash Flow” for further information on Adjusted EBITDA and free cash flow.

Growth in total revenue was primarily due to growth in residential Internet customers and residential mobile lines partly offset by lower residential video and advertising sales revenues. Changes in Adjusted EBITDA and income from operations were impacted by growth in revenue and increases in operating costs and expenses, primarily other costs of revenue and costs to service customers partly offset by a decrease in programming expense.

The following table summarizes our customer statistics for Internet, video, voice and mobile as of June 30, 2023 and 2022 (in thousands except per customer data and footnotes).

| | Approximate as of June 30, | |
|---|---|---|
| | **2023 [(a)]** | **2022 [(a)]** |
| **Customer Relationships [(b)]** | | |
| Residential | 30,009 | 29,942 |
| SMB | 2,219 | 2,182 |
| Total Customer Relationships | 32,228 | 32,124 |
| Monthly Residential Revenue per Residential Customer [(c)] | $ 120.25 | $ 120.61 |
| Monthly SMB Revenue per SMB Customer [(d)] | $ 164.56 | $ 167.47 |
| **Internet** | | |
| Residential | 28,549 | 28,259 |
| SMB | 2,037 | 1,994 |
| Total Internet Customers | 30,586 | 30,253 |
| **Video** | | |
| Residential | 14,071 | 14,853 |
| SMB | 635 | 642 |
| Total Video Customers | 14,706 | 15,495 |
| **Voice** | | |
| Residential | 7,248 | 8,200 |
| SMB | 1,294 | 1,287 |
| Total Voice Customers | 8,542 | 9,487 |
| **Mobile Lines [(e)]** | | |
| Residential | 6,410 | 4,134 |
| SMB | 216 | 147 |
| Total Mobile Lines | 6,626 | 4,281 |
| **Enterprise Primary Service Units ("PSUs") [(f)]** | 294 | 277 |

(a) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, as of June 30, 2023 and 2022, customers include approximately 128,600 and 154,500 customers, respectively, whose accounts were over 60 days past due, approximately 47,000 and 45,800 customers, respectively, whose accounts were over 90 days past due and approximately 229,200 and 97,200 customers, respectively, whose accounts were over 120 days past due. Bad debt expense associated with these past due accounts has been reflected in our consolidated statements of operations. The increase in accounts past due more than 120 days is predominately due to pre-existing and incremental unsubsidized amounts of customers’ bills for those customers participating in government assistance programs, including video services. These customers are downgraded to a fully subsidized Internet-only service.

(b) Customer relationships include the number of customers that receive one or more levels of service, encompassing Internet, video, voice and mobile 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 and mobile-only customer relationships.

(c) Monthly residential revenue per residential customer is calculated as total residential quarterly revenue divided by three divided by average residential customer relationships during the respective quarter and excludes mobile-only customers.

(d) Monthly SMB revenue per SMB customer is calculated as total SMB quarterly revenue divided by three divided by average SMB customer relationships during the respective quarter and excludes mobile-only customers.

(e) Mobile lines include phones and tablets which require one of our standard rate plans (e.g., "Unlimited" or "By the Gig"). Mobile lines exclude wearables and other devices that do not require standard phone rate plans.

(f) Enterprise PSUs represent the aggregate number of fiber service offerings counting each separate service offering at each customer location as an individual PSU.

**Critical Accounting Policies and Estimates**

For a discussion of our critical accounting policies and the means by which we develop estimates therefore, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2022 Annual Report on Form 10-K. There have been no material changes from the critical accounting policies described in our Form 10-K.

**Results of Operations**

The following table sets forth the consolidated statements of operations for the periods presented (dollars in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Revenues | $ 13,659 | $ 13,598 | $ 27,312 | $ 26,796 |
| Costs and Expenses: | | | | |
| Operating costs and expenses (exclusive of items shown separately below) | 8,357 | 8,215 | 16,896 | 16,373 |
| Depreciation and amortization | 2,164 | 2,233 | 4,363 | 4,519 |
| Other operating income, net | (55) | (61) | (44) | (58) |
| | 10,466 | 10,387 | 21,215 | 20,834 |
| Income from operations | 3,193 | 3,211 | 6,097 | 5,962 |
| Other Income (Expenses): | | | | |
| Interest expense, net | (1,290) | (1,103) | (2,546) | (2,156) |
| Other income (expenses), net | (73) | 19 | (177) | 43 |
| | (1,363) | (1,084) | (2,723) | (2,113) |
| Income before income taxes | 1,830 | 2,127 | 3,374 | 3,849 |
| Income tax expense | (15) | (12) | (29) | (25) |
| Consolidated net income | 1,815 | 2,115 | 3,345 | 3,824 |
| Less: Net income attributable to noncontrolling interests | (1) | (1) | (1) | (1) |
| Net income attributable to CCO Holdings member | $ 1,814 | $ 2,114 | $ 3,344 | $ 3,823 |

***Revenues.*** Total revenues grew $61 million and $516 million for the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to growth in residential Internet customers and residential mobile lines partly offset by lower residential video and advertising sales revenues.

Revenues by service offering were as follows (dollars in millions; all percentages are calculated using whole numbers; minor differences may exist due to rounding):

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | % Change | 2023 | 2022 | % Change |
| Internet | $ 5,733 | $ 5,562 | 3.1 % | $ 11,451 | $ 11,014 | 4.0 % |
| Video | 4,188 | 4,484 | (6.6)% | 8,442 | 8,830 | (4.4)% |
| Voice | 365 | 398 | (8.3)% | 738 | 789 | (6.4)% |
| Mobile service | 539 | 415 | 29.8 % | 1,036 | 802 | 29.1 % |
| Residential revenue | 10,825 | 10,859 | (0.3)% | 21,667 | 21,435 | 1.1 % |
| | | | | | | |
| Small and medium business | 1,094 | 1,092 | 0.2 % | 2,185 | 2,162 | 1.1 % |
| Enterprise | 690 | 669 | 3.2 % | 1,372 | 1,330 | 3.1 % |
| Commercial revenue | 1,784 | 1,761 | 1.4 % | 3,557 | 3,492 | 1.9 % |
| | | | | | | |
| Advertising sales | 384 | 460 | (16.5)% | 739 | 843 | (12.3)% |
| Other | 666 | 518 | 28.5 % | 1,349 | 1,026 | 31.5 % |
| | $ 13,659 | $ 13,598 | 0.5 % | $ 27,312 | $ 26,796 | 1.9 % |

The increase in Internet revenues from our residential customers is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Increase related to rate and product mix changes | $ 128 | $ 353 |
| Increase in average residential Internet customers | 43 | 84 |
| | $ 171 | $ 437 |

The increase related to rate and product mix was primarily due to promotional roll-off and rate adjustments. Residential Internet customers grew by 290,000 customers from June 30, 2022 to June 30, 2023.

Video revenues consist primarily of revenues from video services provided to our residential customers, as well as franchise fees, equipment service fees and video installation revenue. The decrease in video revenues is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Decrease in average residential video customers | $ (247) | $ (467) |
| Change related to rate and product mix changes | (49) | 79 |
| | $ (296) | $ (388) |

Residential video customers decreased by 782,000 from June 30, 2022 to June 30, 2023. The change related to rate and product mix was affected by a higher mix of lower cost video packages within our video customer base offset by the pass-through of programming cost increases and promotional roll-off.

The decrease in voice revenues from our residential customers is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Decrease in average residential voice customers | $ (47) | $ (90) |
| Increase related to rate | 14 | 39 |
| | $ (33) | $ (51) |

Residential wireline voice customers decreased by 952,000 customers from June 30, 2022 to June 30, 2023.

The increase in mobile service revenues from our residential customers is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Increase in average residential mobile lines | $ 222 | $ 417 |
| Decrease related to rate | (98) | (183) |
| | $ 124 | $ 234 |

Residential mobile lines increased by 2,276,000 mobile lines from June 30, 2022 to June 30, 2023.

The increase in SMB revenues is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Increase in SMB customers | $ 22 | $ 50 |
| Decrease related to rate and product mix changes | (20) | (27) |
| | $ 2 | $ 23 |

SMB customers grew by 37,000 from June 30, 2022 to June 30, 2023. The decrease related to rate and product mix changes were primarily due to a higher mix of lower priced video packages and a lower number of voice lines per SMB customer relationship.

Enterprise revenues increased $21 million and $42 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to an increase in Internet PSUs partly offset by lower wholesale PSUs. Enterprise PSUs increased 17,000 from June 30, 2022 to June 30, 2023.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors, as well as local cable and advertising on regional sports and news channels. Advertising sales revenues decreased $76 million and $104 million during the three and six months ended June 30, 2023, respectively, as compared to the corresponding periods in 2022 primarily due to a decrease in political and local and national ad revenue partly offset by higher advanced advertising.

Other revenues consist of revenue from mobile and video device sales, processing fees, regional sports and news channels (excluding intercompany charges or advertising sales on those channels), subsidy revenue, home shopping, wire maintenance fees and other miscellaneous revenues. Other revenues increased $148 million and $323 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to higher mobile device sales.

***Operating costs and expenses.*** The increase in our operating costs and expenses, exclusive of items shown separately in the consolidated statements of operations, are attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Programming | $ (232) | $ (410) |
| Other costs of revenue | 182 | 402 |
| Costs to service customers | 72 | 208 |
| Sales and marketing | 31 | 97 |
| Other | 89 | 226 |
| | $ 142 | $ 523 |

Programming costs were approximately $2.7 billion and $3.0 billion for the three months ended June 30, 2023 and 2022, representing 33% and 36% of total operating costs and expenses, respectively, and $5.5 billion and $5.9 billion for the six months ended June 30, 2023 and 2022, representing 33% and 36% of total operating costs and expenses, respectively. Programming costs consist primarily of costs paid to programmers for basic, premium, video on demand, and pay-per-view programming. Programming costs decreased as a result of fewer customers and a higher mix of lower cost video packages within our video customer base partly offset by contractual rate adjustments, including renewals and increases in amounts paid for retransmission consent.

Other costs of revenue increased $182 million and $402 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to higher mobile device sales and higher other mobile direct costs due to an increase in mobile lines.

Costs to service customers increased $72 million and $208 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to adjustments to job structure, pay and benefits to build a more skilled and longer tenured workforce resulting in lower frontline employee attrition compared to 2022, and additional activity to support the accelerated growth of Spectrum Mobile.

Sales and marketing costs increased $31 million and $97 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to higher staffing across sales channels and the accelerated growth of Spectrum Mobile.

The increase in other expense is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Stock compensation expense | $ 64 | 125 |
| Corporate costs | (1) | 35 |
| Costs to sell and service bulk properties | 15 | 25 |
| Enterprise | 10 | 24 |
| Other | 1 | 17 |
| | $ 89 | $ 226 |

Stock compensation expense increased during the three and six months ended June 30, 2023 compared to the corresponding prior periods primarily due to an increase in equity awards granted. Corporate and enterprise costs increased during the six months ended June 30, 2023 compared to the corresponding prior period in 2022 primarily due to higher labor costs.

***Depreciation and amortization.*** Depreciation and amortization expense decreased by $69 million and $156 million during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022 primarily due to certain assets acquired in acquisitions becoming fully depreciated partly offset by an increase in depreciation as a result of more recent capital expenditures.

***Other operating income, net.*** The change in other operating income, net is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 (Increase) / Decrease | Six months ended June 30, 2023 compared to six months ended June 30, 2022 (Increase) / Decrease |
|---|---|---|
| Special charges, net | $ 13 | $ 21 |
| (Gain) loss on disposal of assets, net | (7) | (7) |
| | $ 6 | $ 14 |

See Note 7 to the accompanying consolidated financial statements contained in "Item 1. Financial Statements" for more information.

***Interest expense, net.*** Net interest expense increased by $187 million and $390 million for the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022. The increase in net interest expense is the result of an increase in weighted average interest rates as well as an increase in weighted average debt outstanding of approximately $2.3 billion and $3.5 billion during the three and six months ended June 30, 2023, respectively, compared to the corresponding periods in 2022. The increase in weighted average debt outstanding is primarily due to the issuance of notes throughout 2022 and 2023.

***Other income (expenses), net.*** The change in other income (expenses), net is attributable to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Loss on extinguishment of debt (see Note 3) | $ 3 | $ 3 |
| Gain (loss) on financial instruments, net (see Note 4) | (4) | (45) |
| Net periodic pension benefits | (16) | (31) |
| Gain (loss) on equity investments, net | (75) | (147) |
| | $ (92) | $ (220) |

See Note 8 and the Notes referenced above to the accompanying consolidated financial statements contained in "Item 1. Financial Statements" for more information.

***Income tax expense.*** We recognized income tax expense of $15 million and $29 million for the three and six months ended June 30, 2023, respectively, and $12 million and $25 million for the three and six months ended June 30, 2022, respectively.

***Net income attributable to noncontrolling interest.*** Net income attributable to noncontrolling interest relates to our third-party interest in CV of Viera, LLP, a consolidated joint venture in a small cable system in Florida.

***Net income attributable to CCO Holdings member.*** Net income attributable to CCO Holdings member decreased $300 million and $479 million during the three and six months ended June 30, 2023 compared to the corresponding periods in 2022, respectively, primarily as a result of the factors described above.

**Use of Adjusted EBITDA and Free Cash Flow**

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 CCO Holdings member 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 CCO Holdings member and net cash flows from operating activities, respectively, below.

Adjusted EBITDA 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 our performance and our ability to service our 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 $335 million and $709 million for the three and six months ended June 30, 2023, respectively, and $348 million and $690 million for the three and six months ended June 30, 2022, respectively.

A reconciliation of Adjusted EBITDA and free cash flow to net income attributable to CCO Holdings member and net cash flows from operating activities, respectively, is as follows (dollars in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net income attributable to CCO Holdings member | $ 1,814 | $ 2,114 | $ 3,344 | $ 3,823 |
| Plus: Net income attributable to noncontrolling interest | 1 | 1 | 1 | 1 |
| Interest expense, net | 1,290 | 1,103 | 2,546 | 2,156 |
| Income tax expense | 15 | 12 | 29 | 25 |
| Depreciation and amortization | 2,164 | 2,233 | 4,363 | 4,519 |
| Stock compensation expense | 168 | 104 | 376 | 251 |
| Other, net | 18 | (80) | 133 | (101) |
| Adjusted EBITDA | $ 5,470 | $ 5,487 | $ 10,792 | $ 10,674 |
| | | | | |
| Net cash flows from operating activities | $ 4,101 | $ 4,101 | $ 7,491 | $ 7,745 |
| Less: Purchases of property, plant and equipment | (2,834) | (2,193) | (5,298) | (4,050) |
| Change in accrued expenses related to capital expenditures | 191 | 118 | (4) | 128 |
| Free cash flow | $ 1,458 | $ 2,026 | $ 2,189 | $ 3,823 |

## Liquidity and Capital Resources

### *Introduction*

This section contains a discussion of our liquidity and capital resources, including a discussion of our cash position, sources and uses of cash, access to credit facilities and other financing sources, historical financing activities, cash needs, capital expenditures and outstanding debt.

### *Recent Events*

In February 2023, CCO Holdings and CCO Holdings Capital Corp. jointly issued $1.1 billion of 7.375% senior unsecured notes due March 2031 at par. The net proceeds were used for general corporate purposes, including repaying certain indebtedness, distributions to the Company's parent companies to fund buybacks of Charter Class A common stock and Charter Holdings common units and to pay related fees and expenses.

In February 2023, Charter Communications Operating, LLC ("Charter Operating") entered into an amendment to its credit agreement to replace London Interbank Offering Rate (“LIBOR”) as the benchmark rate applicable to the Term B loans with Secured Overnight Financing Rate (“SOFR”) and in March 2023, Charter Operating entered into another amendment to its credit agreement to incur a new Term B-3 loan with an aggregate principal amount of $750 million maturing in 2030 concurrently with the cancelation of certain of Charter Operating's existing Term B-1 and B-2 loans, among other amendments. Pricing on the new Term B-3 loan is SOFR plus 2.25%. After giving effect to the amendments, the aggregate principal amount of Term B-1 loans is $2.3 billion with pricing unchanged at SOFR plus 1.75% and the aggregate principal amount of Term B-2 loans is $3.1 billion with pricing unchanged at SOFR plus 1.75%.

As of July 1, 2023, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR, ceased publishing remaining U.S. Dollar LIBOR rates. The Charter Operating senior secured floating rate notes due 2024 (the "Floating Rate Notes") used LIBOR as a benchmark for establishing the interest rate of the Floating Rate Notes. As of July 1, 2023, SOFR is being used as the benchmark replacement for calculations of the amount of interest payable on the Floating Rate Notes with respect to interest periods with interest determination dates occurring after June 30, 2023.

### *Overview of Our Contractual Obligations and Liquidity*

We have significant amounts of debt. The principal amount of our debt as of June 30, 2023 was $97.8 billion, consisting of $14.6 billion of credit facility debt, $55.9 billion of investment grade senior secured notes and $27.3 billion of high-yield senior unsecured notes. Our business requires significant cash to fund principal and interest payments on our debt.

Our projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, and the timing and amount of our expenditures. As we continue to grow our market penetration of our mobile product, we will continue to experience negative working capital impacts from the timing of device-related cash flows when we sell devices to customers pursuant to equipment installment plans. Further, in 2022, Charter became a meaningful federal cash tax payer as the majority of their net operating losses have been utilized, which will be funded by distributions from us. Free cash flow was $1.5 billion and $2.2 billion for the three and six months ended June 30, 2023, respectively, and $2.0 billion and $3.8 billion for the three and six months ended June 30, 2022, respectively. See the table below for factors impacting free cash flow during the three and six months ended June 30, 2023 compared to the corresponding prior periods. As of June 30, 2023, the amount available under our credit facilities was approximately $3.2 billion and cash on hand was approximately $292 million. We expect to utilize free cash flow, cash on hand and availability under our credit facilities as well as future refinancing transactions to further extend the maturities of our obligations. The timing and terms of any refinancing transactions will be subject to market conditions among other considerations. Additionally, we may, from time to time, and depending on market conditions and other factors, use cash on hand and the proceeds from securities offerings or other borrowings to retire our debt through open market purchases, privately negotiated purchases, tender offers or redemption provisions. We believe we have sufficient liquidity from cash on hand, free cash flow and Charter Operating's revolving credit facility as well as access to the capital markets to fund our projected cash needs.

We continue to evaluate the deployment of our cash on hand and anticipated future free cash flow including to invest in our business growth and other strategic opportunities, including our network evolution and expansion initiatives, the build-out and deployment of our CBRS spectrum, and mergers and acquisitions as well as distributions to parent companies for stock repurchases and dividends. Charter's target leverage of net debt to the last twelve months Adjusted EBITDA remains at 4 to 4.5 times Adjusted EBITDA, and up to 3.5 times Adjusted EBITDA at the Charter Operating first lien level. Our leverage ratio was 4.5 times Adjusted EBITDA as of June 30, 2023. As Adjusted EBITDA grows, we expect to increase the total amount of our indebtedness to maintain leverage within Charter's target leverage range. Excluding purchases from Liberty Broadband Corporation (“Liberty Broadband”) discussed below, during the three and six months ended June 30, 2023, Charter purchased in the public market approximately 1.0 million and 3.1 million shares of Charter Class A common stock, respectively, for approximately $324 million and $1.1 billion, respectively, and during the three and six months ended June 30, 2022, Charter purchased in the public market approximately 5.0 million and 9.4 million shares of Charter Class A common stock, respectively, for approximately $2.5 billion and $5.0 billion, respectively. Since the beginning of its buyback program in September 2016 through June 30, 2023, Charter has purchased approximately 153.1 million shares of Class A common stock and Charter Holdings common units for approximately $69.8 billion, including purchases from Liberty Broadband and Advance/Newhouse Partnership ("A/N") discussed below.

In February 2021, Charter and Liberty Broadband entered into a letter agreement (the “LBB Letter Agreement”). The LBB Letter Agreement implements Liberty Broadband’s obligations under the Amended and Restated Stockholders Agreement among Charter, Liberty Broadband and A/N, dated as of May 23, 2015 (as amended, the “Stockholders Agreement”) to participate in share repurchases by Charter. Under the LBB Letter Agreement, Liberty Broadband will sell to Charter, generally on a monthly basis, a number of shares of Charter Class A common stock representing an amount sufficient for Liberty Broadband’s ownership of Charter to be reduced such that it does not exceed the ownership cap then applicable to Liberty Broadband under the Stockholders Agreement at a purchase price per share equal to the volume weighted average price per share paid by Charter for shares repurchased during such immediately preceding calendar month other than (i) purchases from A/N, (ii) purchases in privately negotiated transactions or (iii) purchases for the withholding of shares of Charter Class A common stock pursuant to equity compensation programs of Charter. Charter purchased from Liberty Broadband 0.1 million shares of Charter Class A common stock for approximately $42 million during the six months ended June 30, 2023, and 2.3 million and 3.2 million shares of Charter Class A common stock for approximately $1.2 billion and $1.8 billion during the three and six months ended June 30, 2022, respectively.

In December 2016, Charter and A/N entered into a letter agreement, as amended in December 2017 (the “A/N Letter Agreement”), that requires A/N to sell to Charter or to Charter Holdings, on a monthly basis, a number of shares of Charter Class A common stock or Charter Holdings common units that represents a pro rata participation by A/N and its affiliates in any repurchases of shares of Charter Class A common stock from persons other than A/N effected by Charter during the immediately preceding calendar month, at a purchase price equal to the average price paid by Charter for the shares repurchased from persons other than A/N during such immediately preceding calendar month. A/N and Charter both have the right to terminate or suspend the pro rata repurchase arrangement on a prospective basis. During the three and six months ended June 30, 2023, Charter Holdings purchased from A/N 0.2 million and 0.5 million Charter Holdings common units for approximately $54 million and $176 million, respectively, and during the three and six months ended June 30, 2022, Charter Holdings purchased from A/N 1.1 million and 1.7 million Charter Holdings common units for approximately $578 million and $994 million, respectively.

As of June 30, 2023, Charter had remaining board authority to purchase an additional $482 million of Charter’s Class A common stock and/or Charter Holdings common units, excluding purchases from Liberty Broadband. Although Charter expects to continue to buy back its common stock consistent with its leverage target range, Charter is not obligated to acquire any particular amount of common stock, and the timing of any purchases that may occur cannot be predicted and will largely depend on market conditions and other potential uses of capital. Purchases may include open market purchases, tender offers or negotiated transactions. To the extent such purchases occur, CCO Holdings and its subsidiaries are the primary source for funding such purchases through distributions to their parent companies.

As possible acquisitions, swaps or dispositions arise, we actively review them against our objectives including, among other considerations, improving the operational efficiency, geographic clustering of assets, product development or technology capabilities of our business and achieving appropriate return targets, and we may participate to the extent we believe these possibilities present attractive opportunities. However, there can be no assurance that we will actually complete any acquisitions, dispositions or system swaps, or that any such transactions will be material to our operations or results.

*Free Cash Flow*

Free cash flow decreased $568 million and $1.6 billion during the three and six months ended June 30, 2023 compared to the corresponding prior periods in 2022 due to the following (dollars in millions):

| | Three months ended June 30, 2023 compared to three months ended June 30, 2022 Increase / (Decrease) | Six months ended June 30, 2023 compared to six months ended June 30, 2022 Increase / (Decrease) |
|---|---|---|
| Increase in capital expenditures | $ (641) | $ (1,248) |
| Changes in working capital, excluding mobile devices | 143 | (331) |
| Changes in working capital, mobile devices | (36) | (174) |
| Increase in cash paid for interest, net | (73) | (279) |
| Change in Adjusted EBITDA | (17) | 118 |
| Increase in cash paid for taxes, net | 11 | 23 |
| Other, net | 45 | 257 |
| | $ (568) | $ (1,634) |

***Financial Information about Guarantors, Issuers of Guaranteed Securities, Affiliates Whose Securities Collateralize a Registrant's Securities and Consolidated Subsidiaries***

Each of CCO Holdings, Charter Operating, Time Warner Cable, LLC and Time Warner Cable Enterprises LLC (collectively, the "Issuers") and substantially all of Charter Operating's direct and indirect subsidiaries (the "Obligor Subsidiaries" and together with the Issuers, collectively, the "Obligor Group" and each an "Obligor") jointly, severally, fully and unconditionally guarantee the outstanding debt securities of the respective Issuers (other than the CCO Holdings unsecured notes) and Charter Operating's credit facilities on a senior basis (collectively, the "Guaranteed and Secured Debt"). Such guarantees are pari passu in right of payment with all senior indebtedness of the guarantors and senior in right of payment to subordinated obligations of the guarantors. Each guarantee will be limited to the maximum amount that can be guaranteed by the relevant guarantor without rendering the relevant guarantee, as it relates to that guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each guarantee would be subject to certain generally available defenses. The Guaranteed and Secured Debt is structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of Charter Operating's non-guarantor subsidiaries.

The Guaranteed and Secured Debt and the subsidiary guarantees thereof are also secured by (i) a lien on substantially all of the assets of Charter Operating and the Obligor Subsidiaries, to the extent such lien can be perfected under the Uniform Commercial Code by the filing of a financing statement, and (ii) a pledge of substantially all of the equity interests of subsidiaries owned by Charter Operating or the Obligor Subsidiaries (the "Pledged Equity Interests"), as well as intercompany obligations owing to it by any of such entities ((i) and (ii) collectively, the "Collateral"). In addition, payments of a mortgage note, currently outstanding for approximately $302 million, incurred by a single-asset special purpose entity to finance construction of the first building of the new Charter headquarters in Stamford, Connecticut are guaranteed by the Obligor Group and rank equally with the liens on the Collateral securing the Guaranteed and Secured Debt. No assets of any of Charter Operating's non-guarantor subsidiaries (including any capital stock owned by any such subsidiary) will constitute Collateral. The subsidiary guarantees are effectively senior to all unsecured debt or debt secured by junior liens of the subsidiary guarantors, in each case to the extent of the value of the collateral securing the guarantee obligations of the subsidiary guarantors. Upon the occurrence and during the continuance of an event of default under the Guaranteed and Secured Debt, subject to the terms of an intercreditor agreement, the security documents governing the Guaranteed and Secured Debt provide for (among other available remedies) the foreclosure upon and sale of the Collateral by the collateral agent(s) of the respective Guaranteed and Secured Debt and the distribution of the net proceeds of any such sale to the holders and/or the lenders of the Guaranteed and Secured Debt on a pro rata basis, subject to any prior liens on the Collateral. We believe there is no separate trading market for the Pledged Equity Interests.

Certain Charter Operating subsidiaries that are regulated entities are only designated as guarantor subsidiaries, and certain related assets (including the capital stock of such regulated entities) are only required to be pledged as Collateral, upon approval by regulators. The guaranteed obligations and collateral of an Obligor Subsidiary (including Pledged Equity Interests) may be released under certain circumstances permitted under the documentation governing the Guaranteed and Secured Debt, including if an Obligor Subsidiary no longer qualifies as a “Subsidiary” of Charter Operating under transactions not prohibited by the Charter Operating credit agreement.

See Note 8 to the consolidated financial statements contained in our 2022 Annual Report on Form 10-K for further details about the terms, conditions and other factors that may affect payments to holders and the collateral arrangements of the Guaranteed and Secured Debt.

Because the assets, liabilities and results of operations of the combined Obligor Group are not materially different than corresponding amounts presented in the consolidated financial statements of CCO Holdings, summarized financial information of the Obligor Group have been omitted pursuant to SEC Regulation S-X Rule 13-01, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered* and S-X Rule 13-02, *Affiliates Whose Securities Collateralize Securities Registered Or Being Registered*.

***Limitations on Distributions***

Distributions by us and our subsidiaries to a parent company for payment of principal on parent company notes are restricted under CCO Holdings indentures governing CCO Holdings' indebtedness, unless there is no default under the applicable indenture, and unless CCO Holdings' leverage ratio test is met at the time of such distribution. As of June 30, 2023, there was no default under any of these indentures, and CCO Holdings met its leverage ratio test based on June 30, 2023 financial results. There can be no assurance that CCO Holdings will satisfy its leverage ratio test at the time of the contemplated distribution.

In addition to the limitation on distributions under the various indentures, distributions by our subsidiaries may be limited by applicable law, including the Delaware Limited Liability Company Act, under which our subsidiaries may only make distributions if they have “surplus” as defined in the act.

***Historical Operating, Investing, and Financing Activities***

***Cash and Cash Equivalents.*** We held $292 million and $392 million in cash and cash equivalents as of June 30, 2023 and December 31, 2022, respectively.

***Operating Activities.*** Net cash provided by operating activities decreased $254 million during the six months ended June 30, 2023 compared to the six months ended June 30, 2022, primarily due to an increase in cash paid for interest and changes in working capital, partly offset by an increase in Adjusted EBITDA of $118 million.

***Investing Activities.*** Net cash used in investing activities was $5.6 billion and $4.1 billion for the six months ended June 30, 2023 and 2022, respectively. The increase in cash used was primarily due to an increase in capital expenditures and changes in accrued expenses related to capital expenditures.

***Financing Activities.*** Net cash used in financing activities decreased $1.7 billion during the six months ended June 30, 2023 compared to the six months ended June 30, 2022 primarily due to a decrease in distributions to parent companies partly offset by a decrease in the amount by which borrowings of long-term debt exceeded repayments.

***Capital Expenditures***

We have significant ongoing capital expenditure requirements. Capital expenditures were $2.8 billion and $5.3 billion for the three and six months ended June 30, 2023, respectively, and $2.2 billion and $4.1 billion for the three and six months ended June 30, 2022, respectively. The increase was primarily due to an increase in line extensions in connection with our subsidized rural construction initiative and continued residential and commercial network expansion. The increase in capital expenditures excluding line extensions was primarily driven by higher spend on network evolution and support capital. See the table below for more details.

We currently expect full year 2023 capital expenditures, excluding line extensions, to be between $6.5 billion and $6.8 billion. We expect 2023 line extensions capital expenditures to be approximately $4 billion. The actual amount of capital expenditures in 2023 will depend on a number of factors including, but not limited to, the pace of our network evolution and expansion initiatives, supply chain timing and growth rates in our residential and commercial businesses.

Our capital expenditures are funded primarily from cash flows from operating activities and borrowings on our credit facility. In addition, our accrued liabilities related to capital expenditures decreased by $4 million and increased by $128 million for the six months ended June 30, 2023 and 2022, respectively.

The following tables present our major capital expenditures categories in accordance with National Cable and Telecommunications Association ("NCTA") disclosure guidelines for the three and six months ended June 30, 2023 and 2022. These disclosure guidelines are not required disclosures under GAAP, nor do they impact our accounting for capital expenditures under GAAP (dollars in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Customer premise equipment [a] | $ 576 | $ 560 | $ 1,113 | $ 1,029 |
| Scalable infrastructure [b] | 353 | 384 | 707 | 743 |
| Upgrade/rebuild [c] | 392 | 189 | 681 | 348 |
| Support capital [d] | 431 | 367 | 825 | 696 |
| Capital expenditures, excluding line extensions | 1,752 | 1,500 | 3,326 | 2,816 |
| Subsidized rural construction line extensions | 529 | 278 | 900 | 470 |
| Other line extensions | 553 | 415 | 1,072 | 764 |
| Total line extensions [e] | 1,082 | 693 | 1,972 | 1,234 |
| Total capital expenditures | $ 2,834 | $ 2,193 | $ 5,298 | $ 4,050 |
| Of which: | | | | |
| Commercial services | $ 409 | $ 376 | $ 776 | $ 741 |
| Subsidized rural construction initiative [f] | $ 541 | $ 296 | $ 932 | $ 497 |
| Mobile | $ 82 | $ 95 | $ 159 | $ 169 |

(a) Customer premise equipment includes equipment and devices located at the customer's premise used to deliver our Internet, video and voice services (e.g., modems, routers and set-top boxes), as well as installation costs.
(b) Scalable infrastructure includes costs, not related to customer premise equipment or our network, to secure growth of new customers or provide service enhancements (e.g., headend equipment).
(c) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including our network evolution initiative which started in 2022.
(d) Support capital includes costs associated with the replacement or enhancement of non-network assets (e.g., back-office systems, non-network equipment, land and buildings, vehicles, tools and test equipment).
(e) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
(f) The subsidized rural construction initiative subcategory includes projects for which we are receiving subsidies from federal, state and local governments (for which separate reporting was initiated in 2022), excluding customer premise equipment and installation.

**Recently Issued Accounting Standards**

See Note 20 to the Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of recently issued accounting standards. There have been no material changes from the recently issued accounting standards described in our Form 10-K.

**Item 3.** ***Quantitative and Qualitative Disclosures About Market Risk.***

There have been no material changes to the interest rate risk as previously disclosed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022. See Note 3 to the accompanying consolidated financial statements contained in "Item 1. Financial Statements" for a discussion of notes issued during the six months ended June 30, 2023.

**Item 4.** ***Controls and Procedures.***

As of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our design and operation of disclosure controls and procedures with respect to the information generated for use in this quarterly report. The evaluation was based upon reports and certifications provided by a number of executives. Based on, and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon the evaluation, we believe that our controls provide such reasonable assurances.

During the quarter ended June 30, 2023, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

**Item 1.** ***Legal Proceedings.***

See Note 18 to our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of legal proceedings, as updated by Note 10 to the accompanying consolidated financial statements contained in “Item 1. Financial Statements” of this quarterly report.

**Item 1A.** ***Risk Factors.***

Our Annual Report on Form 10-K for the year ended December 31, 2022 includes "Risk Factors" under Item 1A of Part I. There have been no material changes from the risk factors described in our Form 10-K.

**Item 6.** ***Exhibits.***

See Exhibit Index.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, CCO Holdings, LLC and CCO Holdings Capital Corp. have duly caused this quarterly report to be signed on their behalf by the undersigned, thereunto duly authorized.

CCO HOLDINGS, LLC
Registrant

By: /s/ Kevin D. Howard
Kevin D. Howard
Executive Vice President, Chief Accounting Officer and Controller

Date: July 28, 2023

CCO HOLDINGS CAPITAL CORP.
Registrant

By: /s/ Kevin D. Howard
Kevin D. Howard
Executive Vice President, Chief Accounting Officer and Controller

Date: July 28, 2023

**Exhibit Index**

| Exhibit | Description |
|---|---|
| 22.1 | Issuers and Guarantors of Guaranteed Securities and Affiliate Securities Pledged as Collateral. |
| 31.1 | Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the under the Securities Exchange Act of 1934. |
| 31.2 | Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934. |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer). |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer). |
| 101 | The following financial information from CCO Holdings, LLC's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2023, filed with the Securities and Exchange Commission on July 28, 2023, formatted in iXBRL (inline eXtensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Changes in Member's Equity; (iv) the Consolidated Statements of Cash Flows; and (vi) the Notes to the Consolidated Financial Statements. |
| 104 | Cover Page, formatted in iXBRL and contained in Exhibit 101. |

Issuers and Guarantors of Guaranteed Securities and Affiliate Securities Pledged as Collateral
as of June 30, 2023

CCO Holdings, LLC, a Delaware limited liability company (the “Company”) and each of the CCOH Obligor Subsidiaries (as defined below), have fully and unconditionally guaranteed on a joint, several, full and unconditional basis each of the debt securities listed below, unless such subsidiary is an issuer of the listed debt security. Such guarantees are secured by substantially all of the assets of the CCOH Obligor Subsidiaries, including a pledge of the equity interests of substantially all of the subsidiaries owned by CCO and the other CCOH Obligor Subsidiaries (the “Pledged Equity Interests”).

**Debt Securities Issued by Charter Communications Operating, LLC (“CCO”) and Charter Communications Operating Capital Corp. (“CCO Capital”), guaranteed by the Company and each of the CCOH Obligor Subsidiaries (as defined below, other than CCO and CCO Capital) and secured by the Pledged Equity Interests:**

Senior floating rate notes due February 1, 2024
4.500% senior notes due February 1, 2024
4.908% senior notes due July 23, 2025
3.750% senior notes due February 15, 2028
4.200% senior notes due March 15, 2028
2.250% senior notes due January 15, 2029
5.050% senior notes due March 30, 2029
2.800% senior notes due April 1, 2031
2.300% senior notes due February 1, 2032
4.400% senior notes due April 1, 2033
6.384% senior notes due October 23, 2035
5.375% senior notes due April 1, 2038
3.500% senior notes due June 1, 2041
3.500% senior notes due March 1, 2042
6.484% senior notes due October 23, 2045
5.375% senior notes due May 1, 2047
5.750% senior notes due April 1, 2048
5.125% senior notes due July 1, 2049
4.800% senior notes due March 1, 2050
3.700% senior notes due April 1, 2051
3.900% senior notes due June 1, 2052
5.250% senior notes due April 1, 2053
6.834% senior notes due October 23, 2055
3.850% senior notes due April 1, 2061
4.400% senior notes due December 1, 2061
3.950% senior notes due June 30, 2062
5.500% senior notes due April 1, 2063

**Debt Securities Issued by Time Warner Cable, LLC (“TWC”), guaranteed by the Company and each of the CCOH Obligor Subsidiaries (as defined below, other than TWC) and secured by the Pledged Equity Interests:**

5.750% sterling senior notes due June 2, 2031
6.550% senior debentures due May 1, 2037
7.300% senior debentures due July 1, 2038
6.750% senior debentures due June 15, 2039
5.875% senior debentures due November 15, 2040
5.500% senior debentures due September 1, 2041
5.250% sterling senior notes due July 15, 2042

4.500% senior debentures due September 15, 2042

**Debt Securities Issued by Time Warner Cable Enterprises LLC ("TWCE"), guaranteed by the Company and each of the CCOH Obligor Subsidiaries (as defined below, other than TWCE) and secured by the Pledged Equity Interests:**

8.375% senior debentures due July 15, 2033

**"CCOH Obligor Subsidiaries":**

Bresnan Broadband Holdings, LLC
CCO NR Holdings, LLC
Charter Advanced Services (MO), LLC
Charter Communications, LLC
Charter Communications VI, L.L.C.
Charter Distribution, LLC
Charter Leasing Holding Company, LLC
Charter Communications Operating, LLC
Charter Communications Operating Capital Corp.
Charter Procurement Leasing, LLC
DukeNet Communications, LLC
Marcus Cable Associates, L.L.C.
Spectrum Advanced Services, LLC
Spectrum Gulf Coast, LLC
Spectrum Mid-America, LLC
Spectrum Mobile Equipment, LLC
Spectrum Mobile, LLC
Spectrum New York Metro, LLC
Spectrum NLP, LLC
Spectrum Northeast, LLC
Spectrum Oceanic, LLC
Spectrum Originals Development, LLC
Spectrum Originals, LLC
Spectrum Pacific West, LLC
Spectrum Reach, LLC
Spectrum RSN, LLC
Spectrum Security, LLC
Spectrum Southeast, LLC
Spectrum Sunshine State, LLC
Spectrum TV Essentials, LLC
Spectrum Wireless Holdings, LLC
TC Technology LLC
Time Warner Cable Enterprises LLC
Time Warner Cable, LLC
TWC Administration LLC
TWC Communications, LLC
TWC SEE Holdco LLC

**Exhibit 31.1**

I, Christopher L. Winfrey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CCO Holdings, LLC and CCO Holdings Capital Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 28, 2023

/s/ Christopher L. Winfrey

Christopher L. Winfrey
President and Chief Executive Officer

**Exhibit 31.2**

I, Jessica M. Fischer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CCO Holdings, LLC and CCO Holdings Capital Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2023

/s/ Jessica M. Fischer

Jessica M. Fischer
Chief Financial Officer
(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER REGARDING PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS**

I, Christopher L. Winfrey, the President and Chief Executive Officer of CCO Holdings, LLC and CCO Holdings Capital Corp. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2023 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Christopher L. Winfrey

Christopher L. Winfrey
President and Chief Executive Officer
July 28, 2023

**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER REGARDING PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS**

I, Jessica M. Fischer, the Chief Financial Officer of CCO Holdings, LLC and CCO Holdings Capital Corp. (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2023 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jessica M. Fischer

Jessica M. Fischer
Chief Financial Officer
(Principal Financial Officer)
July 28, 2023