

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 September 30, 2007

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: 333-112593
333-112593-01

CCO Holdings, LLC *
CCO Holdings Capital Corp. *

(Exact name of registrants as specified in their charters)

Delaware

Delaware

(State or other jurisdiction of incorporation or organization)

86-1067239

20-0257904

(I.R.S. Employer Identification Number)

12405 Powerscourt Drive

St. Louis, Missouri 63131

(Address of principal executive offices including zip code)

(314) 965-0555

(Registrants' telephone number, including area code)

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated
filer

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Act). Yes No

Number of shares of common stock of CCO Holdings Capital Corp. outstanding as of November 13, 2007: 1

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

CCO Holdings, LLC
CCO Holdings Capital Corp.
Quarterly Report on Form 10-Q for the Period ended September 30, 2007

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This quarterly report on Form 10-Q is for the three and nine months ended September 30, 2007. The 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. This information incorporates documents previously filed by our parent company, Charter Communications, Inc., with the SEC including its quarterly report on Form 10-Q for the quarter ended September 30, 2007, filed on November 8, 2007. Information incorporated by reference is considered to be part of this quarterly report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this quarterly report. In this quarterly report, "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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in the "Results of Operations" and "Liquidity and Capital Resources" sections under 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 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" under Part II, Item 1A. 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" 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 and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- the availability, in general, of funds to meet interest payment obligations under our and our parent companies' debt and to fund our operations and necessary capital expenditures, either through cash flows from operating activities, further borrowings or other sources and, in particular, our and our parent companies' ability to fund debt obligations (by dividend, investment or otherwise) to the applicable obligor of such debt;
- our and our parent companies' ability to comply with all covenants in our and our parent companies' indentures and credit facilities, any violation of which could trigger a default of our other obligations under cross-default provisions;
- our and our parent companies' ability to pay or refinance debt prior to or when it becomes due and/or refinance that debt through new issuances, exchange offers or otherwise, including restructuring our and our parent companies' balance sheet and leverage position;
- competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers, and DSL providers;
- difficulties in introducing, growing, and operating our telephone services, such as our ability to adequately meet customer expectations for the reliability of voice services;
- our ability to adequately meet demand for installations and customer service;
- our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services, and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition;
- our ability to obtain programming at reasonable prices or to adequately raise prices to offset the effects of higher programming costs;
- general business conditions, economic uncertainty or slowdown; and
- the effects of governmental regulation, including but not limited to local and state franchise authorities, on our business.

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
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4	\$ 28
Accounts receivable, less allowance for doubtful accounts of \$18 and \$16, respectively	220	194
Prepaid expenses and other current assets	26	23
Total current assets	<u>250</u>	<u>245</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$8,563 and \$7,602, respectively	5,075	5,181
Franchises, net	9,144	9,223
Total investment in cable properties, net	<u>14,219</u>	<u>14,404</u>
OTHER NONCURRENT ASSETS		
	<u>193</u>	<u>176</u>
Total assets	<u>\$ 14,662</u>	<u>\$ 14,825</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 930	\$ 901
Payables to related party	152	147
Total current liabilities	<u>1,082</u>	<u>1,048</u>
LONG-TERM DEBT	<u>9,630</u>	<u>8,610</u>
LOANS PAYABLE – RELATED PARTY	<u>332</u>	<u>303</u>
DEFERRED MANAGEMENT FEES – RELATED PARTY	<u>14</u>	<u>14</u>
OTHER LONG-TERM LIABILITIES	<u>444</u>	<u>362</u>
MINORITY INTEREST	<u>655</u>	<u>641</u>
MEMBER'S EQUITY:		
Member's equity	2,530	3,846
Accumulated other comprehensive income (loss)	(25)	1
Total member's equity	<u>2,505</u>	<u>3,847</u>
Total liabilities and member's equity	<u>\$ 14,662</u>	<u>\$ 14,825</u>

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

CCO HOLDINGS, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN MILLIONS)
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUES	\$ 1,525	\$ 1,388	\$ 4,449	\$ 4,091
COSTS AND EXPENSES:				
Operating (excluding depreciation and amortization)	679	615	1,957	1,830
Selling, general and administrative	341	309	961	860
Depreciation and amortization	334	334	999	1,024
Asset impairment charges	56	60	56	159
Other operating expenses, net	8	4	13	14
	<u>1,418</u>	<u>1,322</u>	<u>3,986</u>	<u>3,887</u>
Operating income from continuing operations	<u>107</u>	<u>66</u>	<u>463</u>	<u>204</u>
OTHER INCOME AND (EXPENSES):				
Interest expense, net	(193)	(184)	(579)	(574)
Other income (expense), net	(24)	1	(62)	(18)
	<u>(217)</u>	<u>(183)</u>	<u>(641)</u>	<u>(592)</u>
Loss from continuing operations before income taxes	(110)	(117)	(178)	(388)
INCOME TAX EXPENSE	<u>(21)</u>	<u>(1)</u>	<u>(22)</u>	<u>(5)</u>
Loss from continuing operations	(131)	(118)	(200)	(393)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	<u>--</u>	<u>200</u>	<u>--</u>	<u>238</u>
Net income (loss)	<u>\$ (131)</u>	<u>\$ 82</u>	<u>\$ (200)</u>	<u>\$ (155)</u>

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

CCO HOLDINGS, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)
Unaudited

	Nine Months Ended September 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (200)	\$ (155)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	999	1,032
Asset impairment charges	56	159
Noncash interest expense	13	18
Deferred income taxes	16	--
(Gain) loss on sale of assets	5	(198)
Loss on extinguishment of debt	21	27
Other, net	48	--
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(31)	44
Prepaid expenses and other assets	(4)	(11)
Accounts payable, accrued expenses and other	79	14
Receivables from and payables to related party, including deferred management fees	19	30
	1,021	960
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(890)	(795)
Change in accrued expenses related to capital expenditures	(51)	4
Proceeds from sales of assets, including cable systems	37	988
Other, net	(31)	(1)
	(935)	196
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	7,472	5,970
Borrowings from related parties	--	300
Repayments of long-term debt	(6,452)	(6,638)
Repayments to related parties	--	(20)
Payments for debt issuance costs	(33)	(19)
Contributions	--	148
Distributions	(1,102)	(835)
Other, net	5	--
	(110)	(1,094)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24)	62
CASH AND CASH EQUIVALENTS, beginning of period	28	3
CASH AND CASH EQUIVALENTS, end of period	\$ 4	\$ 65
CASH PAID FOR INTEREST	\$ 509	\$ 483
NONCASH TRANSACTIONS:		
Issuance of debt by Charter Communications Operating, LLC	\$ --	\$ 37
Retirement of Renaissance Media Group LLC debt	\$ --	\$ (37)

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

1. Organization and Basis of Presentation

CCO Holdings, LLC ("CCO Holdings") is a holding company whose principal assets at September 30, 2007 are the equity interests in its operating subsidiaries. CCO Holdings is a direct subsidiary of CCH II, LLC ("CCH II"), which is an indirect subsidiary of Charter Communications Holdings, LLC ("Charter Holdings"). Charter Holdings is an indirect subsidiary of Charter Communications, Inc. ("Charter"). The condensed consolidated financial statements include the accounts of CCO Holdings and all of its subsidiaries where the underlying operations reside, which are collectively referred to herein as the "Company." All significant intercompany accounts and transactions among consolidated entities have been eliminated.

The Company is a broadband communications company operating in the United States. The Company offers to residential and commercial customers traditional cable video programming (analog and digital video), high-speed Internet services, advanced broadband services such as high definition television, Charter OnDemand™, and digital video recorder service, and, in many of our markets, telephone service. The Company sells its cable video programming, high-speed Internet, telephone, and advanced broadband services on a subscription basis. The Company also sells local advertising on cable networks.

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures typically included in CCO Holdings' Annual Report on Form 10-K have been condensed or omitted for this quarterly report. The accompanying condensed 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 accounting principles generally accepted in the United States 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; depreciation and amortization costs; impairments of property, plant and equipment, franchises and goodwill; income taxes; and contingencies. Actual results could differ from those estimates.

2. Liquidity and Capital Resources

The Company incurred net losses of \$131 million for the three months ended September 30, 2007, and \$200 million and \$155 million for the nine months ended September 30, 2007 and 2006, respectively. The Company had net income of \$82 million for the three months ended September 30, 2006. The Company's net cash flows from operating activities were \$1.0 billion and \$960 million for the nine months ended September 30, 2007 and 2006, respectively.

The Company's long-term financing as of September 30, 2007 totaled \$9.6 billion, consisting of \$7.0 billion of credit facility debt and \$2.7 billion accreted value of high-yield notes. For the remainder of 2007, none of the Company's debt matures. As of September 30, 2007, the Company's 2008 and 2009 debt maturities each totaled \$65 million. In 2010 and beyond, significant additional amounts will become due under the Company's remaining long-term debt obligations.

The Company requires significant cash to fund debt service costs, capital expenditures and ongoing operations. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its credit facilities, equity contributions from its parent companies, sales of assets, issuances of debt securities, and cash on hand. However, the mix of funding sources changes from period to period. For the nine months ended September 30, 2007, the Company generated \$1.0 billion of net cash flows from operating activities, after paying cash interest of \$509 million. In addition, the Company used \$890 million for purchases of property, plant and equipment. Finally, the Company used \$110 million of net cash flows in financing activities.

The Company expects that cash on hand, cash flows from operating activities, and the amounts available under its credit facilities will be adequate to meet its and its parent companies' cash needs through 2008. The Company believes that cash flows from operating activities and amounts available under the Company's credit facilities may not be sufficient to fund the Company's operations and satisfy its and its parent companies' interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. The Company has been advised that Charter continues to work with its financial advisors concerning its approach to addressing liquidity, debt maturities, and overall balance sheet leverage.

Credit Facility Availability

The Company's ability to operate depends upon, among other things, its continued access to capital, including credit under the Charter Communications Operating, LLC ("Charter Operating") credit facilities. The Charter Operating credit facilities, along with the Company's indentures and the CCO Holdings credit facility, contain certain restrictive covenants, some of which require the Company to maintain specified leverage ratios, meet financial tests, and provide annual audited financial statements with an unqualified opinion from the Company's independent auditors. As of September 30, 2007, the Company was in compliance with the covenants under its indentures and credit facilities, and the Company expects to remain in compliance with those covenants for the next twelve months. As of September 30, 2007, the Company's potential availability under Charter Operating's revolving credit facility totaled approximately \$1.3 billion, none of which was limited by covenant restrictions. Continued access to the Company's credit facilities is subject to the Company remaining in compliance with these covenants, including covenants tied to the Company's leverage ratio. If any event of non-compliance were to occur, funding under the credit facilities may not be available and defaults on some or potentially all of the Company's and its parent companies' debt obligations could occur. An event of default under any of the Company's debt instruments could result in the acceleration of its payment obligations under that debt and, under certain circumstances, in cross-defaults under its and its parent companies' other debt obligations, which could have a material adverse effect on the Company's consolidated financial condition and results of operations.

Parent Company Debt Obligations

Any financial or liquidity problems of the Company's parent companies could cause serious disruption to the Company's business and have a material adverse effect on the Company's business and results of operations. A failure by Charter Holdings, CCH I Holdings, LLC ("CIH"), CCH I, LLC ("CCH I"), or CCH II to satisfy their debt payment obligations or a bankruptcy with respect to Charter Holdings, CIH, CCH I, or CCH II would give the lenders under the Company's credit facilities the right to accelerate the payment obligations under these facilities. Any such acceleration would be a default under the indenture governing the Company's notes. On a consolidated basis, the Company's parent companies have a significant level of debt, which, including the Company's debt, totaled approximately \$19.7 billion as of September 30, 2007.

Limitations on Distributions

As long as Charter's convertible senior notes remain outstanding and are not otherwise converted into shares of common stock, Charter must pay interest on the convertible senior notes and repay the principal amount. In October 2007, Charter Communications Holding Company, LLC ("Charter Holdco") completed an exchange offer, in which \$364 million of Charter's 5.875% convertible senior notes due November 2009 were exchanged for \$479 million of Charter's 6.50% convertible senior notes. Approximately \$49 million of Charter's 5.875% convertible senior notes remain outstanding, net of \$814 million of the 5.875% convertible senior notes now held by Charter Holdco. Charter's ability to make interest payments on its convertible senior notes, and to repay the outstanding principal of its convertible senior notes will depend on its ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco and its subsidiaries. As of September 30, 2007, Charter Holdco was owed \$123 million in intercompany loans from Charter Operating and had \$44 million in cash, which amounts were available to pay interest and principal on Charter's convertible senior notes. In addition, Charter has \$25 million of U.S. government securities pledged as security for the semi-annual interest payments on Charter's 5.875% convertible

senior notes scheduled in November 2007. As long as Charter Holdco continues to hold the \$814 million of Charter's 5.875% convertible senior notes, Charter Holdco will receive interest payments from the government securities pledged for Charter's 5.875% convertible senior notes. The remaining amount of interest payments expected to be received by Charter Holdco in November 2007 is approximately \$24 million, which may be available to pay semiannual interest on the outstanding principal amount of \$49 million of Charter's 5.875% convertible senior notes and \$479 million of Charter's 6.50% convertible senior notes, although Charter Holdco may use those amounts for other purposes.

As of September 30, 2007, Charter Holdings, CIH, CCH I, and CCH II had approximately \$9.5 billion principal amount of debt outstanding with approximately \$0, \$188 million, \$2.2 billion, and \$7.1 billion maturing in 2008, 2009, 2010, and thereafter, respectively. Charter Holdings, CIH, CCH I, and CCH II will need to raise additional capital or receive distributions or payments from the Company in order to satisfy their debt obligations. However, their significant indebtedness may negatively impact the Company's and their ability to raise additional capital. During the nine months ended September 30, 2007, the Company distributed \$1.1 billion of cash to its parent company.

Distributions by Charter's subsidiaries to a parent company (including Charter, Charter Holdco, CCHC, LLC ("CCHC"), Charter Holdings, CIH, CCH I, and CCH II) for payment of principal on parent company notes, are restricted under the indentures governing the CIH notes, CCH I notes, CCH II notes, CCO Holdings notes, Charter Operating notes, and under the CCO Holdings credit facilities, unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. For the quarter ended September 30, 2007, there was no default under any of these indentures or credit facilities. However, certain of Charter's subsidiaries did not meet their applicable leverage ratio tests based on September 30, 2007 financial results. As a result, distributions from certain of Charter's subsidiaries to their parent companies will continue to be restricted unless those tests are met. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

Distributions by CIH, CCH I, CCH II, CCO Holdings, and Charter Operating to a parent company for payment of parent company interest are permitted if there is no default under the aforementioned indentures and CCO Holdings credit facilities.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on Charter's convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings' indentures, and other specified tests are met. For the quarter ended September 30, 2007, there was no default under Charter Holdings' indentures and the other specified tests were met. However, Charter Holdings did not meet the leverage ratio test of 8.75 to 1.0 based on September 30, 2007 financial results. As a result, distributions from Charter Holdings to Charter or Charter Holdco would have been restricted at such time and will continue to be restricted unless that test is met. During periods in which distributions are restricted, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments (that are not restricted payments) in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

Recent Financing Transactions

In March 2007, Charter Operating entered into an Amended and Restated Credit Agreement (the "Charter Operating Credit Agreement") which provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (which was refinanced with new term loans in April 2007), and a \$1.5 billion new term loan facility, which was funded in March and April 2007. In March 2007, CCO Holdings entered into a credit agreement which consisted of a \$350 million term loan facility funded in March and April 2007. In April 2007, Charter Holdings completed a cash tender offer and purchased \$97 million of its outstanding notes. In addition, Charter Holdings redeemed \$187 million of its 8.625% senior notes due April 1, 2009 and CCO Holdings redeemed

\$550 million of its senior floating rate notes due December 15, 2010. These redemptions closed in April 2007. See Note 6.

3. Sale of Assets

In 2006, the Company sold certain cable television systems serving approximately 356,000 analog video customers in 1) West Virginia and Virginia to Cebridge Connections, Inc. (the "Cebridge Transaction"); 2) Illinois and Kentucky to Telecommunications Management, LLC, doing business as New Wave Communications (the "New Wave Transaction") and 3) Nevada, Colorado, New Mexico and Utah to Orange Broadband Holding Company, LLC (the "Orange Transaction") for a total sales price of approximately \$971 million. The Company used the net proceeds from the asset sales to reduce borrowings, but not commitments, under the revolving portion of the Company's credit facilities. These cable systems met the criteria for assets held for sale. As such, the assets were written down to fair value less estimated costs to sell, resulting in asset impairment charges during the nine months ended September 30, 2006 of approximately \$99 million related to the New Wave Transaction and the Orange Transaction. The Company determined that the West Virginia and Virginia cable systems comprise operations and cash flows that for financial reporting purposes meet the criteria for discontinued operations. Accordingly, the results of operations for the West Virginia and Virginia cable systems have been presented as discontinued operations, net of tax, for the three and nine months ended September 30, 2006, including a gain of \$200 million on the sale of cable systems.

Summarized consolidated financial information for the three and nine months ended September 30, 2006 for the West Virginia and Virginia cable systems is as follows:

	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2006
Revenues	\$ --	\$ 109
Net income	\$ 200	\$ 238

Also, during the three months ended September 30, 2007 and 2006, the Company recorded asset impairment charges of \$56 million and \$60 million, respectively, related to other cable systems meeting the criteria of assets held for sale during the respective periods.

4. Franchises and Goodwill

Franchise rights represent the value attributed to agreements with local authorities that allow access to homes in cable service areas acquired through the purchase of cable systems. Management estimates the fair value of franchise rights at the date of acquisition and determines if the franchise has a finite life or an indefinite life as defined by Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*. Franchises that qualify for indefinite-life treatment under SFAS No. 142 are tested for impairment annually each October 1 based on valuations, or more frequently as warranted by events or changes in circumstances. The October 1, 2007 annual impairment test will be finalized in the fourth quarter of 2007 and any impairment resulting from such test will be recorded in the fourth quarter. Franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographical clustering of the Company's cable systems into groups by which such systems are managed. Management believes such grouping represents the highest and best use of those assets.

CCO HOLDINGS, LLC AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except where indicated)

As of September 30, 2007 and December 31, 2006, indefinite-lived and finite-lived intangible assets are presented in the following table:

	September 30, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises with indefinite lives	\$ 9,131	\$ --	\$ 9,131	\$ 9,207	\$ --	\$ 9,207
Goodwill	79	--	79	61	--	61
	<u>\$ 9,210</u>	<u>\$ --</u>	<u>\$ 9,210</u>	<u>\$ 9,268</u>	<u>\$ --</u>	<u>\$ 9,268</u>
Finite-lived intangible assets:						
Franchises with finite lives	\$ 23	\$ 10	\$ 13	\$ 23	\$ 7	\$ 16

For the nine months ended September 30, 2007, the net carrying amount of indefinite-lived franchises was reduced by \$20 million, related to cable asset sales completed in the first nine months of 2007, and \$56 million as a result of asset impairment charges recorded related to other cable asset sales. Franchise amortization expense represents the amortization relating to franchises that did not qualify for indefinite-life treatment under SFAS No. 142, including costs associated with franchise renewals. Franchise amortization expense for the three and nine months ended September 30, 2007 was approximately \$1 million and \$3 million, respectively, and for the three and nine months ended September 30, 2006 was approximately \$0 and \$1 million, respectively. The Company expects that amortization expense on franchise assets will be approximately \$3 million annually for each of the next five years. Actual amortization expense in future periods could differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives and other relevant factors.

For the nine months ended September 30, 2007, goodwill increased \$18 million as a result of the Company's purchase of certain cable systems in June and August of 2007. The amount recorded to goodwill is based on a preliminary allocation of purchase price and is subject to change based on finalization of the fair value allocations.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of September 30, 2007 and December 31, 2006:

	September 30, 2007	December 31, 2006
Accounts payable - trade	\$ 112	\$ 79
Accrued capital expenditures	46	97
Accrued expenses:		
Interest	159	117
Programming costs	277	268
Franchise-related fees	56	68
Compensation	72	74
Other	208	198
	<u>\$ 930</u>	<u>\$ 901</u>

6. Long-Term Debt

Long-term debt consists of the following as of September 30, 2007 and December 31, 2006:

	<u>September 30, 2007</u>		<u>December 31, 2006</u>	
	<u>Principal Amount</u>	<u>Accreted Value</u>	<u>Principal Amount</u>	<u>Accreted Value</u>
Long-Term Debt				
CCO Holdings, LLC:				
Senior floating notes due December 15, 2010	\$ --	\$ --	\$ 550	\$ 550
8 3/4% senior notes due November 15, 2013	800	795	800	795
Credit facility	350	350	--	--
Charter Communications Operating, LLC:				
8.000% senior second lien notes due April 30, 2012	1,100	1,100	1,100	1,100
8 3/8% senior second lien notes due April 30, 2014	770	770	770	770
Credit facilities	6,615	6,615	5,395	5,395
	<u>\$ 9,635</u>	<u>\$ 9,630</u>	<u>\$ 8,615</u>	<u>\$ 8,610</u>

The accreted values presented above generally represent the principal amount of the notes less the original issue discount at the time of sale, plus the accretion to the balance sheet date.

In March 2007, Charter Operating entered into the Charter Operating Credit Agreement which provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (the "Existing Term Loan"), and a \$1.5 billion new term loan facility (the "New Term Loan"), which was funded in March and April 2007. Borrowings under the Charter Operating Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate, plus in either case, an applicable margin. The applicable margin for LIBOR loans under the New Term Loan and revolving loans is 2.00% above LIBOR. The revolving line of credit commitments terminate in March 2013. The Existing Term Loan and the New Term Loan are subject to amortization at 1% of their initial principal amount per annum commencing on March 31, 2008 with the remaining principal amount of the New Term Loan due in March 2014. The Charter Operating Credit Agreement also modified the quarterly consolidated leverage ratio to be less restrictive.

In March 2007, CCO Holdings entered into a credit agreement (the "CCO Holdings Credit Agreement") which consisted of a \$350 million term loan facility (the "Term Facility"). The Term Facility matures in September 2014 (the "Maturity Date"). Borrowings under the CCO Holdings Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. The CCO Holdings Credit Agreement is secured by the equity interests of Charter Operating, and all proceeds thereof.

As part of the refinancing, the existing \$350 million revolving/term credit facility was terminated. The refinancing resulted in a loss on extinguishment of debt of approximately \$13 million for the nine months ended September 30, 2007, included in other income (expense), net on the Company's condensed consolidated statements of operations.

In April 2007, CCO Holdings redeemed \$550 million of its senior floating rate notes due December 15, 2010. The redemption resulted in a loss on extinguishment of debt of approximately \$19 million for the nine months ended September 30, 2007, included in other income (expense), net on the Company's condensed consolidated statements of operations.

7. Loans Payable-Related Party

Loans payable-related party as of September 30, 2007 and December 31, 2006 consists of loans from Charter Holdco to the Company of \$123 million and \$3 million, respectively, from Charter Holdings to the Company of \$0 and \$105 million, and from CCH II to the Company of \$209 million and \$195 million, respectively. These loans bear interest at a rate of LIBOR plus 3.0% reset quarterly. These loans are subject to certain limitations and may be repaid with borrowings under the Company's revolving credit facility.

8. Minority Interest

Minority interest on the Company's condensed consolidated balance sheets at September 30, 2007 and December 31, 2006 represents preferred membership interests in CC VIII, LLC ("CC VIII"), an indirect subsidiary of CCO Holdings, of \$655 million and \$641 million, respectively. This preferred interest is held by Mr. Allen, Charter's Chairman and controlling shareholder, and CCH I. Minority interest in the accompanying condensed consolidated statements of operations includes the 2% accretion of the preferred membership interests plus approximately 18.6% of CC VIII's income, net of accretion.

9. Comprehensive Income (Loss)

The Company reports changes in the fair value of interest rate agreements designated as hedging the variability of cash flows associated with floating-rate debt obligations, that meet the effectiveness criteria of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, in accumulated other comprehensive income (loss). Comprehensive loss was \$204 million for the three months ended September 30, 2007, and \$226 million and \$156 million for the nine months ended September 30, 2007 and 2006, respectively. Comprehensive income for the three months ended September 30, 2006 was \$81 million.

10. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments, including but not limited to interest rate swap agreements and interest rate collar agreements (collectively referred to herein as interest rate agreements) to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company's policy is to manage its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt within a targeted range. Using interest rate swap agreements, the Company has agreed to exchange, at specified intervals through 2013, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts.

The Company's hedging policy does not permit it to hold or issue derivative instruments for trading purposes. The Company does, however, have certain interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, SFAS No. 133 allows derivative gains and losses to offset related results on hedged items in the consolidated statement of operations. The Company has formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. For each of the three months ended September 30, 2007 and 2006, other income (expense), net includes \$0, and for the nine months ended September 30, 2007 and 2006, other income (expense), net includes \$0 and gains of \$2 million, respectively, which represent cash flow hedge ineffectiveness on interest rate hedge agreements. This ineffectiveness arises from differences between critical terms of the agreements and the related hedged obligations.

Changes in the fair value of interest rate agreements that are designated as hedging instruments of the variability of cash flows associated with floating rate debt obligations, and that meet the effectiveness criteria of SFAS No. 133 are reported in accumulated other comprehensive income (loss). For the three months ended September 30, 2007 and 2006, losses of \$73 million and \$1 million, respectively, and for the nine months ended September 30, 2007 and 2006, losses of \$25 million and \$1 million, respectively, related to derivative instruments designated as cash flow hedges, were recorded in accumulated other comprehensive income (loss). The amounts are subsequently reclassified as an

increase or decrease to interest expense in the same periods in which the related interest on the floating-rate debt obligations affects earnings (losses).

Certain interest rate derivative instruments are not designated as hedges as they do not meet the effectiveness criteria specified by SFAS No. 133. However, management believes such instruments are closely correlated with the respective debt, thus managing associated risk. Interest rate derivative instruments not designated as hedges are marked to fair value, with the impact recorded as other income (expense) in the Company's condensed consolidated statements of operations. For the three months ended September 30, 2007 and 2006, other income (expense), net, includes losses of \$21 million and \$3 million, respectively, and for the nine months ended September 30, 2007 and 2006, other income (expense), net includes losses of \$16 million and gains of \$6 million, respectively, resulting from interest rate derivative instruments not designated as hedges.

As of September 30, 2007 and December 31, 2006, the Company had outstanding \$4.3 billion and \$1.7 billion, respectively, in notional amounts of interest rate swaps. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

11. Other Operating Expenses, Net

Other operating expenses, net consist of the following for the three and nine months ended September 30, 2007 and 2006:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Loss on sale of assets, net	\$ 2	\$ 2	\$ 5	\$ 2
Special charges, net	6	2	8	12
	<u>\$ 8</u>	<u>\$ 4</u>	<u>\$ 13</u>	<u>\$ 14</u>

Special charges, net for the three and nine months ended September 30, 2007 and 2006, primarily represent severance associated with the closing of call centers and divisional restructuring.

12. Other Income (Expense), Net

Other income (expense), net consists of the following for the three and nine months ended September 30, 2007 and 2006:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Gain (loss) on derivative instruments and hedging activities, net	\$ (21)	\$ (3)	\$ (16)	\$ 8
Loss on extinguishment of debt	--	--	(32)	(27)
Minority interest	(4)	(4)	(14)	(14)
Gain on investments	2	8	1	12
Other, net	(1)	--	(1)	3
	<u>\$ (24)</u>	<u>\$ 1</u>	<u>\$ (62)</u>	<u>\$ (18)</u>

The Charter Operating refinancing in April 2006 resulted in a loss on extinguishment of debt for the nine months ended September 30, 2006 of approximately \$27 million.

13. Income Taxes

CCO Holdings is a single member limited liability company not subject to income tax. CCO Holdings holds all operations through indirect subsidiaries. The majority of these indirect subsidiaries are generally limited liability companies that are also not subject to income tax. However, certain of these limited liability companies are subject to state income tax. In addition, the subsidiaries that are corporations are subject to federal and state income tax.

As of September 30, 2007 and December 31, 2006, the Company had net deferred income tax liabilities of approximately \$230 million and \$200 million, respectively. The deferred tax liabilities relate to certain of the Company's indirect subsidiaries that file separate income tax returns. During the nine months ended September 30, 2007, the Company recorded an additional \$32 million of deferred tax liabilities previously recorded at the Company's indirect parent company.

Income tax expense is recognized through current federal and state income tax expense, as well as, increases to the related deferred tax liabilities of certain of the Company's indirect subsidiaries. During the three and nine months ended September 30, 2007, the Company recorded \$21 million and \$22 million of income tax expense, respectively. During the three and nine months ended September 30, 2006, the Company recorded \$1 million and \$5 million of income tax expense, respectively. Income tax expense for the three and nine months ended September 30, 2007 includes \$18 million of income tax expense previously recorded at the Company's indirect parent company. This adjustment should have been recorded by the Company in prior periods.

Charter Holdco, the Company's indirect parent company, is currently under examination by the Internal Revenue Service for the tax years ending December 31, 2002 through 2005. In addition, Charter is under examination by the Internal Revenue Service for the tax year ended December 31, 2004. Management does not expect the results of these examinations to have a material adverse effect on the Company's consolidated financial condition or results of operations.

14. Contingencies

The Company and its parent companies are defendants or co-defendants in several unrelated lawsuits claiming infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, the Company expects that any potential liability would be the responsibility of its equipment vendors pursuant to applicable contractual indemnification provisions. In the event that a court ultimately determines that the Company infringes on any intellectual property rights, it 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. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, the lawsuits could be material to the Company's consolidated results of operations of any one period, and 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 and its parent companies are party to other lawsuits and claims that arise in the ordinary course of conducting its business. The ultimate outcome of these other legal matters pending against the Company or its parent companies 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.

15. Stock Compensation Plans

Charter has stock option plans (the "Plans") which provide for the grant of non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock and/or restricted stock (not to exceed 20.0 million shares of Charter Class A common stock), as each term is defined in the Plans. Employees, officers, consultants and directors of Charter and its subsidiaries and affiliates are eligible to receive grants under the Plans. Options granted generally vest over four years from the grant date, with 25% generally vesting on the anniversary of the grant date and ratably thereafter. Generally, options expire 10 years from the grant date. The Plans allow for the issuance of up to a total of 90.0 million shares of Charter Class A common stock (or units convertible into Charter Class A common stock). During the three and nine months ended September 30, 2007, Charter granted 0.1 million and 4.0 million stock options, respectively, and 2.6 million and 9.5 million performance units, respectively, under Charter's Long-Term Incentive Program. During the three and nine months ended September 30, 2007, Charter issued 2.5 million and 2.8 million shares of restricted Class A common stock. The Company recorded \$5 million and \$3 million of stock compensation expense for the three months ended September 30, 2007 and 2006, respectively, and \$15 million and \$10 million for the nine months ended September 30, 2007 and 2006, which is included in selling, general, and administrative expense.

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 at September 30, 2007 are the equity interests in its operating subsidiaries. CCO Holdings is a direct subsidiary of CCH II, LLC ("CCH II"), which is an indirect subsidiary of Charter Communications Holdings, LLC ("Charter Holdings"). Charter Holdings is an indirect subsidiary of Charter Communications, Inc. ("Charter"). "We," "us" and "our" refer to CCO Holdings and/or its subsidiaries.

We are a broadband communications company operating in the United States. We offer our residential and commercial customers traditional cable video programming (analog and digital video, which we refer to as "video service"), high-speed Internet services, advanced broadband cable services (such as Charter OnDemand™ video service ("OnDemand"), high definition television service, and digital video recorder ("DVR") service) and, in many of our markets, telephone service. We sell our cable video programming, high-speed Internet, telephone, and advanced broadband services on a subscription basis.

The following table summarizes our customer statistics for analog and digital video, residential high-speed Internet and residential telephone as of September 30, 2007 and 2006:

	Approximate as of	
	September 30, 2007 (a)	September 30, 2006 (a)
Video Cable Services:		
Analog Video:		
Residential (non-bulk) analog video customers (b)	5,073,900	5,216,900
Multi-dwelling (bulk) and commercial unit customers (c)	273,900	259,700
Total analog video customers (b)(c)	<u>5,347,800</u>	<u>5,476,600</u>
Digital Video:		
Digital video customers (d)	2,882,900	2,767,900
Non-Video Cable Services:		
Residential high-speed Internet customers (e)	2,639,200	2,343,200
Telephone customers (f)	802,600	339,600

After giving effect to sales of cable systems in January 2007 and May 2007, and the acquisition of cable systems in August 2007, analog video customers, digital video customers, high-speed Internet customers and telephone customers would have been 5,442,300, 2,753,700, 2,342,900, and 339,600, respectively, as of September 30, 2006.

- (a) "Customers" include all persons our corporate billing records show as receiving service (regardless of their payment status), except for complimentary accounts (such as our employees). At September 30, 2007 and 2006, "customers" include approximately 33,800 and 43,500 persons whose accounts were over 60 days past due in payment, approximately 5,700 and 8,400 persons whose accounts were over 90 days past due in payment, and approximately 2,100 and 5,100 of which were over 120 days past due in payment, respectively.
- (b) "Analog video customers" include all customers who receive video services.
- (c) Included within "video customers" are those in commercial and multi-dwelling structures, which are calculated on an equivalent bulk unit ("EBU") basis. EBU is calculated for a system by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. The EBU method of estimating analog video customers is consistent with the methodology used in determining costs paid to programmers and has been used consistently.

- (d) "Digital video customers" include all households that have one or more digital set-top boxes or cable cards deployed.
- (e) "Residential high-speed Internet customers" represent those residential customers who subscribe to our high-speed Internet service.
- (f) "Telephone customers" include all customers receiving telephone service.

Overview

For the three months ended September 30, 2007 and 2006, our operating income from continuing operations was \$107 million and \$66 million, respectively, and for the nine months ended September 30, 2007 and 2006, our operating income from continuing operations was \$463 million and \$204 million, respectively. We had operating margins of 7% and 5% for the three months ended September 30, 2007 and 2006, respectively, and 10% and 5% for the nine months ended September 30, 2007 and 2006, respectively. The increase in operating income from continuing operations and operating margins for the three and nine months ended September 30, 2007 compared to the three and nine months ended September 30, 2006 was principally due to revenues increasing at a faster rate than expenses, reflecting increased operational efficiencies, improved geographic footprint, and benefits from improved third-party contracts, coupled with a decrease of \$103 million in asset impairment charges during the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006.

We have a history of net losses. Further, we expect to continue to report net losses for the foreseeable future. Our net losses are principally attributable to insufficient revenue to cover the combination of operating expenses and interest expenses we incur because of our high amounts of debt, and depreciation expenses resulting from the capital investments we have made and continue to make in our cable properties. We expect that these expenses will remain significant.

Sale of Assets

In 2006, we sold certain cable television systems serving approximately 356,000 analog video customers in 1) West Virginia and Virginia to Cebridge Connections, Inc. (the "Cebridge Transaction"); 2) Illinois and Kentucky to Telecommunications Management, LLC, doing business as New Wave Communications (the "New Wave Transaction") and 3) Nevada, Colorado, New Mexico and Utah to Orange Broadband Holding Company, LLC (the "Orange Transaction") for a total sales price of approximately \$971 million. We used the net proceeds from the asset sales to reduce borrowings, but not commitments, under the revolving portion of our credit facilities. These cable systems met the criteria for assets held for sale. As such, the assets were written down to fair value less estimated costs to sell, resulting in asset impairment charges during the nine months ended September 30, 2006 of approximately \$99 million related to the New Wave Transaction and the Orange Transaction. We determined that the West Virginia and Virginia cable systems comprise operations and cash flows that for financial reporting purposes meet the criteria for discontinued operations. Accordingly, the results of operations for the West Virginia and Virginia cable systems have been presented as discontinued operations, net of tax, for the three and nine months ended September 30, 2006, including a gain of \$200 million on the sale of cable systems.

Also, during the three months ended September 30, 2007 and 2006, we recorded asset impairment charges of \$56 million and \$60 million, respectively, related to other cable systems meeting the criteria of assets held for sale during the respective periods.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2007 Compared to Nine Months Ended September 30, 2006

The following table sets forth the percentages of revenues that items in the accompanying condensed consolidated statements of operations constituted for the periods presented (dollars in millions):

	Nine Months Ended September 30,			
	2007		2006	
REVENUES	\$ 4,449	100%	\$ 4,091	100%
COSTS AND EXPENSES:				
Operating (excluding depreciation and amortization)	1,957	44%	1,830	45%
Selling, general and administrative	961	22%	860	21%
Depreciation and amortization	999	23%	1,024	25%
Asset impairment charges	56	1%	159	4%
Other operating expenses, net	13	--	14	--
	<u>3,986</u>	<u>90%</u>	<u>3,887</u>	<u>95%</u>
Operating income from continuing operations	<u>463</u>	<u>10%</u>	<u>204</u>	<u>5%</u>
OTHER EXPENSES:				
Interest expense, net	(579)		(574)	
Other expense, net	(62)		(18)	
	<u>(641)</u>		<u>(592)</u>	
Loss from continuing operations before income taxes	(178)		(388)	
INCOME TAX EXPENSE	<u>(22)</u>		<u>(5)</u>	
Loss from continuing operations	(200)		(393)	
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	<u>--</u>		<u>238</u>	
Net loss	<u>\$ (200)</u>		<u>\$ (155)</u>	

Revenues. Average monthly revenue per analog video customer increased to \$92 for the nine months ended September 30, 2007 from \$81 for the nine months ended September 30, 2006, primarily as a result of increases in customers purchasing combinations of digital, high-speed Internet, and telephone services, incremental revenues from OnDemand, DVR, high-definition television services, and rate adjustments. Average monthly revenue per analog video customer represents total quarterly revenue, divided by the number of respective months, divided by the average number of analog video customers during the respective period.

Revenues by service offering were as follows (dollars in millions):

	Nine Months Ended September 30,					
	2007		2006		2007 over 2006	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	\$ 2,542	57%	\$ 2,520	62%	\$ 22	1%
High-speed Internet	926	21%	773	19%	153	20%
Telephone	236	5%	86	2%	150	174%
Advertising sales	216	5%	228	6%	(12)	(5%)
Commercial	251	6%	227	5%	24	11%
Other	278	6%	257	6%	21	8%
	<u>\$ 4,449</u>	<u>100%</u>	<u>\$ 4,091</u>	<u>100%</u>	<u>\$ 358</u>	<u>9%</u>

Video revenues consist primarily of revenues from analog and digital video services provided to our non-commercial customers. Analog video customers decreased by 128,800 customers from September 30, 2006, 34,300 of which was related to asset sales, net of acquisitions, compared to September 30, 2007. Digital video customers increased by 115,000, offset by a loss of 14,200 customers related to asset sales, net of acquisitions. The increase in video revenues is attributable to the following (dollars in millions):

	2007 compared to 2006 Increase / (Decrease)
Rate adjustments and incremental video services	\$ 59
Increase in digital video customers	45
Decrease in analog video customers	(27)
System sales, net of acquisitions	(55)
	<u>\$ 22</u>

High-speed Internet customers grew by 296,000 customers, offset by a loss of 300 customers related to asset sales, net of acquisitions, from September 30, 2006 to September 30, 2007. The increase in high-speed Internet revenues from our non-commercial customers is attributable to the following (dollars in millions):

	2007 compared to 2006 Increase / (Decrease)
Increase in high-speed Internet customers	\$ 114
Rate adjustments and service upgrades	49
System sales, net of acquisitions	(10)
	<u>\$ 153</u>

Revenues from telephone services increased primarily as a result of an increase of 463,000 telephone customers from September 30, 2006 to September 30, 2007.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers, and other vendors. Advertising sales revenues decreased primarily as a result of a decrease in national advertising sales, including political advertising, and as a result of decreases in advertising sales revenues from programmers. For the nine months ended September 30, 2007 and 2006, we received \$9 million and \$13 million, in advertising sales revenues from programmers, respectively.

Commercial revenues consist primarily of revenues from services provided to our commercial customers. Commercial revenues increased primarily as a result of an increase in commercial video and high-speed Internet

revenues, offset by a decrease of \$7 million related to asset sales, net of acquisitions, for the nine months ended September 30, 2007.

Other revenues consist of franchise fees, equipment rental, customer installations, home shopping, dial-up Internet service, late payment fees, wire maintenance fees and other miscellaneous revenues. For the nine months ended September 30, 2007 and 2006, franchise fees represented approximately 47% and 52%, respectively, of total other revenues. The increase in other revenues was primarily the result of increases in Universal Service Fund revenues, wire maintenance fees, and late payment fees.

Operating expenses. The increase in operating expenses is attributable to the following (dollars in millions):

	2007 compared to 2006 Increase / (Decrease)
Programming costs	\$ 77
Labor costs	30
Costs of providing telephone services	30
Maintenance costs	14
Universal Service Fund fees	11
Other, net	9
System sales	(44)
	<u>\$ 127</u>

Programming costs were approximately \$1.2 billion and \$1.1 billion, representing 60% and 62% of total operating expenses for the nine months ended September 30, 2007 and 2006, respectively. Programming costs consist primarily of costs paid to programmers for analog, premium, digital, OnDemand, and pay-per-view programming. The increase in programming costs is primarily a result of contractual rate increases and a decrease in favorable programming contract settlements of \$3 million in the nine months ended September 30, 2007. Programming costs were also offset by the amortization of payments received from programmers in support of launches of new channels of \$16 million and \$17 million for the nine months ended September 30, 2007 and 2006, respectively. System sales, net of acquisitions, include decreases in expense of approximately \$26 million for the nine months ended September 30, 2007 related to programming. We expect programming expenses to continue to increase due to a variety of factors, including annual increases imposed by programmers, and additional programming, including high-definition and OnDemand programming, being provided to our customers.

Selling, general and administrative expenses. The increase in selling, general and administrative expenses is attributable to the following (dollars in millions):

	2007 compared to 2006 Increase / (Decrease)
Customer care costs	\$ 51
Marketing costs	40
Employee costs	21
Other, net	2
System sales, net of acquisitions	(13)
	<u>\$ 101</u>

Depreciation and amortization. Depreciation and amortization expense decreased by \$25 million for the nine months ended September 30, 2007 compared to September 30, 2006, and was primarily the result of systems sales and certain assets becoming fully depreciated offset by depreciation on capital expenditures.

Asset impairment charges. Asset impairment charges for the nine months ended September 30, 2007 and 2006 represent the write-down of assets related to cable asset sales to fair value less costs to sell. See Note 3 to the condensed consolidated financial statements.

Other operating expenses, net. For the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006, the decrease in other operating expenses, net is attributable to a \$4 million decrease in special charges, offset by a \$3 million increase in losses on sales of assets. For more information, see Note 11 to the accompanying condensed consolidated financial statements contained in “Item 1. Financial Statements.”

Interest expense, net. For the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006, net interest expense increased by \$5 million, which was a result of an increase in our average debt outstanding from \$8.7 billion for the nine months ended September 30, 2006 to \$9.0 billion for the nine months ended September 30, 2007, respectively, offset by a decrease in our average borrowing rate from 8.2% for the nine months ended September 30, 2006 to 7.7% for the nine months ended September 30, 2007, respectively.

Other expense, net. The increase in other expense is attributable to the following (dollars in millions):

	2007 compared to 2006

Increase in loss on derivative instruments and hedging activities, net	\$ (24)
Increase in loss on extinguishment of debt	(5)
Decrease in gain on investments	(11)
Other, net	(4)

	\$ (44)

For more information, see Note 12 to the accompanying condensed consolidated financial statements contained in “Item 1. Financial Statements.”

Income tax expense. Income tax expense was recognized through increases in deferred tax liabilities and current federal and state income tax expenses of certain of our indirect subsidiaries. Income tax expense for the nine months ended September 30, 2007 includes \$18 million of income tax expense previously recorded at the Company’s indirect parent company.

Income from discontinued operations, net of tax. Income from discontinued operations, net of tax, decreased in the nine months ended September 30, 2007 compared to the corresponding prior year period, due to the sale of the West Virginia and Virginia systems in July 2006. For more information, see Note 3 to the accompanying condensed consolidated financial statements contained in “Item 1. Financial Statements.”

Net loss. Net loss increased by \$45 million, or 29%, for the nine months ended September 30, 2007 compared to the nine months ended September 30, 2006 as a result of the factors described above. The impact to net loss in the nine months ended September 30, 2007 of asset impairment charges and losses on extinguishment of debt was to increase net loss by \$88 million. The impact to net loss in the nine months ended September 30, 2006 of the asset impairment charges, gain on sale of assets, and losses on extinguishment of debt was to decrease net loss by \$14 million.

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.

Our long-term financing as of September 30, 2007 totaled \$9.6 billion, consisting of \$7.0 billion of credit facility debt and \$2.7 billion accreted value of high-yield notes. For the remainder of 2007, none of our debt matures. As of September 30, 2007, our 2008 and 2009 debt maturities each totaled \$65 million. In 2010 and beyond, significant additional amounts will become due under our remaining long-term debt obligations.

Our business requires significant cash to fund debt service costs, capital expenditures and ongoing operations. We have historically funded these requirements through cash flows from operating activities, borrowings under our

credit facilities, equity contributions from our parent companies, sales of assets, issuances of debt securities and cash on hand. However, the mix of funding sources changes from period to period. For the nine months ended September 30, 2007, we generated \$1.0 billion of net cash flows from operating activities after paying cash interest of \$509 million. In addition, we used \$890 million for purchases of property, plant and equipment. Finally, we used \$110 million of net cash flows in financing activities. We expect that our mix of sources of funds will continue to change in the future based on overall needs relative to our cash flow and on the availability of funds under our credit facilities, our and our parent companies' access to the debt and equity markets, the timing of possible asset sales and based on our ability to generate cash flows from operating activities. We continue to explore asset dispositions as one of several possible actions that we could take in the future to improve our liquidity, but we do not presently believe future asset sales to be a significant source of liquidity.

We expect that cash on hand, cash flows from operating activities, and the amounts available under our credit facilities will be adequate to meet our and our parent companies' cash needs through 2008. We believe that cash flows from operating activities and amounts available under our credit facilities may not be sufficient to fund our operations and satisfy our and our parent companies' interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. We have been advised that Charter continues to work with its financial advisors concerning its approach to addressing liquidity, debt maturities and its overall balance sheet leverage.

Credit Facility Availability

Our ability to operate depends upon, among other things, our continued access to capital, including credit under the Charter Communications Operating, LLC ("Charter Operating") credit facilities. The Charter Operating credit facilities, along with our indentures and the CCO Holdings credit facility, contain certain restrictive covenants, some of which require us to maintain specified leverage ratios and meet financial tests and to provide annual audited financial statements with an unqualified opinion from our independent auditors. As of September 30, 2007, we were in compliance with the covenants under our indentures and credit facilities, and we expect to remain in compliance with those covenants for the next twelve months. As of September 30, 2007, our potential availability under Charter Operating's revolving credit facility totaled approximately \$1.3 billion, none of which was limited by covenant restrictions. Continued access to our credit facilities is subject to our remaining in compliance with these covenants, including covenants tied to our leverage ratio. If any events of non-compliance occur, funding under the credit facilities may not be available and defaults on some or potentially all of our and our parent companies' debt obligations could occur. An event of default under any of our debt instruments could result in the acceleration of our payment obligations under that debt and, under certain circumstances, in cross-defaults under our and our parent companies' other debt obligations, which could have a material adverse effect on our consolidated financial condition and results of operations.

Parent Company Debt Obligations

Any financial or liquidity problems of our parent companies could cause serious disruption to our business and have a material adverse effect on our business and results of operations. A failure by Charter Holdings, CCH I Holdings, LLC ("CIH"), CCH I, LLC ("CCH I"), or CCH II to satisfy their debt payment obligations or a bankruptcy with respect to Charter Holdings, CIH, CCH I, or CCH II would give the lenders under our credit facilities the right to accelerate the payment obligations under these facilities. Any such acceleration would be a default under the indenture governing our notes. On a consolidated basis, our parent companies have a significant level of debt, which, including our debt, totaled approximately \$19.7 billion as of September 30, 2007.

Limitations on Distributions

As long as Charter's convertible senior notes remain outstanding and are not otherwise converted into shares of common stock, Charter must pay interest on the convertible senior notes and repay the principal amount. In October 2007, Charter Communications Holding Company, LLC ("Charter Holdco") completed an exchange offer, in which \$364 million of Charter's 5.875% convertible senior notes due November 2009 were exchanged for \$479 million of Charter's 6.50% convertible senior notes. Approximately \$49 million of Charter's 5.875% convertible senior notes remain outstanding, net of \$814 million of the 5.875% convertible senior notes now held by Charter Holdco. Charter's ability to make interest payments on its convertible senior notes and to repay the outstanding principal of its convertible senior notes will depend on its ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco and its subsidiaries. As of September 30, 2007, Charter Holdco was owed \$123

million in intercompany loans from Charter Operating and had \$44 million in cash, which amounts were available to pay interest and principal on Charter's convertible senior notes. In addition, Charter has \$25 million of U.S. government securities pledged as security for the semi-annual interest payments on Charter's 5.875% convertible senior notes scheduled in 2007. As long as Charter Holdco continues to hold the \$814 million of Charter's 5.875% convertible senior notes, Charter Holdco will receive interest payments from the government securities pledged for Charter's 5.875% convertible senior notes. The remaining amount of interest payments expected to be received by Charter Holdco in November 2007 is approximately \$24 million, which may be available to pay semiannual interest on the outstanding principal amount of \$49 million of Charter's 5.875% convertible senior notes and \$479 million of Charter's 6.50% convertible senior notes, although Charter Holdco may use those amounts for other purposes.

As of September 30, 2007, Charter Holdings, CIH, CCH I, and CCH II had approximately \$9.5 billion principal amount of debt outstanding with approximately \$0, \$188 million, \$2.2 billion, and \$7.1 billion maturing in 2008, 2009, 2010, and thereafter, respectively. Charter Holdings, CIH, CCH I, and CCH II will need to raise additional capital or receive distributions or payments from the Company in order to satisfy their debt obligations. However, their significant indebtedness may negatively impact our and their ability to raise additional capital. During the nine months ended September 30, 2007, we distributed \$1.1 billion of cash to our parent company.

Distributions by Charter's subsidiaries to a parent company (including Charter, Charter Holdco, CCHC, LLC ("CCHC"), Charter Holdings, CIH, CCH I, and CCH II) for payment of principal on parent company notes, are restricted under the indentures governing the CIH notes, CCH I notes, CCH II notes, CCO Holdings notes, Charter Operating notes, and under the CCO Holdings credit facilities, unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. For the quarter ended September 30, 2007, there was no default under any of these indentures or credit facilities. However, certain of Charter's subsidiaries did not meet their applicable leverage ratio tests based on September 30, 2007 financial results. As a result, distributions from certain of Charter's subsidiaries to their parent companies will continue to be restricted unless those tests are met. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

Distributions by CIH, CCH I, CCH II, CCO Holdings and Charter Operating to a parent company for payment of parent company interest are permitted if there is no default under the aforementioned indentures and CCO Holdings Credit facilities.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on Charter's convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings' indentures, and other specified tests are met. For the quarter ended September 30, 2007, there was no default under Charter Holdings' indentures, the other specified tests were met. However, Charter Holdings did not meet its leverage ratio test of 8.75 to 1.0 based on September 30, 2007 financial results. As a result, distributions from Charter Holdings to Charter or Charter Holdco would have been restricted at such time and will continue to be restricted unless that test is met. During periods in which distributions are restricted, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments (that are not restricted payments) in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

In addition to the limitation on distributions under the various indentures discussed above, distributions by our subsidiaries may be limited by applicable law. See "Risk Factors — Because of our holding company structure, our outstanding notes are structurally subordinated in right of payment to all liabilities of our subsidiaries. Restrictions in our subsidiary's debt instruments and under applicable law limit their ability to provide funds to us or our various parent companies who are debt issuers."

Access to Capital

Our ability to incur additional debt may be limited by the restrictive covenants in our indentures and credit facilities. No assurances can be given that we will not experience liquidity problems if we do not obtain sufficient additional financing on a timely basis as our debt becomes due or because of adverse market conditions, increased competition or other unfavorable events. If, at any time, additional capital or borrowing capacity is required beyond amounts

internally generated or available under our credit facilities or through additional debt or equity financings, we would consider:

- issuing equity at a parent company level, the proceeds of which could be loaned or contributed to us;
- issuing debt securities that may have structural or other priority over our existing notes;
- further reducing our expenses and capital expenditures, which may impair our ability to increase revenue and grow operating cash flows;
- selling assets; or
- requesting waivers or amendments with respect to our credit facilities, which may not be available on acceptable terms; and cannot be assured.

If the above strategies were not successful, we could be forced to restructure our obligations or seek protection under the bankruptcy laws. In addition, if we find it necessary to engage in a recapitalization or other similar transaction, our noteholders might not receive the full principal and interest payments to which they are contractually entitled.

Recent Financing Transactions

On March 6, 2007, Charter Operating entered into an Amended and Restated Credit Agreement among Charter Operating, CCO Holdings, the several lenders from time to time that are parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and certain other agents (the “Charter Operating Credit Agreement”).

The Charter Operating Credit Agreement provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (which was refinanced with new term loans in April 2007) (“Replacement Existing Term Loan”), and a \$1.5 billion new term loan facility (the “New Term Loan”) which was funded in March and April 2007. Borrowings under the Charter Operating Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate, plus in either case, an applicable margin. The applicable margin for LIBOR loans under the Replacement Existing Term Loan, the New Term Loan, and revolving loans is 2.00% above LIBOR. The revolving line of credit commitments terminate on March 6, 2013. The Replacement Existing Term Loan and the New Term Loan are subject to amortization at 1% of their initial principal amount per annum and amortization commences on March 31, 2008. The remaining principal amount of the Replacement Existing Term Loan and the New Term Loan will be due on March 6, 2014. The Charter Operating Credit Agreement contains financial covenants requiring Charter Operating to maintain a quarterly consolidated leverage ratio not to exceed 5 to 1 and a first lien leverage ratio not to exceed 4 to 1.

On March 6, 2007, CCO Holdings entered into a credit agreement among CCO Holdings, the several lenders from time to time that are parties thereto, Bank of America, N.A., as administrative agent, and certain other agents (the “CCO Holdings Credit Agreement”). The CCO Holdings Credit Agreement consists of a \$350 million term loan facility (the “Term Facility”). The term loan matures on September 6, 2014 (the “Maturity Date”). Borrowings under the CCO Holdings Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. The CCO Holdings Credit Agreement is secured by the equity interests of Charter Operating, and all proceeds thereof.

We used a portion of the additional proceeds from the Charter Operating Credit Agreement and CCO Holdings Credit Agreement to redeem \$550 million of CCO Holdings’ outstanding floating rate notes due 2010, to redeem approximately \$187 million of Charter Holdings’ outstanding 8.625% senior notes due 2009, to fund the purchase of notes in a tender offer for total consideration (including premiums and accrued interest) of \$100 million of certain notes outstanding at Charter Holdings, and to repay \$105 million of Charter Holdings’ notes maturing in April 2007. The remainder was used for other general corporate purposes.

Historical Operating, Financing and Investing Activities

Our cash flows for the nine months ended September 30, 2006 include the cash flows related to our discontinued operations.

We held \$4 million in cash and cash equivalents as of September 30, 2007 compared to \$28 million as of December 31, 2006. For the nine months ended September 30, 2007, we generated \$1.0 billion of net cash flows from operating activities after paying cash interest of \$509 million. In addition, we used \$890 million for purchases of

property, plant and equipment. Finally, we used \$110 million of net cash flows in financing activities.

Operating Activities. Net cash provided by operating activities increased \$61 million, or 6%, from \$960 million for the nine months ended September 30, 2006 to \$1.0 billion for the nine months ended September 30, 2007, primarily as a result of revenues increasing at a faster rate than cash expenses, offset by changes in operating assets and liabilities that provided \$14 million less cash during the nine months ended September 30, 2007 than the corresponding period in 2006, and an increase of \$10 million in interest on cash pay obligations during the same period.

Investing Activities. Net cash used by investing activities was \$935 million for the nine months ended September 30, 2007 compared to net cash provided by investing activities of \$196 million for the nine months ended September 30, 2006, with the difference between the two periods primarily related to a decrease of \$951 million in proceeds from sales of assets, an increase of \$95 million in cash used for the purchase of property, plant, and equipment, and a decrease in accrued expenses related to capital expenditures.

Financing Activities. Net cash used in financing activities was \$110 million and 1.1 billion for the nine months ended September 30, 2007 and 2006, respectively. The decrease in cash used during the nine months ended September 30, 2007 as compared to the corresponding period in 2006, was primarily the result of an increase in borrowings of long-term debt offset by an increase in distributions to parent companies.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were \$890 million and \$795 million for the nine months ended September 30, 2007 and 2006, respectively. Capital expenditures increased as a result of spending on customer premise equipment and support capital to meet increased digital, high-speed Internet, and telephone customer growth. See the table below for more details.

Our capital expenditures are funded primarily from cash flows from operating activities, the issuance of debt, and borrowings under our credit facilities. In addition, during the nine months ended September 30, 2007 and 2006, our liabilities related to capital expenditures decreased \$51 million and increased \$4 million, respectively.

During 2007, we expect capital expenditures to be approximately \$1.2 billion. We expect that the nature of these expenditures will continue to be composed primarily of purchases of customer premise equipment related to telephone and other advanced services, support capital, and for scalable infrastructure costs. We have funded and expect to continue to fund capital expenditures for 2007 primarily from cash flows from operating activities and borrowings under our credit facilities.

We have adopted capital expenditure disclosure guidance, which was developed by eleven publicly traded cable system operators, including us, with the support of the National Cable & Telecommunications Association ("NCTA"). The disclosure is intended to provide more consistency in the reporting of operating statistics in capital expenditures among peer companies in the cable industry. These disclosure guidelines are not required disclosure under Generally Accepted Accounting Principles ("GAAP"), nor do they impact our accounting for capital expenditures under GAAP.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the nine months ended September 30, 2007 and 2006 (dollars in millions):

	Nine Months Ended September 30,	
	2007	2006
Customer premise equipment (a)	\$ 428	\$ 378
Scalable infrastructure (b)	164	146
Line extensions (c)	76	82
Upgrade/Rebuild (d)	35	36
Support capital (e)	187	153
Total capital expenditures	\$ 890	\$ 795

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers, revenue units and additional bandwidth revenues. It also includes customer installation costs in accordance with SFAS No. 51, *Financial Reporting by Cable Television Companies*, and customer premise equipment (e.g., set-top boxes and cable modems, etc.).
- (b) Scalable infrastructure includes costs, not related to customer premise equipment or our network, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).

Item 4. Controls and Procedures.

As of the end of the period covered by this report, management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures with respect to the information generated for use in this quarterly report. The evaluation was based in part upon reports and certifications provided by a number of executives. Based upon, 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 Commission's rules and forms.

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2007 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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 above evaluation, we believe that our controls provide such reasonable assurances.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

We and our parent companies are defendants or co-defendants in several unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, we expect that any potential liability would be the responsibility of our equipment vendors pursuant to applicable contractual indemnification provisions. In the event that a court ultimately determines that we infringe on any intellectual property rights, we may be subject to substantial damages and/or an injunction that could require us or our vendors to modify certain products and services we offer to our subscribers. While we believe the lawsuits are without merit and intend to defend the actions vigorously, the lawsuits could be material to our consolidated results of operations of any one period, and no assurance can be given that any adverse outcome would not be material to our consolidated financial condition, results of operations or liquidity.

We and our parent companies are party to other lawsuits and claims that arise in the ordinary course of conducting our business. The ultimate outcome of these other legal matters pending against us or our parent companies cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on our consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2006 includes "Risk Factors" under Item 1A of Part I. Except for the updated risk factors described below, there have been no material changes from the risk factors described in our Form 10-K. The information below updates, and should be read in conjunction with, the risk factors and information disclosed in our Form 10-K.

Risks Related to Significant Indebtedness of Us and Our Parent Companies

We and our parent companies have a significant amount of debt and may incur significant additional debt, including secured debt, in the future, which could adversely affect our and our parent companies' financial health and our and their ability to react to changes in our business.

We and our parent companies have a significant amount of debt and may (subject to applicable restrictions in their debt instruments) incur additional debt in the future. As of September 30, 2007, our total debt was approximately \$9.6 billion, our member's equity was approximately \$2.5 billion and the deficiency of earnings to cover fixed charges for the nine months ended September 30, 2007 was \$164 million.

As of September 30, 2007, our parent companies had approximately \$10.0 billion aggregate principal amount of debt. In October 2007, Charter Holdco completed a tender offer, in which \$364 million of Charter's 5.875% convertible senior notes due 2009 were accepted for \$479 million of Charter's 6.50% convertible senior notes due 2027. Approximately \$49 million of Charter's 5.875% convertible senior notes remain outstanding. We and our parent companies will need to raise additional capital and/or receive distributions or payments from subsidiaries in order to satisfy our and their respective debt obligations. An additional \$814 million aggregate principal amount of Charter's convertible senior notes are held by Charter Holdco.

Because of our and their significant indebtedness, our and our parent companies' ability to raise additional capital at reasonable rates or at all is uncertain, and our and our parent companies' ability to make distributions or payments to our and their respective parent companies is subject to availability of funds and restrictions under our and our subsidiary's applicable debt instruments and under applicable law. If we find it necessary to engage in a recapitalization or other similar transaction, our noteholders might not receive principal and interest payments to which they are contractually entitled.

Our and our parent companies' significant amount of debt could have other important consequences. For example, the debt will or could:

- require us to dedicate a significant portion of our cash flow from operating activities to make payments on our and our parent companies' debt, which will reduce our funds available for working capital, capital expenditures and other general corporate expenses;
- limit our flexibility in planning for, or reacting to, changes in our business, the cable and telecommunications industries and the economy at large;
- place us at a disadvantage as compared to our competitors that have proportionately less debt;
- make us vulnerable to interest rate increases, because approximately 30% of our borrowings are, and will continue to be, subject to variable rates of interest;
- expose us to increased interest expense as we refinance existing lower interest rate instruments;
- adversely affect our relationship with customers and suppliers;
- limit our and our parent companies' ability to borrow additional funds in the future, due to applicable financial and restrictive covenants in our debt;
- make it more difficult for us to satisfy our obligations to the holders of our notes and to the lenders under our credit facilities as well as our parent companies' ability to satisfy their obligations to their noteholders; and
- limit future increases in the value, or cause a decline in the value of Charter's equity, which could limit Charter's ability to raise additional capital by issuing equity.

A default by us or one of our parent companies under our and their debt obligations could result in the acceleration of those obligations, which in turn could trigger cross defaults under other agreements governing our and our parent companies' long-term indebtedness. In addition, the secured lenders under our credit facilities and the holders of the Charter Operating senior second-lien notes could foreclose on their collateral, which includes equity interest in our subsidiaries, and exercise other rights of secured creditors. Any default under those credit facilities or the indentures governing Charter's convertible senior notes or our and our parent companies' debt could adversely affect our growth, our financial condition, our results of operations, and our and our parent companies' ability to make payments on our credit facilities and our and our parent companies' other debt, and could force us to seek the protection of the bankruptcy laws. We and our parent companies may incur significant additional debt in the future. If current debt amounts increase, the related risks that we now face will intensify.

We may not be able to access funds under the Charter Operating credit facilities if we fail to satisfy the covenant restrictions in such credit facilities, which could adversely affect our financial condition and our ability to conduct our business.

We have historically relied on access to credit facilities in order to fund operations and to service parent company debt, and we expect such reliance to continue in the future. Our total potential borrowing availability under our revolving credit facility was approximately \$1.3 billion as of September 30, 2007, none of which is limited by covenant restrictions. There can be no assurance that our actual availability under our credit facilities will not be limited by covenant restrictions in the future.

One of the conditions to the availability of funding under our credit facilities is the absence of a default under such facilities, including as a result of any failure to comply with the covenants under the facilities. Among other covenants, the Charter Operating credit facilities require us to maintain specific leverage ratios. The Charter Operating credit facilities also provide that Charter Operating has to obtain an unqualified audit opinion from its independent accountants for each fiscal year. There can be no assurance that Charter Operating will be able to continue to comply with these or any other of the covenants under the credit facilities.

An event of default under the credit facilities or indentures, if not waived, could result in the acceleration of those debt obligations and, consequently, could trigger cross defaults under other agreements governing our and our parent companies' long-term indebtedness. In addition, the secured lenders under the Charter Operating credit facilities and the holders of the Charter Operating senior second-lien notes could foreclose on their collateral, which includes equity interest in our subsidiaries, and exercise other rights of secured creditors. Any default under those credit facilities or the indentures governing our or our parent companies' debt could adversely affect our growth, our financial condition, our results of operations, and our and our parent companies' ability to make payments on our credit facilities and our and our parent companies' other debt, and could force us to seek the protection of the bankruptcy laws, which could materially adversely impact our ability to operate our business and to make payments under our debt instruments.

We depend on generating sufficient cash flow and having access to additional external liquidity sources to fund our and our parent companies' debt obligations, capital expenditures, and ongoing operations.

Our ability to service our and our parent companies' debt and to fund our planned capital expenditures and ongoing operations will depend on both our and our parent companies' ability to generate cash flow and our and our parent companies' access to additional external liquidity sources. Our and our parent companies' ability to generate cash flow is dependent on many factors, including:

- competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers and DSL providers;
- difficulties in introducing, growing, and operating our telephone services, such as our ability to adequately meet customer expectations for the reliability of voice services;
- our ability to adequately meet demand for installations and customer service;
- our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services, and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition;
- our ability to obtain programming at reasonable prices or to adequately raise prices to offset the effects of higher programming costs;
- general business conditions, economic uncertainty or slowdown; and
- the effects of governmental regulation, including but not limited to local and state franchise authorities, on our business.

Some of these factors are beyond our control. If we and our parent companies are unable to generate sufficient cash flow or access additional external liquidity sources, we and our parent companies may not be able to service and repay our and our parent companies' debt, operate our business, respond to competitive challenges, or fund our and our parent companies' other liquidity and capital needs. Although we and our parent companies have been able to raise funds through issuances of debt in the past, we may not be able to access additional sources of external liquidity on similar terms, if at all. We expect that cash on hand, cash flows from operating activities, and the amounts available under our credit facilities will be adequate to meet our and our parent companies' cash needs through 2008. We believe that cash flows from operating activities and amounts available under our credit facilities may not be sufficient to fund our operations and satisfy our and our parent companies' interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. See "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Because of our holding company structure, our outstanding notes are structurally subordinated in right of payment to all liabilities of our subsidiaries. Restrictions in our subsidiary's debt instruments and under applicable law limit their ability to provide funds to us or our various parent companies who are debt issuers.

Our primary assets are our equity interests in our subsidiaries. Our operating subsidiaries are separate and distinct legal entities and are not obligated to make funds available to us for payments on our notes or other obligations in the form of loans, distributions or otherwise. Our subsidiary's ability to make distributions to us is subject to their compliance with the terms of their credit facilities and indentures and restrictions under applicable law. Under the Delaware limited liability company act, our subsidiaries may only make distributions to us if they have "surplus" as defined in the act. Under fraudulent transfer laws, our subsidiaries may not make distributions to us or the applicable debt issuers to service debt obligations if they are insolvent or are rendered insolvent thereby. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

While we believe that our relevant subsidiaries currently have surplus and are not insolvent, there can be no assurance that these subsidiaries will be permitted to make distributions in the future in compliance with these restrictions in amounts needed to service our indebtedness. Our direct subsidiary includes the borrowers and guarantors under the Charter Operating credit facilities. Charter Operating is also an obligor under the second-lien notes. As of September 30, 2007, our total debt was approximately \$9.6 billion, of which approximately \$8.5 billion was structurally senior to the CCO Holdings notes.

In the event of bankruptcy, liquidation or dissolution of one or more of our subsidiaries, that subsidiary's assets would first be applied to satisfy its own obligations, and following such payments, such subsidiary may not have sufficient assets remaining to make payments to us as an equity holder or otherwise. In that event:

- the lenders under Charter Operating's credit facilities whose interests are secured by substantially all of our operating assets, will have the right to be paid in full before us from any of our subsidiaries' assets; and
- the holders of preferred membership interests in our subsidiary, CC VIII, would have a claim on a portion of its assets that may reduce the amounts available for repayment to holders of our outstanding notes.

Risks Related to Our Business

We operate in a very competitive business environment, which affects our ability to attract and retain customers and can adversely affect our business and operations

The industry in which we operate is highly competitive and has become more so in recent years. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater personnel resources, greater brand name recognition, and long-established relationships with regulatory authorities and customers. Increasing consolidation in the cable industry and the repeal of certain ownership rules may provide additional benefits to certain of our competitors, either through access to financing, resources, or efficiencies of scale.

Our principal competitors for video services throughout our territory are direct broadcast satellite operators ("DBS"). The two largest DBS providers are The DIRECTV Group, Inc. and Echostar Communications, Inc. Competition from DBS, including intensive marketing efforts with aggressive pricing and exclusive programming has had an adverse impact on our ability to retain customers. DBS has grown rapidly over the last several years. The cable industry, including us, has lost a significant number of video customers to DBS competition, and we face serious challenges in this area in the future. We believe that competition from DBS service providers may present greater challenges in areas of lower population density, and that our systems service a higher concentration of such areas than those of certain other major cable service providers.

Local telephone companies, including two major local telephone companies, AT&T and Verizon, and electric utilities can offer video and other services in competition with us, and we expect they will increasingly do so in the future. AT&T and Verizon have both announced, and are making, upgrades of their networks. Some upgraded portions of these networks carry two-way video services comparable to ours, high-speed data services that operate at speeds as high or higher than ours, and digital voice services that are similar to ours, and these services are offered at prices similar to those for comparable Charter services. Based on internal estimates, we believe that AT&T and Verizon are actively marketing these services in areas serving approximately 6% to 7% of our homes passed as of September 30, 2007, an increase from an estimated 2% at March 31, 2007. Additional upgrades and product launches are expected in markets in which we operate. In addition, in many of our markets, these companies have entered into co-marketing arrangements with DBS operators to offer service bundles combining video services provided by a DBS operator with digital subscriber line Internet services ("DSL") and traditional telephone and wireless services offered by the telephone companies and their affiliates. These service bundles substantially resemble our bundles.

The existence of more than one cable system operating in the same territory is referred to as an overbuild. Overbuilds could adversely affect our growth, financial condition, and results of operations, by creating or increasing competition. Based on internal estimates, as of September 30, 2007, we are aware of traditional overbuild situations impacting approximately 7% to 8% of our estimated homes passed, and potential traditional overbuild situations in areas servicing approximately an additional 1% of our estimated homes passed. Additional overbuild situations may occur in other systems.

With respect to our Internet access services, we face competition, including intensive marketing efforts and aggressive pricing, from telephone companies and other providers of DSL. DSL service is competitive with high-speed Internet service over cable systems. In addition, DBS providers have entered into joint marketing arrangements with Internet access providers to offer bundled video and Internet service, which competes with our ability to provide bundled services to our customers. Moreover, as we expand our telephone offerings, we will face considerable competition from established telephone companies and other carriers.

In order to attract new customers, from time to time we make promotional offers, including offers of temporarily reduced price or free service. These promotional programs result in significant advertising, programming and operating expenses, and also require us to make capital expenditures to acquire and install customer premise equipment. Customers who subscribe to our services as a result of these offerings may not remain customers following the end of the promotional period. A failure to retain customers or to collect the amounts they owe us, could have a material adverse effect on our business and financial results.

Mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, DBS providers, local exchange carriers, and others, may provide additional benefits to some of our competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

In addition to the various competitive factors discussed above, our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, movies, live events, radio broadcasts, home video products, console games, print media, and the Internet. Technological advancements, such as video-on-demand, new video formats, and Internet streaming and downloading, have increased the number of entertainment and information delivery choices available to consumers, and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could negatively impact not only consumer demand for our products and services, but also advertisers' willingness to purchase advertising from us. If we do not respond appropriately to further increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate, and our financial results could suffer.

We cannot assure you that our cable systems will allow us to compete effectively. Additionally, as we expand our offerings to include other telecommunications services, and to introduce new and enhanced services, we will be subject to competition from other providers of the services we offer. We cannot predict the extent to which competition may affect our business and operations in the future.

For tax purposes, there is significant risk that Charter will experience an ownership change resulting in a material limitation on the use of a substantial amount of Charter's existing net operating loss carryforwards.

As of September 30, 2007, Charter had approximately \$7.6 billion of tax net operating losses, resulting in a gross deferred tax asset of approximately \$3.0 billion, expiring in the years 2007 through 2027. Due to uncertainties in projected future taxable income, valuation allowances have been established against the gross deferred tax assets for book accounting purposes, except for deferred benefits available to offset certain deferred tax liabilities. Currently, such tax net operating losses can accumulate and be used to offset any of Charter's future taxable income. However, an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended, would place significant limitations, on an annual basis, on the use of such net operating losses to offset future taxable income Charter may generate. Although Charter has instituted a Rights Plan designed with the goal of attempting to prevent ownership change, Charter cannot provide any assurance that the Rights Plan will actually prevent an ownership change from occurring. A limitation on Charter's ability to use its net operating losses, in conjunction with the net operating loss expiration provisions, could effectively eliminate Charter's ability to use a substantial portion of its net operating losses to offset any future taxable income.

Future transactions and the timing of such transactions could cause an ownership change for U.S. federal income tax purposes.

Future transactions and the timing of such transactions could cause an ownership change for income tax purposes. Such transactions may include additional issuances of common stock by Charter (including but not limited to issuances upon future conversion of Charter's 5.875% convertible senior notes and 6.50% convertible senior notes), the return to Charter of the borrowed shares loaned by Charter in connection with the issuance of Charter's 5.875% convertible senior notes and the 6.50% convertible senior notes, or acquisitions or sales of shares by certain holders

of Charter's shares, including persons who have held, currently hold, or may accumulate in the future five percent or more of Charter's outstanding stock (including upon an exchange by Mr. Allen or his affiliates, directly or indirectly, of membership units of Charter Holdco into Charter's Class B common stock). Many of the foregoing transactions, including whether Mr. Allen exchanges his Charter Holdco units, are beyond Charter's control.

Risks Related to Regulatory and Legislative Matters

Our cable system franchises are non-exclusive. Accordingly, local franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect results of operations.

Our cable system franchises are non-exclusive. Consequently, local franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In addition, certain telephone companies are seeking authority to operate in communities without first obtaining a local franchise. As a result, competing operators may build systems in areas in which we hold franchises. In some cases, municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority.

Legislative proposals have been introduced in many state legislatures that would greatly streamline cable franchising. This legislation is intended to facilitate entry by new competitors, particularly local telephone companies. Such legislation has passed in numerous states, including states where we have significant operations. Although most of these states have provided some regulatory relief for incumbent cable operators, some of these proposals are viewed as being more favorable to new entrants due to a number of factors, including efforts to withhold streamlined cable franchising from incumbents until after the expiration of their existing franchises, and the potential for new entrants to serve only higher-income areas of a particular community. To the extent we are not able to avail ourselves of this streamlined franchising process, we may continue to be subject to more onerous franchise requirements at the local level than new entrants. In March 2007, the FCC released a ruling designed to streamline competitive cable franchising. Among other things, the FCC prohibited local franchising authorities from imposing "unreasonable" build-out requirements and established a mechanism whereby competing providers can secure "interim authority" to offer cable service if the local franchising authority has not acted on a franchise application within 90 days (in the case of competitors with existing right of way authority) or 180 days (in the case of competitors without existing right of way authority). Local regulators have appealed the FCC's ruling. On October 31, 2007, the FCC announced that it had decided to grant incumbent cable operators some, but not all, of the local franchising relief it granted to new entrants in December 2006. For example, while the FCC granted incumbents relief from unreasonable public, education and government access ("PEG") channel and institutional network for non-commercial, intra-governmental purposes ("I-net") requirements, it did not extend to cable incumbents the relief it granted to new entrants from unreasonable delays in granting franchises or unreasonable build out requirements; and the relief granted to incumbents is effective only upon franchise renewal.

We may be required to provide access to our network to other Internet service providers, which could significantly increase our competition and adversely affect our ability to provide new products and services.

A number of companies, including independent Internet service providers, or ISPs, have requested local authorities and the FCC to require cable operators to provide non-discriminatory access to cable's broadband infrastructure, so that these companies may deliver Internet services directly to customers over cable facilities. In a 2005 ruling, commonly referred to as *Brand X*, the Supreme Court upheld an FCC decision making it less likely that any nondiscriminatory "open access" requirements (which are generally associated with common carrier regulation of "telecommunications services") will be imposed on the cable industry by local, state or federal authorities. The Supreme Court held that the FCC was correct in classifying cable provided Internet service as an "information service," rather than a "telecommunications service." Notwithstanding *Brand X*, there has been continued advocacy by certain Internet content providers and consumer groups for new federal laws or regulations to adopt so-called "net neutrality" principles limiting the ability of broadband network owners (like us) to manage and control their own networks. The proposals might prevent network owners, for example, from charging bandwidth intensive content providers, such as certain online gaming, music, and video service providers, an additional fee to ensure quality delivery of the services to consumers. If we were not allowed to manage our network as we see best serves our customers, or were prohibited from charging heavy bandwidth intensive services a fee for expanding our network capacity or for use of our networks, we believe that it could impair our ability to provide high quality service to our customers or use our bandwidth in ways that would generate maximum revenues. In April 2007, the

FCC issued a notice of inquiry regarding the marketing practices of broadband providers as a precursor to considering the need for any FCC regulation of internet service providers.

Changes in channel carriage regulations could impose significant additional costs on us.

Cable operators also face significant regulation of their channel carriage. We can be required to devote substantial capacity to the carriage of programming that we might not carry, absent contractual obligations, including certain local broadcast signals; local PEG programming; and unaffiliated commercial leased access programming (required channel capacity for use by persons unaffiliated with the cable operator who desire to distribute programming over a cable system). This carriage burden could increase in the future, particularly if we are required to carry multiple program streams included with a single digital broadcast transmission (multicast carriage). The FCC recently adopted a new transition plan addressing the cable industry's carriage obligations once the broadcast industry migration from analog to digital transmission is completed in February 2009. Under the FCC's three year transition plan, most cable systems will be required to offer both an analog and digital version of local broadcast signals for three years after the digital transition date. The FCC is also considering whether it should adjust its existing rules governing commercial leased access to encourage greater use by interested programmers. Additional government-mandated broadcast carriage obligations could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity, and limit our ability to offer services that would maximize our revenue potential.

Item 6. Exhibits.

The index to the exhibits begins on page E-1 of this quarterly report.

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 its behalf by the undersigned, thereunto duly authorized.

CCO HOLDINGS, LLC
Registrant

By: CHARTER COMMUNICATIONS INC., Sole Manager

Dated: November 13, 2007

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

CCO HOLDINGS CAPITAL CORP.
Registrant

Dated: November 13, 2007

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

EXHIBIT INDEX

Exhibit Number	Description of Document
3.1(a)	Certificate of Formation of CCO Holdings, LLC (incorporated by reference to Exhibit 3.1 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
3.1(b)	Certificate of Correction of Certificate of Formation of CCO Holdings, LLC (incorporated by reference to Exhibit 3.2 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
3.2	Amended and Restated Limited Liability Company Agreement of CCO Holdings, LLC, dated as of June 19, 2003 (incorporated by reference to Exhibit 3.3 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
3.3(a)	Certificate of Incorporation of CCO Holdings Capital Corp. (originally named CC Holdco I Capital Corp.) (incorporated by reference to Exhibit 3.4 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
3.3(b)	Certificate of Amendment of Certificate of Incorporation of CCO Holdings Capital Corp. (incorporated by reference to Exhibit 3.5 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
3.4	By-laws of CCO Holdings Capital Corp. (incorporated by reference to Exhibit 3.6 to the registration statement on Form S-4 of CCO Holdings, LLC and CCO Holdings Capital Corporation filed on February 6, 2004 (File No. 333-112593)).
12.1*	Computation of Ratio of Earnings to Fixed Charges.
31.1*	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) 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).

* Document attached

+ Management compensatory plan or arrangement

CCO HOLDINGS, LLC AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES CALCULATION
(In millions)

	Nine Months Ended September 30,	
	2007	2006
Earnings		
Loss from Operations before Minority Interest and Income Taxes	\$ (164)	\$ (136)
Fixed Charges	<u>584</u>	<u>579</u>
Total Earnings	<u>\$ 420</u>	<u>\$ 443</u>
Fixed Charges		
Interest Expense	\$ 568	\$ 558
Amortization of Debt Costs	11	16
Interest Element of Rentals	<u>5</u>	<u>5</u>
Total Fixed Charges	<u>\$ 584</u>	<u>\$ 579</u>
Ratio of Earnings to Fixed Charges (1)	<u>-</u>	<u>-</u>

(1) Earnings for the nine months ended September 30, 2007 and 2006 were insufficient to cover fixed charges by \$164 million and \$136 million, respectively. As a result of such deficiencies, the ratios are not presented above.

I, Neil Smit, 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 registrants as of, and for, the periods presented in this report;
4. The registrants' 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)) for the registrants 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 registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved];
 - (c) Evaluated the effectiveness of the registrants' 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 registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting.
5. The registrants' other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' 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 registrants' 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 registrants' internal control over financial reporting.

Date: November 13, 2007

/s/ Neil Smit

Neil Smit

President and Chief Executive Officer

I, Jeffrey T. Fisher, 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 registrants as of, and for, the periods presented in this report;
4. The registrants' 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)) for the registrants 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 registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Reserved];
 - (c) Evaluated the effectiveness of the registrants' 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 registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting.
5. The registrants' other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' 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 registrants' 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 registrants' internal control over financial reporting.

Date: November 13, 2007

/s/ Jeffrey T. Fisher
Jeffrey T. Fisher
Chief Financial Officer
(Principal Financial Officer)

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

I, Neil Smit, 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 period ended September 30, 2007 (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/ Neil Smit
Neil Smit
President and Chief Executive Officer
November 13, 2007

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

I, Jeffrey T. Fisher, 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 period ended September 30, 2007 (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/ Jeffrey T. Fisher
Jeffrey T. Fisher
Chief Financial Officer
(Principal Financial Officer)
November 13, 2007