

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, 2024

or

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

For the Transition Period From _____ to _____

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

CCO Holdings, LLC
CCO Holdings Capital Corp.
(Exact name of registrant as specified in its charter)

Delaware
Delaware

86-1067239
20-0257904

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

400 Washington Blvd.

Stamford Connecticut

06902

(Address of Principal Executive Offices)

(Zip Code)

(203) 905-7801

(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

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

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

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

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

Number of shares of common stock of CCO Holdings Capital Corporation outstanding as of September 30, 2024: 1

CCO HOLDINGS, LLC
CCO HOLDINGS CAPITAL CORP.
QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED SEPTEMBER 30, 2024

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This quarterly report on Form 10-Q is for the three and nine months ended September 30, 2024. The United States Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. In this quarterly report, "CCO Holdings," "we," "us" and "our" refer to CCO Holdings, LLC and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this quarterly report. Although we believe that our plans, intentions and expectations as reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions including, without limitation, the factors described under “Risk Factors” in Part I, Item 1A of our most recent Form 10-K filed with the SEC. Many of the forward-looking statements contained in this quarterly report may be identified by the use of forward-looking words such as “believe,” “expect,” “anticipate,” “should,” “planned,” “will,” “may,” “intend,” “estimated,” “aim,” “on track,” “target,” “opportunity,” “tentative,” “positioning,” “designed,” “create,” “predict,” “project,” “initiatives,” “seek,” “would,” “could,” “continue,” “ongoing,” “upside,” “increases,” “grow,” “focused on” and “potential,” among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this quarterly report are set forth in this quarterly report on Form 10-Q, in our annual report on Form 10-K, and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 2024	December 31, 2023
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 517	\$ 471
Accounts receivable, less allowance for doubtful accounts of \$206 and \$268, respectively	3,012	2,910
Receivables from related party	55	—
Prepaid expenses and other current assets	635	409
Total current assets	4,219	3,790
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$38,683 and \$37,590, respectively	41,009	38,659
Customer relationships, net of accumulated amortization of \$17,142 and \$16,523, respectively	1,148	1,745
Franchises	67,455	67,396
Goodwill	29,668	29,668
Total investment in cable properties, net	139,280	137,468
OTHER NONCURRENT ASSETS	4,204	4,222
Total assets	\$ 147,703	\$ 145,480
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable, accrued and other current liabilities	\$ 10,433	\$ 10,185
Payables to related party	—	160
Current portion of long-term debt	1,798	2,000
Total current liabilities	12,231	12,345
LONG-TERM DEBT	93,517	95,777
EQUIPMENT INSTALLMENT PLAN FINANCING FACILITY	998	—
DEFERRED INCOME TAXES	96	55
OTHER LONG-TERM LIABILITIES	3,154	3,113
MEMBER'S EQUITY:		
CCO Holdings member's equity	37,682	34,165
Noncontrolling interests	25	25
Total member's equity	37,707	34,190
Total liabilities and member's equity	\$ 147,703	\$ 145,480

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
REVENUES	\$ 13,795	\$ 13,584	\$ 41,159	\$ 40,896
COSTS AND EXPENSES:				
Operating costs and expenses (exclusive of items shown separately below)	8,316	8,324	24,936	25,220
Depreciation and amortization	2,138	2,123	6,483	6,486
Other operating expenses, net	21	90	47	46
	<u>10,475</u>	<u>10,537</u>	<u>31,466</u>	<u>31,752</u>
Income from operations	<u>3,320</u>	<u>3,047</u>	<u>9,693</u>	<u>9,144</u>
OTHER INCOME (EXPENSES):				
Interest expense, net	(1,301)	(1,297)	(3,926)	(3,843)
Other expenses, net	(163)	(15)	(333)	(192)
	<u>(1,464)</u>	<u>(1,312)</u>	<u>(4,259)</u>	<u>(4,035)</u>
Income before income taxes	1,856	1,735	5,434	5,109
Income tax benefit (expense)	3	(14)	(63)	(43)
Consolidated net income	<u>1,859</u>	<u>1,721</u>	<u>5,371</u>	<u>5,066</u>
Less: Net income attributable to noncontrolling interests	(1)	—	(2)	(1)
Net income attributable to CCO Holdings member	<u>\$ 1,858</u>	<u>\$ 1,721</u>	<u>\$ 5,369</u>	<u>\$ 5,065</u>

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

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

	CCO Holdings Member's Equity	Noncontrolling Interests	Total Member's Equity
BALANCE, December 31, 2023	\$ 34,165	\$ 25	\$ 34,190
Consolidated net income	1,663	1	1,664
Stock compensation expense	214	—	214
Contributions from parent	7	—	7
Distributions to parent	(719)	—	(719)
Distributions to noncontrolling interest	—	(2)	(2)
BALANCE, March 31, 2024	35,330	24	35,354
Consolidated net income	1,848	—	1,848
Stock compensation expense	153	—	153
Contributions from parent	4	—	4
Distributions to parent	(911)	—	(911)
BALANCE, June 30, 2024	36,424	24	36,448
Consolidated net income	1,858	1	1,859
Stock compensation expense	146	—	146
Contributions from parent	34	—	34
Distributions to parent	(780)	—	(780)
BALANCE, September 30, 2024	\$ 37,682	\$ 25	\$ 37,707

	CCO Holdings Member's Equity	Noncontrolling Interests	Total Member's Equity
BALANCE, December 31, 2022	\$ 31,868	\$ 25	\$ 31,893
Consolidated net income	1,530	—	1,530
Stock compensation expense	208	—	208
Distributions to parent	(1,094)	—	(1,094)
Distributions to noncontrolling interest	—	(2)	(2)
BALANCE, March 31, 2023	32,512	23	32,535
Consolidated net income	1,814	1	1,815
Stock compensation expense	168	—	168
Contributions from parent	1	—	1
Distributions to parent	(1,201)	—	(1,201)
BALANCE, June 30, 2023	33,294	24	33,318
Consolidated net income	1,721	—	1,721
Stock compensation expense	164	—	164
Contributions from parent	72	—	72
Distributions to parent	(1,131)	—	(1,131)
BALANCE, September 30, 2023	\$ 34,120	\$ 24	\$ 34,144

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

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

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	\$ 5,371	\$ 5,066
Adjustments to reconcile consolidated net income to net cash flows from operating activities:		
Depreciation and amortization	6,483	6,486
Stock compensation expense	513	540
Noncash interest, net	10	(1)
Deferred income taxes	41	—
Other, net	279	200
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(99)	(15)
Prepaid expenses and other assets	(490)	(521)
Accounts payable, accrued liabilities and other	88	(146)
Receivables from and payables to related party	(216)	(33)
Net cash flows from operating activities	11,980	11,576
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(8,207)	(8,259)
Change in accrued expenses related to capital expenditures	510	110
Other, net	(369)	(327)
Net cash flows from investing activities	(8,066)	(8,476)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	17,388	14,591
Borrowings of equipment installment plan financing facility	1,000	—
Repayments of long-term debt	(19,899)	(14,385)
Payments for debt issuance costs	(27)	(18)
Repayments of loans payable - related parties, net	—	(3)
Distributions to parent	(2,410)	(3,426)
Contributions from parent	45	73
Distributions to noncontrolling interest	(2)	(2)
Other, net	66	30
Net cash flows from financing activities	(3,839)	(3,140)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	75	(40)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	471	392
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of period	\$ 546	\$ 352
CASH PAID FOR INTEREST	\$ 3,790	\$ 3,645
CASH PAID FOR TAXES	\$ 25	\$ 25

As of September 30, 2024, cash, cash equivalents and restricted cash includes \$29 million of restricted cash included in prepaid expenses and other current assets in the consolidated balance sheets.

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

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

1. Organization and Basis of Presentation

Organization

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

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

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

Basis of Presentation

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

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

Comprehensive income equaled net income attributable to CCO Holdings member for the three and nine months ended September 30, 2024 and 2023.

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

2. Accounts Payable, Accrued and Other Current Liabilities

Accounts payable, accrued and other current liabilities consist of the following as of September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Accounts payable – trade	\$ 831	\$ 887
Deferred revenue	467	509
Accrued and other current liabilities:		
Programming costs	1,623	1,736
Labor	1,275	1,278
Capital expenditures	2,327	1,944
Interest	1,454	1,328
Other	2,456	2,503
	<u>\$ 10,433</u>	<u>\$ 10,185</u>

3. Total Debt

A summary of our debt as of September 30, 2024 and December 31, 2023 is as follows:

	September 30, 2024			December 31, 2023		
	Principal Amount	Carrying Value	Fair Value	Principal Amount	Carrying Value	Fair Value
Senior unsecured notes	\$ 27,250	\$ 27,178	\$ 25,015	\$ 27,250	\$ 27,168	\$ 24,750
Senior secured notes and debentures ^(a)	56,305	56,592	48,840	57,925	58,250	50,742
Credit facilities ^(b)	11,591	11,545	11,414	12,413	12,359	12,237
	<u>\$ 95,146</u>	<u>\$ 95,315</u>	<u>\$ 85,269</u>	<u>\$ 97,588</u>	<u>\$ 97,777</u>	<u>\$ 87,729</u>

^(a) Includes the Company's £625 million fixed-rate British pound sterling denominated notes (the "Sterling Notes") (remeasured at \$836 million and \$797 million as of September 30, 2024 and December 31, 2023, respectively, using the exchange rate at the respective dates) and the Company's £650 million aggregate principal amount of Sterling Notes (remeasured at \$869 million and \$828 million as of September 30, 2024 and December 31, 2023, respectively, using the exchange rate at the respective dates).

^(b) The Company has availability under the Charter Communications Operating, LLC ("Charter Operating") credit facilities of approximately \$5.5 billion as of September 30, 2024.

The estimated fair value of the Company's senior unsecured and secured notes and debentures as of September 30, 2024 and December 31, 2023 is based on quoted market prices in active markets and is classified within Level 1 of the valuation hierarchy, while the estimated fair value of the Company's credit facilities is based on quoted market prices in inactive markets and is classified within Level 2.

In May 2024, Charter Operating and Charter Communications Operating Capital Corp. jointly issued \$1.5 billion of 6.100% senior secured notes due June 2029 at a price of 99.944% of the aggregate principal amount and \$1.5 billion of 6.550% senior secured notes due June 2034 at a price of 99.755% of the aggregate principal amount. The net proceeds were used to fund a concurrent tender offer to repurchase \$2.7 billion in aggregate principal amount of Charter Operating's 4.908% senior secured notes due July 2025, to prepay Charter Operating's outstanding Term B-1 Loan and to pay related fees and expenses. The transactions resulted in a gain on extinguishment of debt of approximately \$9 million for the nine months ended September 30, 2024.

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

4. Equipment Installment Plan Financing Facility

In June 2024, a bankruptcy remote special purpose vehicle and consolidated subsidiary of the Company, CCO EIP Financing, LLC, (the “SPV Borrower”) entered into a senior secured revolving credit facility to finance the purchase of equipment installment plan receivables (“EIP Receivables”) with a number of financial institutions (the “EIP Financing Facility”).

The revolving credit facility under the EIP Financing Facility bears interest on the outstanding borrowings based on lenders’ cost of funds plus an applicable margin and was 6.41% as of September 30, 2024. The EIP Financing Facility has a final maturity date of June 20, 2028, comprised of a one-year revolving loan period, subject to annual renewal, and if not renewed, cash flows on EIP Receivables are applied to amortize the loan which may occur over a period of up to three years. SPV Borrower may borrow up to \$1.25 billion under the EIP Financing Facility. As of September 30, 2024, the carrying value of the EIP Financing Facility was \$998 million and is included in the Company’s consolidated balance sheets.

The SPV Borrower’s sole business consists of the purchase or acceptance through capital contributions of the EIP Receivables from Spectrum Mobile Equipment, LLC, (the sole direct parent entity of SPV Borrower that originates the EIP Receivables) and the subsequent retransfer of or granting of a security interest in such EIP Receivables to the administrative agent under the EIP Financing Facility. The SPV Borrower is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to be satisfied out of the SPV Borrower’s assets prior to any assets or value in the SPV Borrower becoming available to the SPV Borrower’s equity holders, and the assets of the SPV Borrower are not available to pay creditors of any other affiliate of the Company.

The EIP Financing Facility is accounted for on a consolidated basis as a secured borrowing. As of September 30, 2024, pledged EIP Receivables with an unpaid principal balance of \$1.5 billion, included in accounts receivable, net and other noncurrent assets, and restricted cash of \$29 million, included in prepaid expenses and other current assets, are held by the SPV Borrower and reflected in the Company’s consolidated balance sheets. Receipts from mobile customers related to the underlying EIP Receivables are reflected as cash flows from operating activities and borrowings and repayments under the EIP Financing Facility are reflected as cash flows from financing activities in the Company’s consolidated statements of cash flows.

5. Accounting for Derivative Instruments and Hedging Activities

Cross-currency derivative instruments are used to manage foreign exchange risk on the Sterling Notes by effectively converting £1.275 billion aggregate principal amount of fixed-rate British pound sterling denominated debt, including annual interest payments and the payment of principal at maturity, to fixed-rate U.S. dollar denominated debt. The fair value of the Company's cross-currency derivatives, which are classified within Level 2 of the valuation hierarchy, was \$456 million and \$440 million and is included in other long-term liabilities on its consolidated balance sheets as of September 30, 2024 and December 31, 2023, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Change in fair value of cross-currency derivative instruments	\$ 13	\$ 6	\$ (16)	\$ 54
Foreign currency remeasurement of Sterling Notes to U.S. dollars	(92)	64	(81)	(14)
Gain (loss) on financial instruments, net	\$ (79)	\$ 70	\$ (97)	\$ 40

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

6. Revenues

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Internet	\$ 5,872	\$ 5,776	\$ 17,504	\$ 17,227
Video	3,735	4,004	11,510	12,446
Voice	360	379	1,084	1,117
Mobile service	801	581	2,223	1,617
Residential revenue	<u>10,768</u>	<u>10,740</u>	<u>32,321</u>	<u>32,407</u>
Small and medium business	1,096	1,085	3,285	3,270
Enterprise	723	698	2,152	2,070
Commercial revenue	<u>1,819</u>	<u>1,783</u>	<u>5,437</u>	<u>5,340</u>
Advertising sales	452	384	1,240	1,123
Other	756	677	2,161	2,026
	<u>\$ 13,795</u>	<u>\$ 13,584</u>	<u>\$ 41,159</u>	<u>\$ 40,896</u>

As of September 30, 2024 and December 31, 2023, accounts receivable, net on the consolidated balance sheets includes approximately \$864 million and \$673 million of current equipment installment plan receivables, respectively, and other noncurrent assets includes approximately \$910 million and \$687 million of noncurrent equipment installment plan receivables, respectively.

7. Operating Costs and Expenses

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Programming	\$ 2,336	\$ 2,595	\$ 7,378	\$ 8,134
Other costs of revenue	1,604	1,385	4,600	4,080
Costs to service customers	2,130	2,142	6,205	6,306
Sales and marketing	952	912	2,784	2,753
Other expense	1,294	1,290	3,969	3,947
	<u>\$ 8,316</u>	<u>\$ 8,324</u>	<u>\$ 24,936</u>	<u>\$ 25,220</u>

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

CCO HOLDINGS, LLC AND SUBSIDIARIES
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(UNAUDITED)
(dollars in millions, except where indicated)

marketing costs represent the costs of selling and marketing our Internet, video, voice and mobile services to current and potential non-bulk residential and SMB customers, including labor cost. Other expense includes indirect costs associated with Spectrum Enterprise, Spectrum Reach, Spectrum Networks and Spectrum Community Solutions, including sales and marketing and bad debt expenses as well as corporate overhead and stock compensation expense, among others.

8. Other Operating Expenses, Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Special charges, net	\$ 6	\$ 80	\$ 80	\$ 42
(Gain) loss on disposal of assets, net	15	10	(33)	4
	<u>\$ 21</u>	<u>\$ 90</u>	<u>\$ 47</u>	<u>\$ 46</u>

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

(Gain) loss on disposal of assets, net includes a \$67 million gain on sale of towers during the nine months ended September 30, 2024.

9. Other Expenses, Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gain on extinguishment of debt (see Note 3)	\$ —	\$ —	\$ 9	\$ —
Gain (loss) on financial instruments, net (see Note 5)	(79)	70	(97)	40
Net periodic pension benefits	2	2	4	5
Loss on equity investments, net	(86)	(87)	(249)	(237)
	<u>\$ (163)</u>	<u>\$ (15)</u>	<u>\$ (333)</u>	<u>\$ (192)</u>

10. Stock Compensation Plans

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

Charter granted the following equity awards for the periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	16,900	9,500	1,375,300	4,266,700
Restricted stock	—	—	13,400	10,300
Restricted stock units	14,100	10,900	1,113,900	1,546,800

CCO HOLDINGS, LLC AND SUBSIDIARIES
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(dollars in millions, except where indicated)

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

As of September 30, 2024, total unrecognized compensation remaining to be recognized in future periods totaled \$335 million for stock options, \$2 million for restricted stock and \$484 million for restricted stock units and the weighted average period over which they are expected to be recognized is two years for stock options, seven months for restricted stock and two years for restricted stock units.

The Company recorded stock compensation expense of \$146 million and \$513 million for the three and nine months ended September 30, 2024, respectively, and \$164 million and \$540 million for the three and nine months ended September 30, 2023, respectively, which is included in operating costs and expenses.

11. Contingencies

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

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

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

General

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

We are a leading broadband connectivity company and cable operator with services available to more than 58 million homes and businesses in 41 states through our Spectrum brand. Over an advanced communications network, we offer a full range of state-of-the-art residential and business services including Spectrum Internet, TV, Mobile and Voice. For small and medium-sized companies, Spectrum Business delivers the same suite of broadband products and services coupled with special features and applications to enhance productivity, while for larger businesses and government entities, Spectrum Enterprise provides highly customized, fiber-based solutions. Spectrum Reach delivers tailored advertising and production for the modern media landscape. We also distribute award-winning news coverage and sports programming to our customers through Spectrum Networks.

Overview

During the third quarter of 2024, we lost 110,000 Internet customers while adding 545,000 mobile lines. Our Internet customer growth was challenged by the end of the Federal Communications Commission's Affordable Connectivity Program ("ACP"), lower customer move rates and the competitive environment. While our retention programs for the customers impacted by the end of ACP subsidies have been successful in retaining the vast majority of ACP customers, the end of the ACP subsidy program has been disruptive to our business and resulted in customer losses during the quarter. We expect to see additional one-time impacts on customer net gains, revenue per customer and bad debt in the fourth quarter of this year.

Our mobile line growth continued to benefit from our Spectrum One offering and new offerings launched in 2024, including our Anytime Upgrade offering and Phone Balance Buyout program. Our Spectrum One offering provides a differentiated connectivity experience by bringing together Spectrum Internet, Advanced WiFi and Unlimited Spectrum Mobile to offer consumers fast, reliable and secure online connections on their favorite devices at home and on the go in a high-value package. Anytime Upgrade allows certain customers to upgrade their devices whenever they want, eliminating traditional wait times, upgrade fees and condition requirements. Our Phone Balance Buyout program makes switching mobile providers easier by helping customers pay off balances on ported lines.

We spent \$581 million and \$1.6 billion on our subsidized rural construction initiative during the three and nine months ended September 30, 2024 and activated approximately 114,000 and 276,000 subsidized rural passings, respectively. We currently offer Spectrum Internet products with speeds up to 1 Gbps across our entire footprint. Our network evolution initiative is progressing. We are upgrading our network to deliver symmetrical and multi-gigabit speeds across our footprint and recently began offering symmetrical speeds in our first high split markets. In 2024, we began offering certain programmer streaming applications including, among others, Disney+, ESPN+, ViX Premium and Paramount+ to customers in certain packages and reached agreements with several other programmers that will add Max, Discovery+, Peacock, BET+, AMC+ and Tennis Channel Plus in certain packages. We now have completed deals with every major programmer to create better flexibility and greater value to our customers by including programmer streaming apps with our Spectrum TV services at no additional cost. We also continue to evolve our video product and are deploying Xumo stream boxes ("Xumo") to new video customers. Xumo combines a live TV experience with access to hundreds of content applications, and features unified search and discovery, along with a curated content offering based on a customer's interests and subscriptions. In September, we launched our Life Unlimited brand platform which includes a new customer commitment that provides performance and service benchmarks and a new and simplified pricing structure designed to drive more value into our relationships.

By continually improving our product set and offering consumers the opportunity to save money by switching to our services, we believe we can continue to penetrate our expanding footprint and sell additional products to our existing customers. We see operational benefits from the targeted investments we made in employee wages and benefits to build employee skill sets and tenure, as well as the continued investments in digitization of our customer service platforms, all with the goal of improving the customer experience, reducing transactions and driving customer growth and retention.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Revenues	\$ 13,795	\$ 13,584	1.6 %	\$ 41,159	\$ 40,896	0.6 %
Adjusted EBITDA	\$ 5,625	\$ 5,424	3.7 %	\$ 16,736	\$ 16,216	3.2 %
Income from operations	\$ 3,320	\$ 3,047	9.0 %	\$ 9,693	\$ 9,144	6.0 %

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

Growth in total revenue was primarily due to higher average revenue per customer and mobile line growth partly offset by lower customers. Adjusted EBITDA and income from operations growth was driven by growth in revenue and decreases in operating costs and expenses, primarily programming expense, partly offset by an increase in mobile device and other mobile direct costs.

The following table summarizes our customer statistics for Internet, video, voice and mobile as of September 30, 2024 and 2023 (in thousands except per customer data and footnotes).

	Approximate as of September 30,	
	2024 ^(a)	2023 ^(a)
Customer Relationships ^(b)		
Residential	29,465	30,012
SMB	2,223	2,224
Total Customer Relationships	<u>31,688</u>	<u>32,236</u>
Monthly Residential Revenue per Residential Customer ^(c)	\$ 121.47	\$ 119.28
Monthly SMB Revenue per SMB Customer ^(d)	\$ 164.38	\$ 162.94
Internet		
Residential	28,205	28,606
SMB	2,052	2,043
Total Internet Customers	<u>30,257</u>	<u>30,649</u>
Video		
Residential	12,437	13,751
SMB	578	628
Total Video Customers	<u>13,015</u>	<u>14,379</u>
Voice		
Residential	5,895	6,960
SMB	1,263	1,296
Total Voice Customers	<u>7,158</u>	<u>8,256</u>
Mobile Lines ^(e)		
Residential	9,057	6,987
SMB	297	233
Total Mobile Lines	<u>9,354</u>	<u>7,220</u>
Enterprise Primary Service Units ("PSUs") ^(f)	315	298

^(a) We calculate the aging of customer accounts based on the monthly billing cycle for each account in accordance with our collection policies. On that basis, as of September 30, 2024 and 2023, customers include approximately 127,300 and 143,300 customers, respectively, whose accounts were over 60 days past due, approximately 11,900 and 53,400 customers, respectively, whose accounts were over 90 days past due and approximately 11,800 and 261,700 customers, respectively, whose accounts were over 120 days past due. The decrease in accounts past due is predominately due to revisions to customer account balances associated with the end of the ACP, including balance write-offs and conversion to payment plans. Bad debt expense associated with these past due accounts was predominantly reflected in our consolidated statements of operations in prior periods.

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

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

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

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

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

Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and the means by which we develop estimates, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2023 Annual Report on Form 10-K. There have been no material changes from the critical accounting policies described in our Form 10-K.

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues	\$ 13,795	\$ 13,584	\$ 41,159	\$ 40,896
Costs and Expenses:				
Operating costs and expenses (exclusive of items shown separately below)	8,316	8,324	24,936	25,220
Depreciation and amortization	2,138	2,123	6,483	6,486
Other operating expenses, net	21	90	47	46
	<u>10,475</u>	<u>10,537</u>	<u>31,466</u>	<u>31,752</u>
Income from operations	<u>3,320</u>	<u>3,047</u>	<u>9,693</u>	<u>9,144</u>
Other Income (Expenses):				
Interest expense, net	(1,301)	(1,297)	(3,926)	(3,843)
Other expenses, net	(163)	(15)	(333)	(192)
	<u>(1,464)</u>	<u>(1,312)</u>	<u>(4,259)</u>	<u>(4,035)</u>
Income before income taxes	1,856	1,735	5,434	5,109
Income tax benefit (expense)	3	(14)	(63)	(43)
Consolidated net income	<u>1,859</u>	<u>1,721</u>	<u>5,371</u>	<u>5,066</u>
Less: Net income attributable to noncontrolling interests	(1)	—	(2)	(1)
Net income attributable to CCO Holdings member	<u>\$ 1,858</u>	<u>\$ 1,721</u>	<u>\$ 5,369</u>	<u>\$ 5,065</u>

Revenues. Total revenues grew \$211 million and \$263 million for the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to growth in mobile lines, average revenue per customer and advertising sales, partly offset by lower customers. Revenue growth was also favorably impacted by \$68 million of total customer credits in the prior year period related to the temporary loss of Disney programming during the third quarter of 2023.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Internet	\$ 5,872	\$ 5,776	1.7 %	\$ 17,504	\$ 17,227	1.6 %
Video	3,735	4,004	(6.7)%	11,510	12,446	(7.5)%
Voice	360	379	(5.0)%	1,084	1,117	(3.0)%
Mobile service	801	581	37.6 %	2,223	1,617	37.5 %
Residential revenue	10,768	10,740	0.3 %	32,321	32,407	(0.3)%
Small and medium business	1,096	1,085	1.0 %	3,285	3,270	0.4 %
Enterprise	723	698	3.7 %	2,152	2,070	4.0 %
Commercial revenue	1,819	1,783	2.0 %	5,437	5,340	1.8 %
Advertising sales	452	384	18.1 %	1,240	1,123	10.5 %
Other	756	677	11.6 %	2,161	2,026	6.6 %
	<u>\$ 13,795</u>	<u>\$ 13,584</u>	1.6 %	<u>\$ 41,159</u>	<u>\$ 40,896</u>	0.6 %

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Increase related to rate and product mix changes	\$ 159	\$ 348
Decrease in average residential Internet customers	(63)	(71)
	<u>\$ 96</u>	<u>\$ 277</u>

The increase related to rate and product mix was primarily due to promotional rate step-ups and rate adjustments, partly offset by retention offers extended to customers that previously received an ACP subsidy. Residential Internet customers decreased by 401,000 customers from September 30, 2023 to September 30, 2024.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Decrease in average residential video customers	\$ (394)	\$ (1,071)
Increase related to rate and product mix changes	125	135
	<u>\$ (269)</u>	<u>\$ (936)</u>

Residential video customers decreased by 1,314,000 from September 30, 2023 to September 30, 2024. The increase related to rate and product mix was primarily due to promotional rate step-ups, video rate adjustments that pass-through programming rate increases and \$63 million of customer credits related to the temporary loss of Disney programming in the third quarter of 2023, partly offset by a higher mix of lower priced video packages within our video customer base and costs allocated to programmer streaming apps which are netted within video revenue.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Decrease in average residential voice customers	\$ (58)	\$ (159)
Increase related to rate adjustments	39	126
	<u>\$ (19)</u>	<u>\$ (33)</u>

Residential wireline voice customers decreased by 1,065,000 customers from September 30, 2023 to September 30, 2024.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Increase in average residential mobile lines	\$ 183	\$ 581
Increase related to rate	37	25
	<u>\$ 220</u>	<u>\$ 606</u>

Residential mobile lines increased by 2,070,000 mobile lines from September 30, 2023 to September 30, 2024. The increase related to rate is primarily related to successful conversion of free lines.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Increase in average SMB customers	\$ 1	\$ 8
Increase related to rate and product mix changes	10	7
	<u>\$ 11</u>	<u>\$ 15</u>

SMB customers decreased by 1,000 from September 30, 2023 to September 30, 2024.

Enterprise revenues increased \$25 million and \$82 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to an increase in Internet PSUs. Enterprise PSUs increased 17,000 from September 30, 2023 to September 30, 2024.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors, as well as local cable and advertising on regional sports and news channels. Advertising sales revenues increased \$68 million and \$117 million during the three and nine months ended September 30, 2024, respectively, as compared to the corresponding periods in 2023 primarily due to an increase in political ad revenue and advanced advertising partly offset by lower local ad revenue.

Other revenues consist of revenue from mobile and video device sales, processing fees, regional sports and news channels (excluding intercompany charges or advertising sales on those channels), subsidy revenue, home shopping, wire maintenance fees and other miscellaneous revenues. Other revenues increased \$79 million and \$135 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to higher mobile device sales.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Programming	\$ (259)	\$ (756)
Other costs of revenue	219	520
Costs to service customers	(12)	(101)
Sales and marketing	40	31
Other	4	22
	<u>\$ (8)</u>	<u>\$ (284)</u>

Programming costs were approximately \$2.3 billion and \$2.6 billion for the three months ended September 30, 2024 and 2023, representing 28% and 31% of total operating costs and expenses, respectively, and \$7.4 billion and \$8.1 billion for the nine months ended September 30, 2024 and 2023, representing 30% and 32% of total operating costs and expenses, respectively. Programming costs consist primarily of costs paid to programmers for basic, premium, video on demand, and pay-per-view programming. Programming costs decreased as a result of fewer video customers and a higher mix of lower cost video packages within our video customer base as well as costs allocated to programmer streaming apps which are netted within video revenue, partly offset by contractual rate adjustments, including renewals and increases in amounts paid for retransmission consent as well as a \$61 million benefit related to the temporary loss of Disney programming during the third quarter of 2023.

Other costs of revenue increased \$219 million and \$520 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to higher mobile service direct costs and mobile device sales due to an increase in mobile lines.

Costs to service customers decreased \$12 million and \$101 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to lower labor costs.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Corporate costs	\$ 2	\$ 22
Costs to sell and service bulk properties	11	18
Stock compensation expense	(18)	(27)
Other	9	9
	<u>\$ 4</u>	<u>\$ 22</u>

Depreciation and amortization. Depreciation and amortization expense increased by \$15 million and decreased by \$3 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Special charges, net	\$ (74)	\$ 38
(Gain) loss on disposal of assets, net	5	(37)
	<u>\$ (69)</u>	<u>\$ 1</u>

See Note 8 to the accompanying consolidated financial statements contained in “Item 1. Financial Statements” for more information.

Interest expense, net. Net interest expense increased by \$4 million and \$83 million for the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily due to an increase in weighted average interest rates.

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

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Gain on extinguishment of debt (see Note 3)	\$ —	\$ 9
Gain (loss) on financial instruments, net (see Note 5)	(149)	(137)
Net periodic pension benefits	—	(1)
Loss on equity investments, net	1	(12)
	<u>\$ (148)</u>	<u>\$ (141)</u>

See Note 9 and the Notes referenced above to the accompanying consolidated financial statements contained in “Item 1. Financial Statements” for more information.

Income tax benefit (expense). We recognized income tax benefit of \$3 million and income tax expense of \$63 million for the three and nine months ended September 30, 2024, respectively, and income tax expense of \$14 million and \$43 million for the three and nine months ended 2023, respectively.

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

Net income attributable to CCO Holdings member. Net income attributable to CCO Holdings member increased \$137 million and \$304 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding periods in 2023 primarily as a result of the factors described above.

Use of Adjusted EBITDA and Free Cash Flow

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

Adjusted EBITDA eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses as well as other non-cash or special items, and is unaffected by our capital structure or

investment activities. However, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and our cash cost of financing. These costs are evaluated through other financial measures.

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

Management and Charter's board of directors use Adjusted EBITDA and free cash flow to assess our performance and our ability to service our debt, fund operations and make additional investments with internally generated funds. In addition, Adjusted EBITDA generally correlates to the leverage ratio calculation under our credit facilities or outstanding notes to determine compliance with the covenants contained in the facilities and notes (all such documents have been previously filed with the Securities and Exchange Commission (the "SEC")). For the purpose of calculating compliance with leverage covenants, we use Adjusted EBITDA, as presented, excluding certain expenses paid by our operating subsidiaries to other Charter entities. Our debt covenants refer to these expenses as management fees, which were \$373 million and \$1.1 billion for the three and nine months ended September 30, 2024, respectively, and \$345 million and \$1.1 billion for the three and nine months ended 2023, respectively.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income attributable to CCO Holdings member	\$ 1,858	\$ 1,721	\$ 5,369	\$ 5,065
Plus: Net income attributable to noncontrolling interest	1	—	2	1
Interest expense, net	1,301	1,297	3,926	3,843
Income tax (benefit) expense	(3)	14	63	43
Depreciation and amortization	2,138	2,123	6,483	6,486
Stock compensation expense	146	164	513	540
Other, net	184	105	380	238
Adjusted EBITDA	<u>\$ 5,625</u>	<u>\$ 5,424</u>	<u>\$ 16,736</u>	<u>\$ 16,216</u>
Net cash flows from operating activities	\$ 4,339	\$ 4,085	\$ 11,980	\$ 11,576
Less: Purchases of property, plant and equipment	(2,563)	(2,961)	(8,207)	(8,259)
Change in accrued expenses related to capital expenditures	277	114	510	110
Free cash flow	<u>\$ 2,053</u>	<u>\$ 1,238</u>	<u>\$ 4,283</u>	<u>\$ 3,427</u>

Liquidity and Capital Resources

Introduction

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

Recent Events

In May 2024, Charter Communications Operating, LLC ("Charter Operating") and Charter Communications Operating Capital Corp. jointly issued \$1.5 billion of 6.100% senior secured notes due June 2029 at a price of 99.944% of the aggregate principal amount and \$1.5 billion of 6.550% senior secured notes due June 2034 at a price of 99.755% of the aggregate principal amount. The net proceeds were used to fund a concurrent tender offer to repurchase \$2.7 billion in aggregate principal amount of

Charter Operating's 4.908% senior secured notes due July 2025, to prepay Charter Operating's outstanding Term B-1 Loan and to pay related fees and expenses.

Overview of Our Contractual Obligations and Liquidity

We have significant amounts of debt and require significant cash to fund principal and interest payments on our debt. The principal amount of our debt as of September 30, 2024 was \$95.1 billion, consisting of \$11.6 billion of credit facility debt, \$56.3 billion of investment grade senior secured notes and \$27.3 billion of high-yield senior unsecured notes. Our split credit rating allows us to access both the investment grade debt market and the high yield debt market.

Our projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, and the timing and amount of our expenditures. Free cash flow was \$2.1 billion and \$4.3 billion for the three and nine months ended September 30, 2024, respectively, and \$1.2 billion and \$3.4 billion for the three and nine months ended September 30, 2023, respectively. See the table below for factors impacting free cash flow during the three and nine months ended September 30, 2024 compared to the corresponding prior periods. As of September 30, 2024, the amount available under our credit facilities was approximately \$5.5 billion and cash on hand was approximately \$517 million. We expect to utilize free cash flow, cash on hand and availability under our credit facilities as well as future refinancing transactions to further extend the maturities of our obligations. The timing and terms of any refinancing transactions will be subject to market conditions among other considerations. Additionally, we may, from time to time, and depending on market conditions and other factors, use cash on hand and the proceeds from securities offerings or other borrowings to retire our debt through open market purchases, privately negotiated purchases, tender offers or redemption provisions. We believe we have sufficient liquidity from cash on hand, free cash flow and Charter Operating's revolving credit facility as well as access to the capital markets to fund our projected cash needs.

We continue to evaluate the deployment of our cash on hand and anticipated future free cash flow, including investing in our business growth and other strategic opportunities, including expanding the capacity of our network, the expansion of our network through our rural broadband construction initiative, the build-out and deployment of our CBRS spectrum, and mergers and acquisitions as well as distributions to parent companies for stock repurchases and dividends. Charter's target leverage of net debt to the last twelve months Adjusted EBITDA remains at 4 to 4.5 times Adjusted EBITDA, and up to 3.5 times Adjusted EBITDA at the Charter Operating first lien level. Charter's leverage ratio was 4.2 times Adjusted EBITDA as of September 30, 2024. As Adjusted EBITDA grows, we expect to increase the total amount of our indebtedness to maintain leverage within Charter's target leverage range. Excluding purchases from Liberty Broadband Corporation ("Liberty Broadband") discussed below, during the three and nine months ended September 30, 2024, Charter purchased in the public market approximately 0.3 million and 2.7 million shares of Charter Class A common stock, respectively, for approximately \$108 million and \$822 million, respectively, and during the three and nine months ended September 30, 2023, Charter purchased in the public market approximately 1.8 million and 5.0 million shares of Charter Class A common stock, respectively, for approximately \$776 million and \$1.9 billion, respectively. Since the beginning of its buyback program in September 2016 through September 30, 2024, Charter has purchased approximately 162.3 million shares of Class A common stock and Charter Holdings common units for approximately \$73.3 billion, including purchases from Liberty Broadband and Advance/Newhouse Partnership ("A/N") discussed below.

In February 2021, Charter and Liberty Broadband entered into a letter agreement (the "LBB Letter Agreement"). The LBB Letter Agreement implements Liberty Broadband's obligations under the Amended and Restated Stockholders Agreement among Charter, Liberty Broadband and A/N, dated as of May 23, 2015 (as amended, the "Stockholders Agreement") to participate in share repurchases by Charter. Under the LBB Letter Agreement, Liberty Broadband will sell to Charter, generally on a monthly basis, a number of shares of Charter Class A common stock representing an amount sufficient for Liberty Broadband's ownership of Charter to be reduced such that it does not exceed the ownership cap then applicable to Liberty Broadband under the Stockholders Agreement at a purchase price per share equal to the volume weighted average price per share paid by Charter for shares repurchased during such immediately preceding calendar month other than (i) purchases from A/N, (ii) purchases in privately negotiated transactions or (iii) purchases for the withholding of shares of Charter Class A common stock pursuant to equity compensation programs of Charter. During the three and nine months ended September 30, 2024, Charter purchased from Liberty Broadband 0.4 million and 0.7 million shares of Charter Class A common stock, respectively, for approximately \$110 million and \$226 million, respectively, and 0.1 million shares of Charter Class A common stock for approximately \$42 million during the nine months ended September 30, 2023.

In December 2016, Charter and A/N entered into a letter agreement, as amended in December 2017 (the "A/N Letter Agreement"), that requires A/N to sell to Charter or to Charter Holdings, on a monthly basis, a number of shares of Charter Class A common stock or Charter Holdings common units that represents a pro rata participation by A/N and its affiliates in

any repurchases of shares of Charter Class A common stock from persons other than A/N effected by Charter during the immediately preceding calendar month, at a purchase price equal to the average price paid by Charter for the shares repurchased from persons other than A/N during such immediately preceding calendar month. A/N and Charter both have the right to terminate or suspend the pro rata repurchase arrangement on a prospective basis. During the three and nine months ended September 30, 2024, Charter Holdings purchased from A/N 0.1 million and 0.6 million Charter Holdings common units, respectively, for approximately \$44 million and \$185 million, respectively, and during the three and nine months ended September 30, 2023, Charter Holdings purchased from A/N 0.2 million and 0.7 million Charter Holdings common units, respectively, for approximately \$78 million and \$254 million, respectively.

As of September 30, 2024, Charter had remaining board authority to purchase an additional \$599 million of Charter's Class A common stock and/or Charter Holdings common units, excluding purchases from Liberty Broadband. Although Charter expects to continue to buy back its common stock consistent with its leverage target range, Charter is not obligated to acquire any particular amount of common stock, and the timing of any purchases that may occur cannot be predicted and will largely depend on market conditions and other potential uses of capital. Purchases may include open market purchases, tender offers or negotiated transactions. To the extent such purchases occur, CCO Holdings and its subsidiaries are the primary source for funding such purchases through distributions to their parent companies.

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

Free Cash Flow

Free cash flow increased \$815 million and \$856 million during the three and nine months ended September 30, 2024, respectively, compared to the corresponding prior periods in 2023 due to the following (dollars in millions):

	Three months ended September 30, 2024 compared to three months ended September 30, 2023	Nine months ended September 30, 2024 compared to nine months ended September 30, 2023
Changes in working capital, excluding mobile devices	\$ 275	\$ 647
Increase in Adjusted EBITDA	201	520
Decrease in capital expenditures	398	52
Changes in working capital, mobile devices	(160)	11
Decrease (increase) in cash paid for interest, net	20	(145)
Other, net	81	(229)
	<u>\$ 815</u>	<u>\$ 856</u>

Other, net primarily includes the payment of a litigation settlement during the nine months ended September 30, 2024 compared to the corresponding period in 2023.

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

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

and Secured Debt is structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of Charter Operating's non-guarantor subsidiaries.

The Guaranteed and Secured Debt and the subsidiary guarantees thereof are also secured by (i) a lien on substantially all of the assets of Charter Operating and the Obligor Subsidiaries, to the extent such lien can be perfected under the Uniform Commercial Code by the filing of a financing statement, and (ii) a pledge of substantially all of the equity interests of subsidiaries owned by Charter Operating or the Obligor Subsidiaries (the "Pledged Equity Interests"), as well as intercompany obligations owing to it by any of such entities ((i) and (ii) collectively, the "Collateral"). In addition, payments of a mortgage note, currently outstanding for approximately \$285 million, incurred by a single-asset special purpose entity to finance construction of the first building of the Charter headquarters in Stamford, Connecticut are guaranteed by the Obligor Group and rank equally with the liens on the Collateral securing the Guaranteed and Secured Debt. No assets of any of Charter Operating's non-guarantor subsidiaries (including any capital stock owned by any such subsidiary) will constitute Collateral. The subsidiary guarantees are effectively senior to all unsecured debt or debt secured by junior liens of the subsidiary guarantors, in each case to the extent of the value of the collateral securing the guarantee obligations of the subsidiary guarantors. Upon the occurrence and during the continuance of an event of default under the Guaranteed and Secured Debt, subject to the terms of an intercreditor agreement, the security documents governing the Guaranteed and Secured Debt provide for (among other available remedies) the foreclosure upon and sale of the Collateral by the collateral agent(s) of the respective Guaranteed and Secured Debt and the distribution of the net proceeds of any such sale to the holders and/or the lenders of the Guaranteed and Secured Debt on a pro rata basis, subject to any prior liens on the Collateral. We believe there is no separate trading market for the Pledged Equity Interests.

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

In June 2024, a bankruptcy remote special purpose vehicle and our consolidated subsidiary, CCO EIP Financing, LLC, (the "SPV Borrower") entered into a senior secured revolving credit facility to finance the purchase of equipment installment plan receivables ("EIP Receivables") with a number of financial institutions (the "EIP Financing Facility"). Borrowings under the EIP Financing Facility are secured by the EIP Receivables transferred to the SPV Borrower, future collections on such EIP Receivables, and related assets consisting primarily of restricted cash. We and our other subsidiaries do not guarantee any principal or interest payable by SPV Borrower under the EIP Financing Facility and SPV Borrower is not a guarantor of the Guaranteed and Secured Debt. As of September 30, 2024, the carrying value of the EIP Financing Facility was \$998 million and is included in our consolidated balance sheets. As of September 30, 2024, pledged EIP Receivables with an unpaid principal balance of \$1.5 billion, included in accounts receivable, net and other noncurrent assets, and restricted cash of \$29 million, included in prepaid expenses and other current assets, are held by the SPV Borrower and reflected in our consolidated balance sheets.

See Note 8 to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2023 for further details about the terms, conditions and other factors that may affect payments to holders and the collateral arrangements of the Guaranteed and Secured Debt.

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

Limitations on Distributions

Distributions by us and our subsidiaries to a parent company for payment of principal on parent company notes are restricted under CCO Holdings indentures governing CCO Holdings' indebtedness, unless there is no default under the applicable indenture, and unless CCO Holdings' leverage ratio test is met at the time of such distribution. As of September 30, 2024, there was no default under any of these indentures, and CCO Holdings met its leverage ratio test based on September 30, 2024 financial results. There can be no assurance that CCO Holdings will satisfy its leverage ratio test at the time of the contemplated distribution.

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

Historical Operating, Investing, and Financing Activities

Cash and Cash Equivalents. We held \$517 million and \$471 million in cash and cash equivalents as of September 30, 2024 and December 31, 2023, respectively. In addition, we held \$29 million in restricted cash included in prepaid and other current assets in our consolidated balance sheets as of September 30, 2024.

Operating Activities. Net cash provided by operating activities increased \$404 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily due to favorable changes in working capital and an increase in Adjusted EBITDA, partly offset by the payment of litigation settlements in 2024 and an increase in cash paid for interest.

Investing Activities. Net cash used in investing activities was \$8.1 billion and \$8.5 billion for the nine months ended September 30, 2024 and 2023, respectively. The decrease in cash used was primarily driven by an increase in changes in accrued expenses related to capital expenditures.

Financing Activities. Net cash used in financing activities increased \$699 million during the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023 primarily due to an increase in the amount by which repayments of long-term debt exceeded borrowings, partly offset by a decrease in distributions to parent companies.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were \$2.6 billion and \$8.2 billion for the three and nine months ended September 30, 2024, respectively, and \$3.0 billion and \$8.3 billion for the three and nine months ended September 30, 2023, respectively. The decrease was primarily driven by a decrease in customer premise equipment and, during the three months ended September 30, 2024 as compared to the corresponding prior year period, lower spend on network evolution. The nine months ended September 30, 2024 was also impacted by an increase in line extensions in connection with our subsidized rural construction initiative as compared to the corresponding prior year period. See the table below for more details.

We currently expect full year 2024 capital expenditures to total approximately \$11.5 billion, including line extensions of approximately \$4.3 billion and network evolution spend of approximately \$1.1 billion. The actual amount of capital expenditures in 2024 will depend on a number of factors including, but not limited to, the pace of our network evolution and expansion initiatives, supply chain timing and growth rates in our residential and commercial businesses.

Our capital expenditures are funded primarily from cash flows from operating activities and borrowings on our credit facility. In addition, our accrued expenses related to capital expenditures increased by \$510 million and \$110 million for the nine months ended September 30, 2024 and 2023, respectively.

The following tables present our major capital expenditures categories in accordance with National Cable and Telecommunications Association (“NCTA”) disclosure guidelines for the three and nine months ended September 30, 2024 and 2023. These disclosure guidelines are not required disclosures under GAAP, nor do they impact our accounting for capital expenditures under GAAP (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Customer premise equipment ^(a)	\$ 400	\$ 659	\$ 1,597	\$ 1,772
Scalable infrastructure ^(b)	321	308	1,011	1,015
Upgrade/rebuild ^(c)	358	509	1,228	1,190
Support capital ^(d)	403	420	1,212	1,245
Capital expenditures, excluding line extensions	1,482	1,896	5,048	5,222
Subsidized rural construction line extensions	577	498	1,569	1,398
Other line extensions	504	567	1,590	1,639
Total line extensions ^(e)	1,081	1,065	3,159	3,037
Total capital expenditures	\$ 2,563	\$ 2,961	\$ 8,207	\$ 8,259
Of which:				
Commercial services	\$ 346	\$ 403	\$ 1,103	\$ 1,179
Subsidized rural construction initiative ^(f)	\$ 581	\$ 512	\$ 1,575	\$ 1,444
Mobile	\$ 58	\$ 76	\$ 181	\$ 235

^(a) Customer premise equipment includes equipment and devices located at the customer's premise used to deliver our Internet, video and voice services (e.g., modems, routers and set-top boxes), as well as installation costs.

^(b) Scalable infrastructure includes costs, not related to customer premise equipment or our network, to secure growth of new customers or provide service enhancements (e.g., headend equipment).

^(c) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including our network evolution initiative.

^(d) Support capital includes costs associated with the replacement or enhancement of non-network assets (e.g., back-office systems, non-network equipment, land and buildings, vehicles, tools and test equipment).

^(e) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).

^(f) The subsidized rural construction initiative subcategory includes projects for which we are receiving subsidies from federal, state and local governments, excluding customer premise equipment and installation.

Recently Issued Accounting Standards

See Note 19 to the Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of recently issued accounting standards. There have been no material changes from the recently issued accounting standards described in our Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to the interest rate risk as previously disclosed in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our design and operation of disclosure controls and procedures with respect to the information generated for use in this quarterly report. The evaluation was based upon reports and certifications provided by a number of executives. Based on, and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were

effective to provide reasonable assurances that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

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

During the quarter ended September 30, 2024, there was no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings.*

See Note 17 to our Annual Report on Form 10-K for the year ended December 31, 2023 for a discussion of legal proceedings, as updated by Note 11 to the accompanying consolidated financial statements contained in "Item 1. Financial Statements" of this quarterly report. Within this section, we use a threshold of \$1 million in disclosing environmental proceedings involving a governmental authority, if any.

Item 1A. *Risk Factors.*

Our Annual Report on Form 10-K for the year ended December 31, 2023 includes "Risk Factors" under Item 1A of Part I. There have been no material changes from the risk factors described in our Form 10-K except as described below.

Changes to the existing legal and regulatory framework under which we operate or the regulatory programs in which we or our competitors participate could adversely affect our business.

There are ongoing efforts to amend or expand the federal, state and local regulation of some of the services offered over our cable systems, particularly our retail broadband Internet access service. Potential legislative and regulatory changes could adversely impact our business by increasing our costs and competition and limiting our ability to offer services in a manner that would maximize our revenue potential. These changes have in the past, and could in the future, include, for example, the reclassification of Internet services as regulated telecommunications services or other utility-style regulation of Internet services; restrictions on how we manage our Internet access services and networks; the adoption of new customer service or service quality requirements for our Internet access services; the adoption of new privacy restrictions on our collection, use and disclosure of certain customer information; new data security and cybersecurity mandates that could result in additional network and information security and cyber incident reporting requirements for our business; new restraints on our discretion over programming decisions; new restrictions on the rates we charge to consumers for one or more of the services or equipment options we offer; changes to the cable industry's compulsory copyright to retransmit broadcast signals; new requirements to assure the availability of navigation devices from third-party providers; new Universal Service Fund contribution obligations on our Internet service revenues that would add to the cost of that service; increases in government-administered broadband subsidies to rural areas that could result in subsidized overbuilding of our facilities; changes to the Federal Communications Commission's ("FCC") administration of spectrum; pending court challenges to the legality of the FCC's Universal Service programs, which, if successful, could adversely affect our receipt of universal service funds, including but not limited to FCC Rural Development Opportunity Fund ("RDOF") grants to expand our network, FCC E-rate funds to serve schools and libraries and FCC Rural Health Care funds to serve eligible health care providers; and changes in the regulatory framework for voice over Internet protocol ("VoIP") telephone service, including the scope of regulatory obligations associated with our VoIP telephone service and our ability to interconnect our VoIP telephone service with incumbent providers of traditional telecommunications service.

We participated in the ACP and continue to participate in the RDOF subsidy program. The ACP program previously provided up to a \$30 monthly subsidy enabling eligible low-income households to purchase our Internet products at a discount or, for a portion of those households, at no cost. The FCC prohibited service providers from enrolling new participants into the ACP after February 7, 2024 and April 2024 was the last month ACP households received the full ACP subsidy. ACP households received a \$14 federally funded ACP subsidy in May 2024. As of June 1, 2024, ACP households no longer received the ACP benefit. The end of the ACP benefit has been, and will continue to be, disruptive to our business. We have lost and will continue to lose customers and revenues and could face greater difficulty in providing services to low-income households in the future.

As a winning bidder in the FCC's RDOF auction in 2020, we must comply with numerous FCC and state requirements to continue receiving such funding. To comply with these requirements, in RDOF areas, we have chosen to offer certain of our VoIP telephone services, such as our Lifeline services, subject to certain traditional federal and state common carrier regulations. Additionally, in some areas where we are building pursuant to subsidy programs, we will offer certain of our broadband Internet access services subject to required discounts and other marketing-related terms. If we fail to comply with those requirements, the governing regulatory agency could consider us in default and we could incur substantial penalties or forfeitures. If we fail to attain certain specified infrastructure build-out requirements under the RDOF program, the FCC could also withhold future support payments until those shortcomings are corrected. Any failure to comply with the rules and requirements of a subsidy grant could result in us being suspended or disbarred from future governmental programs or contracts for a significant period of time, which could adversely affect our results of operations and financial condition.

Participation in ACP, RDOF, and other government programs, including state subsidized builds, creates the risk of claims of our failure to adequately comply with the regulatory requirements of those programs. The FCC, and various state and federal agencies and attorney generals, may subject those programs, or other industry practices, to audits and investigations, which could result in enforcement actions, litigation, fines, settlements or reputational harm, and/or operational and financial conditions being placed on us, any of which could adversely affect our results of operations and financial condition.

If any laws or regulations are enacted that would expand the regulation of our services, they could affect our operations and require significant expenditures. We cannot predict future developments in these areas, and any changes to the regulatory framework for our Internet, video, mobile or VoIP services could have a negative impact on our business and results of operations.

It remains uncertain what rule changes, if any, will ultimately be adopted by Congress, the FCC, the Federal Trade Commission and state legislatures and regulatory agencies, and what operating or financial impact any such rules might have on us, including on the operation of our broadband networks, customer privacy and the user experience.

Item 6. Exhibits.

See Exhibit Index.

SIGNATURES

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

CCO HOLDINGS, LLC
Registrant

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

Date: November 1, 2024

CCO HOLDINGS CAPITAL CORP.
Registrant

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

Date: November 1, 2024

Exhibit Index

Exhibit	Description
22.1	<u>Issuers and Guarantors of Guaranteed Securities and Affiliate Securities Pledged as Collateral.</u>
31.1	<u>Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the under the Securities Exchange Act of 1934.</u>
31.2	<u>Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.</u>
32.1	<u>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).</u>
32.2	<u>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).</u>
101	The following financial information from CCO Holdings, LLC Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2024, filed with the Securities and Exchange Commission on November 1, 2024, formatted in iXBRL (inline eXtensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Changes in Member's Equity; (iv) the Consolidated Statements of Cash Flows; and (vi) the Notes to the Consolidated Financial Statements.
104	Cover Page, formatted in iXBRL and contained in Exhibit 101.

Issuers and Guarantors of Guaranteed Securities and Affiliate Securities Pledged as Collateral
as of September 30, 2024

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

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

4.908% senior notes due July 23, 2025
6.150% senior notes due November 10, 2026
3.750% senior notes due February 15, 2028
4.200% senior notes due March 15, 2028
2.250% senior notes due January 15, 2029
5.050% senior notes due March 30, 2029
6.100% senior notes due June 1, 2029
2.800% senior notes due April 1, 2031
2.300% senior notes due February 1, 2032
4.400% senior notes due April 1, 2033
6.650% senior notes due February 1, 2034
6.550% senior notes due June 1, 2034
6.384% senior notes due October 23, 2035
5.375% senior notes due April 1, 2038
3.500% senior notes due June 1, 2041
3.500% senior notes due March 1, 2042
6.484% senior notes due October 23, 2045
5.375% senior notes due May 1, 2047
5.750% senior notes due April 1, 2048
5.125% senior notes due July 1, 2049
4.800% senior notes due March 1, 2050
3.700% senior notes due April 1, 2051
3.900% senior notes due June 1, 2052
5.250% senior notes due April 1, 2053
6.834% senior notes due October 23, 2055
3.850% senior notes due April 1, 2061
4.400% senior notes due December 1, 2061
3.950% senior notes due June 30, 2062
5.500% senior notes due April 1, 2063

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

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

5.500% senior debentures due September 1, 2041
5.250% sterling senior notes due July 15, 2042
4.500% senior debentures due September 15, 2042

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

8.375% senior debentures due July 15, 2033

“CCOH Obligor Subsidiaries”:

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

I, Christopher L. Winfrey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CCO Holdings, LLC and CCO Holdings Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ Christopher L. Winfrey

Christopher L. Winfrey
President and Chief Executive Officer

I, Jessica M. Fischer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CCO Holdings, LLC and CCO Holdings Capital Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 1, 2024

/s/ Jessica M. Fischer

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

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

I, Christopher L. Winfrey, the President and Chief Executive Officer of CCO Holdings, LLC and CCO Holdings Capital Corp. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2024 (the "Report") filed with the Securities and Exchange Commission:

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

/s/ Christopher L. Winfrey

Christopher L. Winfrey
President and Chief Executive Officer
November 1, 2024

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

I, Jessica M. Fischer, the Chief Financial Officer of CCO Holdings, LLC and CCO Holdings Capital Corp. (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2024 (the "Report") filed with the Securities and Exchange Commission:

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

/s/ Jessica M. Fischer

Jessica M. Fischer
Chief Financial Officer
(Principal Financial Officer)
November 1, 2024