SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 6, 2016

CCO Holdings, LLC
CCO Holdings Capital Corp.
(Exact name of registrants as specified in their charters)

Delaware
Delaware
(State or other jurisdiction of incorporation or organization)

001-37789 **333-112593-01**	**86-1067239** **20-0257904**
(Commission File Number)	*(I.R.S. Employer Identification Number)*

400 Atlantic Street
Stamford, Connecticut 06901
(Address of principal executive offices including zip code)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 8.01. OTHER EVENTS.

On May 18, 2016, the transactions contemplated by the Agreement and Plan of Mergers, dated as of May 23, 2015, by and among Time Warner Cable Inc. (“TWC”), Charter Communications, Inc. (“Legacy Charter”), CCH I, LLC (“New Charter”), Nina Corporation I, Inc., Nina Company II, LLC, and Nina Company III, LLC were completed (the “TWC Transactions”). Following the consummation of the TWC Transactions, New Charter became the new public company parent that holds the operations of the combined companies and changed its name to “Charter Communications, Inc.”

In addition, on May 18, 2016, New Charter and Advance/Newhouse Partnership, the former parent of Bright House Networks, LLC (“Bright House”), completed their previously announced transaction in which New Charter acquired Bright House (together with the TWC Transactions, the “Transactions”). Following the consummation of the Transactions, the equity interests of CCO Holdings, LLC (“CCO Holdings”) are no longer wholly owned by Legacy Charter or by New Charter. In connection therewith, CCO Holdings is filing consolidated financial information for the years ended December 2015, 2014 and 2013 and the three months ended March 31, 2016 and 2015, respectively, and its Management’s Discussion and Analysis of Financial Condition and Results of Operations for the same periods, as exhibits to this Current Report on Form 8-K. As part of the closing of the TWC Transactions, TWC, including certain debt, became an indirect subsidiary of CCO Holdings. Please see the Current Report on Form 8-K of CCO Holdings filed May 24, 2016 for a description of this debt, including CCO Holdings’ guarantee of the debt.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit Number	Description
99.1*	CCO Holdings, LLC Management’s Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 2015, 2014 and 2013
99.2*	CCO Holdings, LLC Consolidated Financial Statements for the years ended December 31, 2015, 2014 and 2013
99.3*	CCO Holdings, LLC Management’s Discussion and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2016 and 2015
99.4*	CCO Holdings, LLC Consolidated Financial Statements for the three months ended March 31, 2016 and 2015

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, CCO Holdings, LLC and CCO Holdings Capital Corp. have duly caused this Current Report to be signed on their behalf by the undersigned hereunto duly authorized.

CCO Holdings, LLC
Registrant
By: CHARTER COMMUNICATIONS, INC., Sole Manager

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

Date: June 6, 2016

CCO Holdings Capital Corp.
Registrant

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

Date: June 6, 2016

Exhibit Index

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* Filed herewith

Exhibit 99.1

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The following discussion should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto of CCO Holdings, LLC ("CCO Holdings") and subsidiaries included in this Current Report on Form 8-K as exhibit 99.2.

We are a cable operator providing services in the United States with approximately 6.7 million residential and small and medium business customers at December 31, 2015. We offer our customers traditional cable video programming, Internet services, and voice services, as well as advanced video services such as video on demand, HD television and DVR service. We also sell local advertising on cable networks and provide fiber connectivity to cellular towers and office buildings.

TWC Transaction

On May 18, 2016, Charter Communications, Inc. ("Charter") closed on the Agreement and Plan of Mergers (the “Merger Agreement”) with Time Warner Cable Inc. ("TWC"), CCH I, LLC (“New Charter”), a wholly owned subsidiary of Charter prior to the closing of the Merger Agreement; Nina Corporation I, Inc., Nina Company II, LLC, a wholly owned subsidiary of New Charter; and Nina Company III, LLC, a wholly owned subsidiary of New Charter, pursuant to which the parties engaged in a series of transactions that resulted in Charter and TWC becoming wholly owned subsidiaries of New Charter (the “TWC Transaction,” and together with the Bright House Transaction described below, the "Transactions"), on the terms and subject to the conditions set forth in the Merger Agreement. After giving effect to the TWC Transaction, New Charter is the new public company parent that holds the operations of the combined companies and was renamed Charter Communications, Inc. Upon consummation of the TWC Transaction, each outstanding share of TWC common stock (other than TWC stock held by Liberty Broadband Corporation ("Liberty Broadband") and Liberty Interactive Corporation (collectively, the "Liberty Parties")), was converted into the right to receive $100 in cash and shares of New Charter Class A common stock ("New Charter common stock") equivalent to 0.5409 shares of Charter Class A common stock (the "Option A Election"). Each stockholder of TWC also had the option to elect to receive for each outstanding share of TWC common stock (other than TWC stock held by the Liberty Parties) $115 in cash and shares of New Charter common stock equivalent to 0.4562 shares of Charter common stock (the "Option B Election"). Out of approximately 285 million shares of TWC common stock outstanding as of the date of election, approximately 170 million shares elected the Option A Election and approximately 3 million shares elected the Option B Election. All shares as to which no election was made at or prior to the date of election were, by default, converted into the right to receive the Option A Election. Upon consummation of the TWC Transaction, each share of TWC common stock held by the Liberty Parties was converted into New Charter common stock. The total enterprise value of TWC was approximately $85 billion, including cash, equity and TWC debt assumed.

Bright House Transaction

On May 18, 2016, Charter closed on the definitive Contribution Agreement (the “Contribution Agreement”), as amended on May 23, 2015 in connection with the execution of the Merger Agreement, with Advance/Newhouse Partnership (“A/N”), A/NPC Holdings LLC, New Charter and Charter Holdings, the Company's wholly owned subsidiary, pursuant to which Charter became the owner of the membership interests in Bright House Networks, LLC (“Bright House”) and any other assets (other than certain excluded assets and liabilities and non-operating cash) primarily related to Bright House (the “Bright House Transaction”). At closing, Charter Holdings paid to A/N approximately $2 billion in cash, issued to A/N convertible preferred units of Charter Holdings with a face amount of $2.5 billion which pays a 6% coupon, approximately 31.0 million common units of Charter Holdings that are exchangeable into New Charter common stock on a one-for-one basis with a value of approximately $7 billion and one share of a new class of New Charter common stock.

Liberty Transaction and Debt Financing for the TWC Transaction and Bright House Transaction

In connection with the TWC Transaction, Charter and Liberty Broadband entered into an investment agreement, pursuant to which Liberty Broadband agreed to invest $4.3 billion in New Charter at the closing of the TWC Transaction to partially finance the cash portion of the TWC Transaction consideration. In connection with the Bright House Transaction, Liberty Broadband agreed to purchase at the closing of the Bright House Transaction $700 million of New Charter Class A common stock.

Charter financed the cash portion of the purchase price of the TWC Transaction and Bright House Transaction with additional indebtedness and cash on the companies' balance sheets. In 2015, Charter issued $15.5 billion CCO Safari II, LLC ("CCO Safari

II") senior secured notes, $3.8 billion CCO Safari III, LLC ("CCO Safari III") senior secured bank loans and $2.5 billion CCOH Safari, LLC ("CCOH Safari") senior unsecured notes. The net proceeds were initially deposited into escrow accounts. Upon closing of the TWC Transaction and release of the proceeds, the CCOH Safari notes became obligations of CCO Holdings and CCO Holdings Capital Corp. and the CCO Safari II notes and CCO Safari III credit facilities became obligations of Charter Communications Operating, LLC ("Charter Operating") and Charter Communications Operating Capital Corp., subsidiaries of CCO Holdings. CCOH Safari merged into CCO Holdings and CCO Safari II and CCO Safari III merged into Charter Operating.

Transaction-Related Commitments

In connection with the regulatory approval process, Charter made certain commitments described in its Annual Report on Form 10-K for the year ended December 31, 2015.

In addition, the FCC order contained certain conditions including build out of an additional two million locations with access to a high-speed connection. At least one million of those connections will be in competition with another high-speed broadband provider in the market served. The FCC order also provides that Charter will not be permitted to charge usage-based prices or impose data caps and will be prohibited from charging interconnection fees for seven years.

Under the terms of the settlement with the DOJ, Charter is prohibited from entering into or enforcing any agreement with a programmer that forbids, limits or creates incentives to limit the programmer’s provision of content to one or more on-line video distributors ("OVDs"). The settlement further provides that Charter will not be able to avail itself of other distributors’ most favored nation ("MFN") provisions if they are inconsistent with this prohibition. The settlement also prohibits Charter from retaliating against programmers for licensing to OVDs.

Comcast Transactions

On April 25, 2014, Charter entered into a binding definitive agreement (the “Comcast Transactions Agreement”) with Comcast Corporation (“Comcast”), which contemplated the following transactions: (1) an asset purchase, (2) an asset exchange and (3) a contribution and spin-off transaction (collectively, the “Comcast Transactions”). Pursuant to the terms of the Comcast Transactions Agreement, Comcast had the right to terminate the Comcast Transactions Agreement upon termination of the merger agreement among Comcast, TWC and Tango Acquisition Sub, Inc. (the “Comcast Merger Agreement”). On April 24, 2015, Comcast and TWC terminated the Comcast Merger Agreement, and Comcast delivered a notice of termination of the Comcast Transactions Agreement to Charter (the “Termination Notice”). As a result of the termination, proceeds from the issuance of $3.5 billion aggregate principal amount of CCOH Safari notes and $3.5 billion aggregate principal amount of CCO Safari, LLC ("CCO Safari") Term G Loans ("Term G Loans"), which were held in escrow and intended to fund the closing of the Comcast Transactions, were utilized to settle the related debt obligation in April 2015.

Overview

Our most significant competitors are direct broadcast satellite providers and certain telephone companies that offer services that provide features and functions similar to our Internet, video and voice services, including in some cases wireless services, and they also offer these services in bundles similar to ours. Customers have been more willing to consider our competitors' products, partially because of continued marketing highlighting perceived differences between competitive video products, especially when those competitors are often offering significant incentives to switch providers. Some consumers have chosen to receive video over the Internet rather than through pay television services including from us. In the recent past, we have grown revenues by offsetting basic video customer losses with price increases and sales of incremental services such as Internet, video on demand, DVR and HD television. We expect to continue to grow revenues by increasing the number of products in our current customer homes, obtaining new customers with our value offering and reducing churn. In addition, we expect to increase revenues by expanding the sales of services to our commercial customers. However, we cannot assure you that we will be able to grow revenues or maintain our margins at recent historical rates.

Our business plans include goals for increasing customers and revenue. To reach our goals, we actively invest in our network and operations, and improve the quality and value of the products and packages that we offer. We have enhanced our video product by moving to an all-digital platform, offering more HD channels and increasing digital and HD-DVR penetration. We simplified our offers and pricing, and package our products with the objective of bringing more value to new and existing customers than our competitors. As part of our effort to create more value for customers, we focus on driving penetration of our triple play offering, which includes more than 200 HD channels in most of our markets, video on demand, Internet service, and fully-featured voice service. In addition, we have fully insourced our direct sales workforce and are increasingly insourcing our field operations and call center workforces and modifying the way our sales workforce is compensated, which we believe positions us for better customer service and growth. We believe that our enhanced product set combined with improved customer service has lead to

lower customer churn and longer customer lifetimes, allowing us to grow our customer base and revenue more quickly and economically.

Total revenue growth was 7% for the year ended December 31, 2015 compared to the corresponding period in 2014, and 12% for the year ended December 31, 2014 compared to the corresponding period in 2013, due to growth in our video, Internet and commercial businesses. Total revenue growth on a pro forma basis for the acquisition of Bresnan as if it had occurred on January 1, 2012 was 8% for the year ended December 31, 2014 compared to the corresponding period in 2013. For the years ended December 31, 2015, 2014 and 2013, Adjusted EBITDA was $3.4 billion, $3.2 billion and $2.9 billion, respectively. Adjusted EBITDA is defined as consolidated net income (loss) plus net interest expense, income tax expense, depreciation and amortization, stock compensation expense, loss on extinguishment of debt, gain (loss) on derivative instruments, net and other operating expenses, such as merger and acquisition costs, 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. Adjusted EBITDA increased 7% for the year ended December 31, 2015 compared to the corresponding period in 2014 and 12% for the year ended December 31, 2014 compared to the corresponding period in 2013 as a result of an increase in residential and commercial revenues offset by increases in programming costs, transition costs and other operating costs. Adjusted EBITDA growth on a pro forma basis for the acquisition of Bresnan as if it had occurred on January 1, 2012 was 8% for the year ended December 31, 2014 compared to the corresponding period in 2013. For the years ended December 31, 2015, 2014 and 2013, our income from operations was $1.1 billion, $971 million and $909 million, respectively. In addition to the factors discussed above, income from operations was affected by increases in other operating expenses such as merger and acquisition costs as well as increases in depreciation and amortization and stock compensation expense.

Approximately 91%, 90% and 89% of our revenues for years ended December 31, 2015, 2014 and 2013, respectively, are attributable to monthly subscription fees charged to customers for our video, Internet, voice, and commercial services provided by our cable systems. Generally, these customer subscriptions may be discontinued by the customer at any time subject to a fee for certain commercial customers. The remaining 9%, 10% and 11% of revenue for fiscal years 2015, 2014 and 2013, respectively, is derived primarily from advertising revenues, franchise and other regulatory fee revenues (which are collected by us but then paid to local authorities), pay-per-view and video on demand programming, installation, processing fees or reconnection fees charged to customers to commence or reinstate service, and commissions related to the sale of merchandise by home shopping services.

Our expenses primarily consist of operating costs, depreciation and amortization expense and interest expense. Operating costs primarily include programming costs, connectivity, franchise and other regulatory costs, the costs to service our customers such as field, network and customer operations costs, marketing costs and transition costs related to the TWC Transaction, Bright House Transaction and Comcast Transactions. Transition costs represent incremental costs incurred to increase the scale of our business as a result of the TWC Transaction, Bright House Transaction and Comcast Transactions.

We incurred the following transition costs in connection with the TWC Transaction, Bright House Transaction and Comcast Transactions.

	Years ended December 31,		
	2015	**2014**	**2013**
Operating expenses	$ 72	$ 14	$ —
Other operating expenses	$ 70	$ 38	$ 16
Interest expense	$ 47	$ 45	$ —
Capital expenditures	$ 115	$ 27	$ —

In July 2013, Charter and Charter Operating acquired Bresnan from a wholly owned subsidiary of Cablevision, for $1.625 billion in cash, as well as a working capital adjustment and a reduction for certain funded indebtedness of Bresnan (the "Bresnan Acquisition"). Bresnan managed cable operating systems in Colorado, Montana, Wyoming and Utah that passed approximately 670,000 homes and served approximately 375,000 residential and commercial customer relationships at the time they were acquired.

We have had a history of net losses. Our net losses were principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that we incur because of our debt, depreciation expenses resulting from the capital investments we have made and continue to make in our cable properties, amortization expenses related to our customer relationship intangibles and non-cash taxes resulting from increases in our deferred tax liabilities.

Critical Accounting Policies and Estimates

Certain of our accounting policies require our management to make difficult, subjective and/or complex judgments. Management has discussed these policies with the Audit Committee of Charter's board of directors, and the Audit Committee has reviewed the following disclosure. We consider the following policies to be the most critical in understanding the estimates, assumptions and judgments that are involved in preparing our financial statements, and the uncertainties that could affect our results of operations, financial condition and cash flows:

- Property, plant and equipment
  - Capitalization of labor and overhead costs
  - Valuation and impairment of property, plant and equipment
  - Useful lives of property, plant and equipment
- Intangible assets
  - Valuation and impairment of franchises
  - Valuation and impairment and amortization of customer relationships
  - Valuation and impairment of goodwill
- Income taxes
- Litigation
- Programming agreements

In addition, there are other items within our financial statements that require estimates or judgment that are not deemed critical, such as the allowance for doubtful accounts and valuations of our derivative instruments, but changes in estimates or judgment in these other items could also have a material impact on our financial statements.

Property, plant and equipment

The cable industry is capital intensive, and a large portion of our resources are spent on capital activities associated with extending, rebuilding, and upgrading our cable network. As of December 31, 2015 and 2014, the net carrying amount of our property, plant and equipment (consisting primarily of cable network assets) was approximately $8.3 billion (representing 48% of total assets excluding restricted cash and cash equivalents) and $8.3 billion (representing 49% of total assets excluding restricted cash and cash equivalents), respectively. Total capital expenditures for the years ended December 31, 2015, 2014 and 2013 were approximately $1.8 billion, $2.2 billion and $1.8 billion, respectively.

Capitalization of labor and overhead costs. Costs associated with network construction, initial customer installations, installation refurbishments, and the installation of equipment necessary to provide video, Internet or voices services, are capitalized. While our capitalization is based on specific activities, once capitalized, we track these costs by fixed asset category at the cable system level, and not on a specific asset basis. For assets that are sold or retired, we remove the estimated applicable cost and accumulated depreciation. Costs capitalized as part of installations include materials, direct labor, and certain indirect costs. These indirect costs are associated with the activities of personnel who assist in installation activities, and consist of compensation and overhead costs associated with these support functions. The costs of disconnecting service at a customer's dwelling or reconnecting service to a previously installed dwelling are charged to operating expense in the period incurred. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacement, including replacement of certain components, and betterments, including replacement of cable drops from the pole to the dwelling, are capitalized.

We make judgments regarding the installation and construction activities to be capitalized. We capitalize direct labor and overhead using standards developed from actual costs and applicable operational data. We calculate standards annually (or more frequently if circumstances dictate) for items such as the labor rates, overhead rates, and the actual amount of time required to perform a capitalizable activity. For example, the standard amounts of time required to perform capitalizable activities are based on studies of the time required to perform such activities. Overhead rates are established based on an analysis of the nature of costs incurred in support of capitalizable activities, and a determination of the portion of costs that is directly attributable to capitalizable activities. The impact of changes that resulted from these studies were not material in the periods presented.

Labor costs directly associated with capital projects are capitalized. Capitalizable activities performed in connection with installations include such activities as:

- dispatching a "truck roll" to the customer's dwelling or business for service connection or placement of equipment;
- verification of serviceability to the customer's dwelling or business (i.e., determining whether the customer's dwelling is capable of receiving service by our cable network and/or receiving advanced or Internet services);

- customer premise activities performed by in-house field technicians and third-party contractors in connection with customer installations, installation of equipment in connection with the installation of video, Internet or voice services, and equipment replacement and betterment; and
- verifying the integrity of the customer's network connection by initiating test signals downstream from the headend to the customer's digital set-top box, as well as testing signal levels at the pole or pedestal.

Judgment is required to determine the extent to which overhead costs incurred result from specific capital activities, and therefore should be capitalized. The primary costs that are included in the determination of the overhead rate are (i) employee benefits and payroll taxes associated with capitalized direct labor, (ii) direct variable costs associated with capitalizable activities, consisting primarily of installation and construction vehicle costs, (iii) the cost of support personnel, such as dispatchers, who directly assist with capitalizable installation activities, and (iv) indirect costs directly attributable to capitalizable activities.

While we believe our existing capitalization policies are appropriate, a significant change in the nature or extent of our system activities could affect management's judgment about the extent to which we should capitalize direct labor or overhead in the future. We monitor the appropriateness of our capitalization policies, and perform updates to our internal studies on an ongoing basis to determine whether facts or circumstances warrant a change to our capitalization policies. We capitalized internal direct labor and overhead of $286 million, $277 million and $219 million, respectively, for the years ended December 31, 2015, 2014 and 2013.

Valuation and impairment. We evaluate the recoverability of our property, plant and equipment upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Such events or changes in circumstances could include such factors as the impairment of our indefinite life franchises, changes in technological advances, fluctuations in the fair value of such assets, adverse changes in relationships with local franchise authorities, adverse changes in market conditions, or a deterioration of current or expected future operating results. A long-lived asset is deemed impaired when the carrying amount of the asset exceeds the projected undiscounted future cash flows associated with the asset. No impairments of long-lived assets to be held and used were recorded in the years ended December 31, 2015, 2014 and 2013.

We utilize the cost approach as the primary method used to establish fair value for our property, plant and equipment in connection with business combinations. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation and functional and economic obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

Useful lives of property, plant and equipment. We evaluate the appropriateness of estimated useful lives assigned to our property, plant and equipment, based on annual analysis of such useful lives, and revise such lives to the extent warranted by changing facts and circumstances. Any changes in estimated useful lives as a result of this analysis are reflected prospectively beginning in the period in which the study is completed. Our analysis of useful lives in 2015 did not indicate a change in useful lives. The effect of a one-year decrease in the weighted average remaining useful life of our property, plant and equipment as of December 31, 2015 would be an increase in annual depreciation expense of approximately $251 million. The effect of a one-year increase in the weighted average remaining useful life of our property, plant and equipment as of December 31, 2015 would be a decrease in annual depreciation expense of approximately $235 million.

Depreciation expense related to property, plant and equipment totaled $1.9 billion, $1.8 billion and $1.6 billion for the years ended December 31, 2015, 2014 and 2013, respectively, representing approximately 21%, 22% and 22% of costs and expenses, respectively. Depreciation is recorded using the straight-line composite method over management's estimate of the useful lives of the related assets as listed below:

Cable distribution systems	7-20 years
Customer premise equipment and installations	3-8 years
Vehicles and equipment	3-6 years
Buildings and improvements	15-40 years
Furniture, fixtures and equipment	6-10 years

Intangible assets

Valuation and impairment of franchises. The net carrying value of franchises as of both December 31, 2015 and 2014 was approximately $6.0 billion (representing 34% and 35% of total assets excluding restricted cash and cash equivalents, respectively).

For more information and a complete discussion of how we value and test franchise assets for impairment, see Note 6 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

In 2015, we performed a qualitative impairment assessment that indicated the fair value of the franchise assets in each unit of accounting exceeds the carrying value of such assets and thus resulted in no impairment. Our units of accounting for franchise impairment testing is based on geographical clustering of our cable systems into groups or markets. For each franchise unit of accounting, the estimated fair value of the franchise assets substantially exceeds the carrying value. Based on our qualitative impairment assessment and sensitivity analyses, none of our franchise assets are considered at risk of impairment. Based on the qualitative assessment, the franchise assets fair values are more than twice the carrying values for nearly all of the franchise units of accounting. The only exception is a single market in which its fair value of franchise assets exceeds its carrying value by more than 25%. The lower excess fair value of this market when compared to the others is attributed to the recent fair value measurement of this market's franchise assets in purchase accounting.

Valuation and impairment of goodwill. The net carrying value of goodwill as of both December 31, 2015 and 2014 was approximately $1.2 billion (representing 7% of total assets excluding restricted cash and cash equivalents). For more information and a complete discussion on how we test goodwill for impairment, see Note 6 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2. As with our franchise impairment testing, in 2015 we elected to perform a qualitative assessment and concluded that goodwill is not impaired. Based on the qualitative assessment and sensitivity analyses, implied goodwill is more than three times its carrying value.

Valuation, impairment and amortization of customer relationships. The net carrying value of customer relationships as of December 31, 2015 and 2014 was approximately $856 million (representing 5% of total assets excluding restricted cash and cash equivalents) and $1.1 billion (representing 6% of total assets excluding restricted cash and cash equivalents), respectively. Amortization expense related to customer relationships for the years ended December 31, 2015, 2014 and 2013 was approximately $249 million, $282 million and $284 million, respectively. No impairment of customer relationships was recorded in the years ended December 31, 2015, 2014, or 2013. For more information and a complete discussion on our valuation methodology and amortization method, see Note 6 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Income taxes

CCO Holdings is a single member limited liability company not subject to income tax. CCO Holdings holds all operations through indirect subsidiaries. The majority of these indirect subsidiaries are limited liability companies that are not subject to income tax. Certain indirect subsidiaries are taxed as corporations, subject to federal and state tax. We do not have a formal tax sharing agreement between our indirect parent company, Charter, and its subsidiaries that file as part of Charter’s consolidated tax return. CCO Holdings’ tax provision reflects the tax provision of the entities required to file separate returns.

As of December 31, 2015, Charter had approximately $11.3 billion of federal tax net operating loss carryforwards resulting in a gross deferred tax asset of approximately $4.0 billion. Federal tax net operating loss carryforwards expire in the years 2020 through 2035; with $560 million expiring through 2023, $5.7 billion expiring between 2024 and 2028, and $5.0 billion expiring thereafter. These losses resulted from the operations of Charter Holdco and its subsidiaries. In addition, as of December 31, 2015, Charter had state tax net operating loss carryforwards, resulting in a gross deferred tax asset (net of federal tax benefit) of approximately $365 million. State tax net operating loss carryforwards generally expire in the years 2016 through 2035. Such tax loss carryforwards can accumulate and be used to offset Charter’s future taxable income. As of December 31, 2015, $9.1 billion of federal tax loss carryforwards are unrestricted and available for Charter’s immediate use, while approximately $2.2 billion of federal tax loss carryforwards are still subject to Section 382 and other restrictions. Pursuant to these restrictions, Charter estimates that approximately $400 million in 2016 and an additional $226 million annually over each of the next eight years of federal tax loss carryforwards, should become unrestricted and available for Charter’s use. Charter’s state tax loss carryforwards are subject to similar but varying restrictions.

In addition to its tax loss carryforwards, Charter also has tax basis of $4.6 billion in intangible assets and $3.4 billion in property, plant, and equipment as of December 31, 2015. The tax basis in these assets is not subject to Section 382 limitations and therefore is currently deductible as depreciated or amortized. For illustrative purposes, Charter expects to reflect tax-deductible amortization and depreciation on assets owned as of December 31, 2015, of approximately $1.3 billion in 2016 and $3.2 billion between 2017 through 2020, decelerating annually. The foregoing projected deductions do not include any amortization or depreciation related to future capital spend or potential acquisitions. In addition, the deductions assume Charter does not dispose of a material portion of its business, make modifications to the underlying partnerships it owns, or create a new underlying partnership, all of which may materially affect the timing or amount of its existing amortization and depreciation deductions. Any one of these factors

including pending transactions, future legislation or adjustments by the IRS upon examination could also affect the projected deductions.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. In Charter's evaluation of the need for a valuation allowance, Charter takes into account various factors, including the expected level of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences. Due to Charter's history of losses, Charter was unable to assume future taxable income in its analysis and accordingly valuation allowances have been established against the gross deferred tax assets for book accounting purposes, except for future taxable income that will result from the reversal of existing temporary differences for which deferred tax liabilities are recognized. Charter's gross deferred tax assets have been offset with a corresponding valuation allowance of $3.2 billion at December 31, 2015. The amount of the deferred tax assets considered realizable and, therefore, reflected in the consolidated balance sheet, would be increased at such time that it is more-likely-than-not future taxable income will be realized during the carryforward period. Charter periodically evaluates the facts and circumstances surrounding this assessment and, at the time this consideration is met, an adjustment to reverse some portion of the existing valuation allowance would result. As of December 31, 2015, Charter had recorded net deferred income tax liabilities of $1.6 billion largely attributable to the characterization of franchises for financial reporting purposes as indefinite-lived. Charter's ability to make income tax payments, if any, will depend at such time on receipt of payments or distributions from its subsidiaries, including us.

In contemplation of the TWC Transaction, Charter has performed a preliminary analysis of the valuation allowance recorded on Charter’s preexisting deferred tax assets considering the interaction of the tax positions of the acquiring and acquired entities in the TWC Transaction. Based on this analysis, certain of the deferred tax liabilities that are anticipated to be recognized in connection with the close of the TWC Transaction are expected to reverse and provide a source of future taxable income, resulting in a reduction of substantially all of Charter’s preexisting valuation allowance associated with its deferred tax assets. Such release of Charter’s valuation allowance would be recognized directly to income tax benefit on the consolidated statements of operations. This preliminary analysis is subject to the finalization of the acquisition and the full assessment of the facts and circumstances surrounding the possible sources of future taxable income, after the close of the TWC Transaction.

In determining Charter's tax provision for financial reporting purposes, Charter establishes a reserve for uncertain tax positions unless such positions are determined to be “more likely than not” of being sustained upon examination, based on their technical merits. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, Charter presumes the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to be recognized in Charter's financial statements. The tax position is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized when the position is ultimately resolved. There is considerable judgment involved in determining whether positions taken on the tax return are “more likely than not” of being sustained. Charter adjusts its uncertain tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and interpretations. No tax years for Charter or Charter Holdco, for income tax purposes, are currently under examination by the IRS. Tax years ending 2012 through 2015 remain subject to examination and assessment. Years prior to 2012 remain open solely for purposes of examination of Charter’s loss and credit carryforwards. Charter has recorded unrecognized tax benefits totaling approximately $5 million as of December 31, 2015, presented net of deferred taxes. Charter does not have any unrecognized tax benefits as of December 31, 2014.

Litigation

Legal contingencies have a high degree of uncertainty. When a loss from a contingency becomes estimable and probable, a reserve is established. The reserve reflects management's best estimate of the probable cost of ultimate resolution of the matter and is revised as facts and circumstances change. A reserve is released when a matter is ultimately brought to closure or the statute of limitations lapses. We have established reserves for certain matters. Although certain matters are not expected individually to have a material adverse effect on our consolidated financial condition, results of operations or liquidity, such matters could have, in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Programming Agreements

We exercise significant judgment in estimating programming expense associated with certain video programming contracts. Our policy is to record video programming costs based on our contractual agreements with our programming vendors, which are generally multi-year agreements that provide for us to make payments to the programming vendors at agreed upon market rates based on the number of customers to which we provide the programming service. If a programming contract expires prior to the parties' entry into a new agreement and we continue to distribute the service, we estimate the programming costs during the period there is no contract in place. In doing so, we consider the previous contractual rates, inflation and the status of the negotiations in

determining our estimates. When the programming contract terms are finalized, an adjustment to programming expense is recorded, if necessary, to reflect the terms of the new contract. We also make estimates in the recognition of programming expense related to other items, such as the accounting for free periods, timing of rate increases and credits from service interruptions, as well as the allocation of consideration exchanged between the parties in multiple-element transactions.

Significant judgment is also involved when we enter into agreements that result in us receiving cash consideration from the programming vendor, usually in the form of advertising sales, channel positioning fees, launch support or marketing support. In these situations, we must determine based upon facts and circumstances if such cash consideration should be recorded as revenue, a reduction in programming expense or a reduction in another expense category (e.g., marketing).

Results of Operations

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

	Year Ended December 31,					
	2015		2014		2013	
Revenues	$ 9,754	100%	$ 9,108	100%	$ 8,155	100%
Costs and Expenses:						
Operating costs and expenses (exclusive of items shown separately below)	6,426	66%	5,973	66%	5,345	66%
Depreciation and amortization	2,125	22%	2,102	23%	1,854	23%
Other operating expenses, net	89	1%	62	1%	47	1%
	8,640	89%	8,137	89%	7,246	89%
Income from operations	1,114	11%	971	11%	909	11%
Interest expense, net	(840)		(889)		(854)	
Loss on extinguishment of debt	(126)		—		(123)	
Gain (loss) on derivative instruments, net	(4)		(7)		11	
Income (loss) before income taxes	144		75		(57)	
Income tax benefit (expense)	210		(13)		(11)	
Consolidated net income (loss)	354		62		(68)	
Less: Noncontrolling interest	(46)		(44)		(46)	
Net income (loss) - CCO Holdings member	$ 308		$ 18		$ (114)	

Revenues. Total revenues grew $646 million or 7% in the year ended December 31, 2015 as compared to 2014 and grew $953 million or 12% in the year ended December 31, 2014 as compared to 2013. Revenue growth primarily reflects increases in the number of residential Internet and triple play customers and in commercial business customers, growth in expanded basic and digital penetration, promotional and annual rate increases, and higher advanced services penetration offset by a decrease in advertising sales in 2015 and a decrease in average basic video customers. The Bresnan Acquisition increased revenues by approximately $276 million in 2014 as compared to 2013.

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

	Years ended December 31,									
	2015		2014		2013		2015 over 2014		2014 over 2013	
	Revenues	% of Revenues	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change	Change	% Change
Video	$ 4,587	47%	$ 4,443	49%	$ 4,040	50%	$ 144	3.2 %	$ 403	10 %
Internet	3,003	31%	2,576	28%	2,186	27%	427	16.6 %	390	18 %
Voice	539	6%	575	6%	644	8%	(36)	(6.4)%	(69)	(11)%
Residential revenue	8,129	83%	7,594	83%	6,870	84%	535	7.0 %	724	11 %
Small and medium business	764	8%	676	7%	553	7%	88	13.0 %	123	22 %
Enterprise	363	4%	317	3%	259	3%	46	14.8 %	58	22 %
Commercial revenue	1,127	12%	993	11%	812	10%	134	13.5 %	181	22 %
Advertising sales	309	3%	341	4%	291	4%	(32)	(9.5)%	50	17 %
Other	189	2%	180	2%	182	2%	9	5.0 %	(2)	(1)%
	$ 9,754	100%	$ 9,108	100%	$ 8,155	100%	$ 646	7.1 %	$ 953	12 %

Video revenues consist primarily of revenues from basic and digital video services provided to our non-commercial customers, as well as franchise fees, equipment rental and video installation revenue. Residential video customers decreased by 2,000 in 2015 and by 82,000 in 2014. The changes in video revenues are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Incremental video services, price adjustments and bundle revenue allocation	$ 161	$ 330
Increase (decrease) in premium, video on demand and pay-per-view	15	(16)
Decrease in average basic video customers	(32)	(49)
Bresnan Acquisition	—	138
	$ 144	$ 403

Residential Internet customers grew by 442,000 and 386,000 customers in 2015 and 2014, respectively. The increases in Internet revenues from our residential customers are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Increase in average residential Internet customers	$ 242	$ 200
Service level changes, price adjustments and bundle revenue allocation	185	116
Bresnan Acquisition	—	74
	$ 427	$ 390

Residential voice customers grew by 159,000 and 166,000 customers in 2015 and 2014, respectively. The changes in voice revenues from our residential customers are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Price adjustments and bundle revenue allocation	$ (70)	$ (135)
Increase in average residential voice customers	34	43
Bresnan Acquisition	—	23
	$ (36)	$ (69)

Small and medium business PSUs increased 109,000 and 84,000 in 2015 and 2014, respectively. The increases in small and medium business commercial revenues are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Increase in small and medium business customers	$ 112	$ 70
Price adjustments	(24)	21
Bresnan Acquisition	—	32
	$ 88	$ 123

Enterprise PSUs increased 5,000 and 4,000 in 2015 and 2014, respectively. The increases in enterprise commercial revenues are primarily due to growth in customers.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors. Advertising sales revenues decreased in 2015 primarily as a result of a decrease in political advertising of $29 million. Advertising sales revenues increased in 2014 primarily as a result of an increase in political advertising of $30 million. The Bresnan Acquisition increased advertising sales revenue by approximately $7 million in 2014 compared to the corresponding prior year period.

Other revenues consist of home shopping, late payment fees, wire maintenance fees and other miscellaneous revenues. The increase in 2015 was primarily due to an increase in processing fees partially offset by a decrease in wire maintenance fees and the decrease in 2014 was primarily due to a decrease in wire maintenance fees. The Bresnan Acquisition increased other revenues in 2014 compared to the corresponding prior year period by approximately $2 million.

Operating costs and expenses. The increases in our operating costs and expenses are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Programming	$ 219	$ 234
Franchise, regulatory and connectivity	7	11
Costs to service customers	26	59
Marketing	9	40
Transition costs	58	14
Other	134	90
Bresnan Acquisition	—	180
	$ 453	$ 628

Programming costs were approximately $2.7 billion, $2.5 billion and $2.1 billion, representing 42%, 41% and 40% of operating costs and expenses for each of the years ended December 31, 2015, 2014 and 2013, respectively. Programming costs consist primarily of costs paid to programmers for basic, digital, premium, video on demand, and pay-per-view programming. The increase in programming costs is primarily a result of annual contractual rate adjustments, including increases in amounts paid for retransmission consents, broader carriage of certain networks as a result of our all-digital initiative and the introduction of new networks to Charter's video offering as well as 2014 expense benefits not recurring in 2015. We expect programming expenses to continue to increase due to a variety of factors, including annual increases imposed by programmers with additional selling power as a result of media consolidation, increased demands by owners of broadcast stations for payment for retransmission consent or linking carriage of other services to retransmission consent, and additional programming, particularly new sports services. We have been unable to fully pass these increases on to our customers nor do we expect to be able to do so in the future without a potential loss of customers.

Costs to service customers include costs related to field operations, network operations and customer care for our residential and small and medium business customers including internal and third party labor for installations, service and repair, maintenance, billing and collection, occupancy and vehicle costs. The increase in costs to service customers was primarily the result of our larger customer base and higher spending on labor to deliver improved products and service levels and, in 2014, higher collection costs.

The increase in marketing costs during 2014 was the result of heavier sales activity and sales channel development.

Transition costs represent incremental costs incurred to increase the scale of our business as a result of the TWC Transaction, Bright House Transaction and Comcast Transactions. The Comcast Transactions were terminated in April 2015.

The increases in other expense are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Corporate costs	$ 44	$ 40
Stock compensation expense	23	7
Property tax and insurance	17	(9)
Bad debt	15	17
Advertising sales expense	10	18
Enterprise	7	11
Other	18	6
	$ 134	$ 90

The increase in corporate costs relates primarily to increases in the number of employees and investments in technology. Stock compensation expense increased primarily due to increases in headcount and the value of equity issued. Property tax and insurance increased primarily due to the continuation of insourcing our workforce. The increases in bad debt is primarily related to a third quarter 2014 change in our collections policy and lower recoveries.

Depreciation and amortization. Depreciation and amortization expense increased by $23 million and $248 million in 2015 and 2014, respectively, which primarily represents depreciation on more recent capital expenditures offset by certain assets becoming fully depreciated. The increase in depreciation and amortization expense in 2014 compared to 2013 was also affected by the Bresnan Acquisition.

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

	2015 compared to 2014	2014 compared to 2013
Merger and acquisitions costs	$ 32	$ 22
(Gain) loss on sale of assets, net	(6)	2
Special charges, net	1	(9)
	$ 27	$ 15

For more information, see Note 14 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Interest expense, net. Net interest expense decreased by $49 million in 2015 from 2014 and increased by $35 million in 2014 from 2013. Net interest expense decreased in 2015 compared to the corresponding prior year period primarily as a result of a decrease in interest rates. Net interest expense increased in 2014 compared to the corresponding prior year period primarily as a result of interest expense associated with the debt held in escrow to fund the Comcast Transactions of $45 million offset by a decrease in interest rates.

Loss on extinguishment of debt. Loss on extinguishment of debt consists of the following for the years ended December 31, 2015, 2014 and 2013 (dollars in millions):

	Year ended December 31,		
	2015	2014	2013
CCO Holdings notes repurchases	$ 123	$ —	$ 65
Charter Operating credit amendment / prepayments	—	—	58
Termination of debt held in escrow related to the Comcast Transactions	3	—	—
	$ 126	$ —	$ 123

For more information, see Note 8 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Gain (loss) on derivative instruments, net. Interest rate derivative instruments are held to manage our interest costs and reduce our exposure to increases in floating interest rates. We recognized losses of $4 million and $7 million and a gain of $11 million during the years ended December 31, 2015, 2014 and 2013, respectively, which represents the amortization of accumulated other comprehensive loss for interest rate derivative instruments no longer designated as hedges for accounting purposes and their change in fair value. For more information, see Note 11 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Income tax expense. Income tax benefit of $210 million and income tax expense of $13 million and $11 million was recognized for the years ended December 31, 2015, 2014 and 2013, respectively. The income tax benefit in 2015 was primarily due to the deemed liquidation of Charter Holdco solely for federal and state income tax purposes offset by income tax expense recognized during 2015, primarily through increases in deferred tax liabilities. Income tax expense was recognized in 2014 and 2013 primarily through increases in deferred tax liabilities related to our franchises, which are characterized as indefinite lived for book financial reporting purposes, as well as to a lesser extent, through current federal and state income tax expense. Current federal and state income tax expense included $4 million, $3 million and $4 million, respectively, for the years ended December 31, 2015, 2014 and 2013. The tax provision in future periods will vary based on current and future temporary differences, as well as future operating results. For more information, see Note 16 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Noncontrolling interest. Noncontrolling interest included the 2% accretion of the preferred membership interests in CC VIII, LLC ("CC VIII") plus approximately 18.6% of CC VIII's income, net of accretion. For more information, see Note 10 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2.

Net income (loss) - CCO Holdings member. We incurred net income of $308 million and $18 million for the years ended December 31, 2015 and 2014, respectively, and net loss of $114 million for the year ended December 31, 2013, 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 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 loss 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 loss and net cash flows from operating activities, respectively, below.

Adjusted EBITDA is defined as consolidated net income (loss) plus net interest expense, income taxes, depreciation and amortization, stock compensation expense, loss on extinguishment of debt, (gain) loss on derivative instruments, net and other operating expenses, such as merger and acquisition costs, special charges and (gain) loss on sale or retirement of assets. As such, it 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. Adjusted EBITDA is used by management and Charter's board of directors to evaluate the performance of our business. 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. Management evaluates these costs 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.

We believe that Adjusted EBITDA and free cash flow provide information useful to investors in assessing 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 United States Securities and Exchange Commission). 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 fees were in the amount of $322 million, $253 million and $201 million for the years ended December 31, 2015, 2014 and 2013, respectively.

	Years ended December 31,		
	2015	2014	2013
Net income (loss)	$ 354	$ 62	$ (68)
Plus: Interest expense, net	840	889	854
Income tax (benefit) expense	(210)	13	11
Depreciation and amortization	2,125	2,102	1,854
Stock compensation expense	78	55	48
Loss on extinguishment of debt	126	—	123
(Gain) loss on derivative instruments, net	4	7	(11)
Other, net	89	62	47
Adjusted EBITDA	$ 3,406	$ 3,190	$ 2,858
Net cash flows from operating activities	$ 2,557	$ 2,384	$ 2,156
Less: Purchases of property, plant and equipment	(1,840)	(2,221)	(1,825)
Change in accrued expenses related to capital expenditures	28	33	76
Free cash flow	$ 745	$ 196	$ 407

Liquidity and Capital Resources

Introduction

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

Recent Events

In February 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.7 billion aggregate principal amount of 5.875% senior notes due 2024 and in April 2016, they closed on transactions in which they issued $1.5 billion aggregate principal amount of 5.50% senior notes due 2026 at a price of 100.075% of the aggregate principal amount. The net proceeds from both issuances were used to redeem CCO Holdings’ 7.000% senior notes due 2019, 7.375% senior notes due 2020, 6.500% senior notes due 2021 and pay related fees and expenses and for general corporate purposes.

In connection with the closing of the TWC Transaction, Charter Operating replaced its existing revolving facility with a new $3.0 billion senior secured revolving facility under the Credit Agreement. In connection with the closing of the Bright House Transaction, Charter Operating closed on a $2.6 billion aggregate principal amount term loan A-2 facility ("Term Loan A-2") pursuant to the terms of the Credit Agreement. Pricing on Term Loan A-2 was set at LIBOR plus 2%.

Overview of Our Contractual Obligations and Liquidity

We have significant amounts of debt. The principal amount of our debt as of December 31, 2015 was $14.1 billion, consisting of $3.6 billion of credit facility debt and $10.6 billion of senior notes. Our business requires significant cash to fund principal and interest payments on our debt. As of December 31, 2015, $93 million of our long-term debt matures in 2016, $102 million in 2017, $806 million in 2018, $627 million in 2019, $2.2 billion in 2020 and $10.3 billion thereafter. As of December 31, 2015, we had other contractual obligations, including interest on our debt, totaling $17.0 billion.

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 $745 million, $196 million and $407 million for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015, the amount available under our credit facilities was approximately $961 million. We expect to utilize free cash flow and availability under our credit facilities as well as future refinancing transactions to further extend the maturities of or reduce the principal on our obligations. The timing and terms of any refinancing transactions will be subject to market conditions. Additionally, we may, from time to time, 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 operating cash needs.

We continue to evaluate the deployment of our anticipated future free cash flow including to reduce our leverage and to invest in our business growth and other strategic opportunities, including mergers and acquisitions. As possible acquisitions, swaps or dispositions arise in our industry, we actively review them against our objectives including, among other considerations, improving the operational efficiency, clustering 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 was $745 million, $196 million and $407 million for the years ended December 31, 2015, 2014 and 2013, respectively. The changes in free cash flow were due to the following (dollars in millions).

	Year ended December 31, 2015 compared to year ended December 31, 2014	Year ended December 31, 2014 compared to year ended December 31, 2013
(Increase) decrease in capital expenditures	$ 381	$ (396)
Increase in Adjusted EBITDA	216	332
Changes in working capital, excluding change in accrued interest	(11)	(35)
Increase in cash paid for interest	(4)	(73)
Other, net	(33)	(39)
	$ 549	$ (211)

Long-Term Debt

As of December 31, 2015, the accreted value of our total debt was approximately $13.9 billion, as summarized below (dollars in millions):

	December 31, 2015			
	Principal Amount	**Accreted Value (a)**	**Semi-Annual Interest Payment Dates**	**Maturity Date (b)**
CCO Holdings, LLC:				
7.000% senior notes due 2019	$ 600	$ 594	1/15 & 7/15	1/15/2019
7.375% senior notes due 2020	750	744	6/1 & 12/1	6/1/2020
5.250% senior notes due 2021	500	496	3/15 & 9/15	3/15/2021
6.500% senior notes due 2021	1,500	1,487	4/30 & 10/30	4/30/2021
6.625% senior notes due 2022	750	740	1/31 & 7/31	1/31/2022
5.250% senior notes due 2022	1,250	1,229	3/30 & 9/30	9/30/2022
5.125% senior notes due 2023	1,000	990	2/15 & 8/15	2/15/2023
5.125% senior notes due 2023	1,150	1,140	5/1 & 11/1	5/1/2023
5.750% senior notes due 2023	500	495	3/1 & 9/1	9/1/2023
5.750% senior notes due 2024	1,000	990	1/15 & 7/15	1/15/2024
5.375% senior notes due 2025	750	744	5/1 & 11/1	5/1/2025
5.875% senior notes due 2027	800	794	5/1 & 11/1	5/1/2027
Charter Communications Operating, LLC:				
Credit facilities	3,552	3,502		Varies
	$ 14,102	$ 13,945		

(a) The accreted values presented above represent the principal amount of the debt less the original issue discount at the time of sale and deferred financing costs, plus the accretion of both amounts to the balance sheet date. However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. We have availability under our credit facilities of approximately $961 million as of December 31, 2015.

(b) In general, the obligors have the right to redeem all of the notes set forth in the above table in whole or in part at their option, beginning at various times prior to their stated maturity dates, subject to certain conditions, upon the payment of the outstanding principal amount (plus a specified redemption premium) and all accrued and unpaid interest. For additional information see "Description of our Outstanding Debt" below.

Contractual Obligations

The following table summarizes our payment obligations as of December 31, 2015 under our long-term debt and certain other contractual obligations and commitments (dollars in millions.)

	Payments by Period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Contractual Obligations (a)					
Long-Term Debt Principal Payments (a)	$ 14,102	$ 93	$ 908	$ 2,791	$ 10,310
Long-Term Debt Interest Payments (b)	15,834	742	1,485	1,342	12,265
Operating Lease Obligations (c)	183	51	78	35	19
Programming Minimum Commitments (d)	545	265	252	25	3
Other (e)	435	397	29	5	4
Total	$ 31,099	$ 1,548	$ 2,752	$ 4,198	$ 22,601

(a) The table presents maturities of long-term debt outstanding as of December 31, 2015. Refer to Notes 8 and 18 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2 for a description of our long-term debt and other contractual obligations and commitments.

(b) Interest payments on variable debt are estimated using amounts outstanding at December 31, 2015 and the average implied forward London Interbank Offering Rate ("LIBOR") rates applicable for the quarter during the interest rate reset based on the yield curve in effect at December 31, 2015. Actual interest payments will differ based on actual LIBOR rates and actual amounts outstanding for applicable periods.

(c) We lease certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the years ended December 31, 2015, 2014 and 2013, were $49 million, $43 million and $34 million, respectively.

(d) We pay programming fees under multi-year contracts ranging from three to ten years, typically based on a flat fee per customer, which may be fixed for the term, or may in some cases escalate over the term. Programming costs included in the accompanying statement of operations were approximately $2.7 billion, $2.5 billion and $2.1 billion, for the years ended December 31, 2015, 2014 and 2013, respectively. Certain of our programming agreements are based on a flat fee per month or have guaranteed minimum payments. The table sets forth the aggregate guaranteed minimum commitments under our programming contracts.

(e) "Other" represents other guaranteed minimum commitments, which consist primarily of commitments to our customer premise equipment vendors.

The following items are not included in the contractual obligations table because the obligations are not fixed and/or determinable due to various factors discussed below. However, we incur these costs as part of our operations:

- We rent utility poles used in our operations. Generally, pole rentals are cancelable on short notice, but we anticipate that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended December 31, 2015, 2014 and 2013 was $53 million, $49 million and $49 million, respectively.
- We pay franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. We also pay other franchise related costs, such as public education grants, under multi-year agreements. Franchise fees and other franchise-related costs included in the accompanying statement of operations were $212 million, $208 million and $190 million for the years ended December 31, 2015, 2014 and 2013, respectively.
- We also have $67 million in letters of credit, primarily to our various worker's compensation, property and casualty, and general liability carriers, as collateral for reimbursement of claims.

Charter has agreed to certain commitments that will be effective upon the consummation of the TWC Transaction and Bright House Transaction. See "Transaction-Related Commitments" for a listing of these commitments.

Limitations on Distributions

Distributions by Charter's subsidiaries to a parent company for payment of principal on parent company notes are restricted under indentures and credit facilities governing our indebtedness, unless there is no default under the applicable indenture and credit

facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. As of December 31, 2015, there was no default under any of these indentures or credit facilities and each subsidiary met its applicable leverage ratio tests based on December 31, 2015 financial results. Such distributions would be restricted, however, if any such subsidiary fails to meet these tests at the time of the contemplated distribution. In the past, certain subsidiaries have from time to time failed to meet their leverage ratio test. There can be no assurance that they will satisfy these tests at the time of the contemplated distribution. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

In addition to the limitation on distributions under the various indentures discussed above, 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 $5 million in cash and cash equivalents as of December 31, 2015. Cash and cash equivalents were less than $1 million as of December 31, 2014. We also held $3.5 billion in restricted cash and cash equivalents as of December 31, 2014.

Operating Activities. Net cash provided by operating activities increased $173 million from $2.4 billion for the year ended December 31, 2014 to $2.6 billion for the year ended December 31, 2015, primarily due to an increase in Adjusted EBITDA of $216 million offset by a $32 million increase in merger and acquisition costs.

Net cash provided by operating activities increased $228 million from $2.2 billion for the year ended December 31, 2013 to $2.4 billion for the year ended December 31, 2014, primarily due to an increase in Adjusted EBITDA of $332 million offset by a $73 million increase in cash paid for interest and a $22 million increase in merger and acquisition costs.

Investing Activities. Net cash provided by investing activities for the year ended December 31, 2015 was $1.7 billion and net cash used in investing activities for the years ended December 31, 2014 and 2013 was $5.7 billion and $2.4 billion, respectively. The increase in cash provided in 2015 compared to 2014 is primarily due a decrease in long-term restricted cash and cash equivalents upon repayment of the Term G Loans out of escrow related to the Comcast Transactions and a decrease in capital expenditures. The increase in cash used in 2014 compared to 2013 is primarily due to the investment of $3.5 billion of net proceeds from the issuance of the Term G Loans issued in connection with the Comcast Transactions in long-term restricted cash and cash equivalents, and higher capital expenditures offset by $676 million cash paid for the Bresnan Acquisition (net of debt assumed) in 2013.

Financing Activities. Net cash used in financing activities was $4.2 billion for the year ended December 31, 2015 and net cash provided by financing activities was $3.3 billion and $298 million for the years ended December 31, 2014 and 2013, respectively. The increase in cash used during the year ended December 31, 2015 as compared to the corresponding period in 2014 was primarily the result of the repayment of $3.5 billion of net proceeds held in escrow related to the Term G Loans upon the termination of the Comcast Transactions. The increase in cash provided during the year ended December 31, 2014 as compared to the corresponding period in 2013, was primarily due to the issuance of the Term G Loans in 2014 related to the Comcast Transactions.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were $1.8 billion, $2.2 billion and $1.8 billion for the years ended December 31, 2015, 2014 and 2013, respectively. The decrease was driven by the completion of our all-digital transition in 2014 offset by higher product development investments and incremental transition capital expenditures incurred in connection with the TWC Transaction, Bright House Transaction and Comcast Transactions. Excluding transition-related expenditures, capital expenditures were $1.7 billion for the year ended December 31, 2015. See the table below for more details.

We anticipate 2016 capital expenditures to be driven by growth in residential and commercial customers along with further spend related to product development and transition-related expenditures. The actual amount of our capital expenditures in 2016 will depend on a number of factors including the pace of transition planning to service a larger customer base upon closing of the TWC Transaction and Bright House Transaction and growth rates of both 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 liabilities related to capital expenditures increased by $28 million, $33 million and $76 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the years ended December 31, 2015, 2014 and 2013. The disclosure is intended to provide more consistency in the reporting of capital expenditures among peer companies in the cable industry. These disclosure guidelines are not required disclosures under GAAP, nor do they impact our accounting for capital expenditures under GAAP (dollars in millions):

	Year ended December 31,		
	2015	2014	2013
Customer premise equipment (a)	$ 582	$ 1,082	$ 841
Scalable infrastructure (b)	523	455	352
Line extensions (c)	194	176	219
Upgrade/rebuild (d)	128	167	183
Support capital (e)	413	341	230
Total capital expenditures (f)	$ 1,840	$ 2,221	$ 1,825

(a) Customer premise equipment includes costs incurred at the customer residence to secure new customers and revenue generating units, including customer installation costs and customer premise equipment (e.g., set-top boxes and cable modems).
(b) Scalable infrastructure includes costs not related to customer premise equipment, to secure growth of new customers and revenue generating units, or provide service enhancements (e.g., headend equipment).
(c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
(d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
(e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).
(f) Total capital expenditures for the years ended December 31, 2015, 2014 and 2013 include the following (dollars in millions):

	Year ended December 31,		
	2015	2014	2013
Capital expenditures related to commercial services	$ 260	$ 242	$ 300
Capital expenditures related to transition	$ 115	$ 27	$ —
Capital expenditures related to all-digital transition	$ —	$ 410	$ 88

Description of Our Outstanding Debt

Overview

As of December 31, 2015 and 2014, the blended weighted average interest rate on our debt was 5.2% and 5.3%, respectively. The interest rate on approximately 83% and 82% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate hedge agreements as of December 31, 2015 and 2014, respectively. The fair value of our senior notes was $10.7 billion at both December 31, 2015 and 2014. The fair value of our credit facilities was $3.5 billion and $7.2 billion at December 31, 2015 and 2014, respectively. The fair value of our senior notes and credit facilities were based on quoted market prices.

The following description is a summary of certain provisions of our credit facilities and our note indentures (the “Debt Agreements”). The summary does not restate the terms of the Debt Agreements in their entirety, nor does it describe all the terms of the Debt Agreements. The agreements and instruments governing each of the Debt Agreements are complicated and you should consult such agreements and instruments for more detailed information regarding the Debt Agreements.

Charter Operating Credit Facilities – General

The Charter Operating credit facilities have an outstanding principal amount of $3.6 billion at December 31, 2015 as follows:

- A term loan A with a remaining principal amount of $647 million, which is repayable in quarterly installments and aggregating $66 million in 2016 and $75 million in 2017, with the remaining balance due at final maturity on April 22, 2018;
- A term loan E with a remaining principal amount of approximately $1.5 billion, which is repayable in equal quarterly installments and aggregating $15 million in each loan year, with the remaining balance due at final maturity on July 1, 2020;
- A term loan F with a remaining principal amount of approximately $1.2 billion, which is repayable in equal quarterly installments and aggregating $12 million in each loan year, with the remaining balance due at final maturity on January 3, 2021; and
- A revolving loan with an outstanding balance of $273 million at December 31, 2015 and allowing for borrowings of up to $1.3 billion, maturing on April 22, 2018.

Amounts outstanding under the Charter Operating credit facilities bear interest, at Charter Operating's election, at a base rate or LIBOR, as defined, plus a margin. The applicable LIBOR margin for the term loan A is currently 2.00%. The term loans E and F bear interest at LIBOR plus 2.25%, with a LIBOR floor of 0.75%. Charter Operating pays interest equal to LIBOR plus 2.00% on amounts borrowed under the revolving credit facility and pays a revolving commitment fee of 0.30% per annum on the daily average available amount of the revolving commitment, payable quarterly.

The Charter Operating credit facilities also allow us to enter into incremental term loans in the future, with amortization as set forth in the notices establishing such term loans. Although the Charter Operating credit facilities allow for the incurrence of a certain amount of incremental term loans subject to pro-forma compliance with its financial maintenance covenants, no assurance can be given that we could obtain additional incremental term loans in the future if Charter Operating sought to do so or what amount of incremental term loans would be allowable at any given time under the terms of the Charter Operating credit facilities.

The obligations of Charter Operating under the Charter Operating credit facilities are guaranteed by Charter Operating's immediate parent company, CCO Holdings, and subsidiaries of Charter Operating. The obligations are also secured by (i) a lien on substantially all of the assets of Charter Operating and its 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 by CCO Holdings of the equity interests owned by it in Charter Operating or any of Charter Operating's subsidiaries, as well as intercompany obligations owing to it by any of such entities.

Charter Operating Credit Facilities — Restrictive Covenants

The Charter Operating credit facilities contain representations and warranties, and affirmative and negative covenants customary for financings of this type. The financial covenants measure performance against standards set for leverage to be tested as of the end of each quarter. The Charter Operating credit facilities contain provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. Additionally, the Charter Operating credit facilities provisions contain an allowance for restricted payments so long as the consolidated leverage ratio is no greater than 3.5 after giving pro forma effect to such restricted payment. The Charter Operating credit facilities permit Charter Operating and its subsidiaries to make distributions to pay interest on the currently outstanding subordinated and parent company indebtedness, provided that, among other things, no default has occurred and is continuing under the Charter Operating credit facilities.

The events of default under the Charter Operating credit facilities include, among other things:

- the failure to make payments when due or within the applicable grace period;
- the failure to comply with specified covenants including the covenant to maintain the consolidated leverage ratio at or below 5.0 to 1.0 and the consolidated first lien leverage ratio at or below 4.0 to 1.0;
- the failure to pay or the occurrence of events that cause or permit the acceleration of other indebtedness owing by CCO Holdings, Charter Operating, or Charter Operating's subsidiaries in aggregate principal amounts in excess of $100 million; and
- similar to provisions contained in the note indentures and credit facility, the consummation of any change of control transaction resulting in any person or group having power, directly or indirectly, to vote more than 50% of the ordinary voting power for the management of Charter Operating on a fully diluted basis and the occurrence of a ratings event including a downgrade in the corporate family rating during a ratings decline period.

At December 31, 2015, Charter Operating had a consolidated leverage ratio of approximately 1.1 to 1.0 and a consolidated first lien leverage ratio of 0.9 to 1.0. Both ratios are in compliance with the ratios required by the Charter Operating credit facilities. A failure by Charter Operating to maintain the financial covenants would result in an event of default under the Charter Operating credit facilities and the debt of CCO Holdings. See “— Cross Acceleration” and “Part I. Item 1A. Risk Factors — The agreements and instruments governing our debt contain restrictions and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity."

CCO Holdings Notes

The CCO Holdings notes are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. Such notes are guaranteed by Charter. They rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. They are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities. Upon consummation of the TWC Transaction, the CCO Holdings notes are not guaranteed by Charter or New Charter.

Redemption Provisions of Our Notes

The various notes issued by our subsidiaries included in the table may be redeemed in accordance with the following table or are not redeemable until maturity as indicated:

Note Series	Redemption Dates	Percentage of Principal
CCO Holdings, LLC:		
7.000% senior notes due 2019	January 15, 2016 – January 14, 2017	101.750%
	Thereafter	100.000%
7.375% senior notes due 2020	December 1, 2015 – November 30, 2016	103.688%
	December 1, 2016 – November 30, 2017	101.844%
	Thereafter	100.000%
5.250% senior notes due 2021	March 15, 2016 – March 14, 2017	103.938%
	March 15, 2017 – March 14, 2018	102.625%
	March 15, 2018 – March 14, 2019	101.313%
	Thereafter	100.000%
6.500% senior notes due 2021	April 30, 2015 – April 29, 2016	104.875%
	April 30, 2016 – April 29, 2017	103.250%
	April 30, 2017 – April 29, 2018	101.625%
	Thereafter	100.000%
6.625% senior notes due 2022	January 31, 2017 – January 30, 2018	103.313%
	January 31, 2018 – January 30, 2019	102.208%
	January 31, 2019 – January 30, 2020	101.104%
	Thereafter	100.000%
5.250% senior notes due 2022	September 30, 2017 – September 29, 2018	102.625%
	September 30, 2018 – September 29, 2019	101.750%
	September 30, 2019 – September 29, 2020	100.875%
	Thereafter	100.000%
5.125% senior notes due 2023	February 15, 2018 – February 14, 2019	102.563%
	February 15, 2019 – February 14, 2020	101.708%
	February 15, 2020 – February 14, 2021	100.854%
	Thereafter	100.000%
5.125% senior notes due 2023	May 1, 2018 - April 30, 2019	103.844%
	May 1, 2019 - April 30, 2020	102.563%
	May 1, 2020 - April 30, 2021	101.281%
	Thereafter	100.000%
5.750% senior notes due 2023	March 1, 2018 – February 28, 2019	102.875%
	March 1, 2019 – February 29, 2020	101.917%
	March 1, 2020 – February 28, 2021	100.958%
	Thereafter	100.000%
5.750% senior notes due 2024	July 15, 2018 – July 14, 2019	102.875%
	July 15, 2019 – July 14, 2020	101.917%
	July 15, 2020 – July 14, 2021	100.958%
	Thereafter	100.000%
5.375% senior notes due 2025	May 1, 2020 - April 30, 2021	102.688%
	May 1, 2021 - April 30, 2022	101.792%
	May 1, 2022 - April 30, 2023	100.896%
	Thereafter	100.000%
5.875% senior notes due 2027	May 1, 2021 - April 30, 2022	102.938%
	May 1, 2022 - April 30, 2023	101.469%
	May 1, 2023 - April 30, 2024	100.734%
	Thereafter	100.000%

In the event that a specified change of control event occurs, each of the respective issuers of the notes must offer to repurchase any then outstanding notes at 101% of their principal amount or accrued value, as applicable, plus accrued and unpaid interest, if any.

Summary of Restrictive Covenants of Our Note Indentures

The following description is a summary of certain restrictions of our note indentures. The summary does not restate the terms of the note indentures in their entirety, nor does it describe all restrictions. The agreements and instruments governing each of the notes issued are complicated and you should consult such agreements and instruments for more detailed information regarding the notes issued.

The notes issued by CCO Holdings and CCO Holdings Capital Corp. were issued pursuant to certain indentures referred to in this section as the "CCO Holdings Indentures." The CCO Holdings Indentures contain covenants that restrict the ability of CCO Holdings and its subsidiaries to, among other things:

- incur indebtedness;
- pay dividends or make distributions in respect of capital stock and other restricted payments;
- issue equity;
- make investments;
- create liens;
- sell assets;
- consolidate, merge, or sell all or substantially all assets;
- create restrictions on the ability of restricted subsidiaries to make certain payments; or
- enter into transactions with affiliates.

However, such covenants are subject to a number of important qualifications and exceptions. Below we set forth a brief summary of certain of the restrictive covenants.

Restrictions on Additional Debt

The limitations on incurrence of debt and issuance of preferred stock contained in the CCO Holdings Indentures permit CCO Holdings and its restricted subsidiaries to incur additional debt or issue preferred stock, so long as, after giving pro forma effect to the incurrence, the leverage ratio would be below a specified level for CCO Holdings. The leverage ratio under the indentures is 6.0 to 1.

In addition, regardless of whether the leverage ratio could be met, so long as no default exists or would result from the incurrence or issuance, CCO Holdings and its restricted subsidiaries are permitted to issue among other permitted indebtedness:

- up to $1.5 billion of debt under credit facilities not otherwise allocated;
- up to the greater of $300 million (or $600 million in the case of the notes issued under the CCOH Safari Indentures as described below) and 5% of consolidated net tangible assets to finance the purchase or capital lease of new assets;
- up to the greater of $300 million (or $600 million in the case of the notes issued under the CCOH Safari Indentures as described below) and 5% of consolidated net tangible assets of additional debt for any purpose; and
- other items of indebtedness for specific purposes such as intercompany debt, refinancing of existing debt, and interest rate swaps to provide protection against fluctuation in interest rates.

Indebtedness under a single facility or agreement may be incurred in part under one of the categories listed above and in part under another, and generally may also later be reclassified into another category including as debt incurred under the leverage ratio. Accordingly, indebtedness under our credit facilities may be incurred under a combination of the categories of permitted indebtedness listed above. The restricted subsidiaries of CCO Holdings are generally not permitted to issue subordinated debt securities.

Restrictions on Distributions

Generally, under the indentures governing notes issued by CCO Holdings, CCO Holdings and its respective restricted subsidiaries are permitted to pay dividends on or repurchase equity interests, or make other specified restricted payments, only if it can incur $1.00 of new debt under the 6.0 to 1.0 leverage ratio test after giving effect to the transaction and if no default exists or would exist as a consequence of such incurrence. If those conditions are met, restricted payments may be made in a total amount of up to the sum of 100% of CCO Holdings' Consolidated EBITDA, as defined, minus 1.3 times its Consolidated Interest Expense, as

defined, cumulatively from April 1, 2010, plus 100% of new cash and appraised non-cash equity proceeds received by CCO Holdings and not allocated to certain investments, cumulatively from the issue date, plus $2 billion.

In addition, CCO Holdings may make distributions or restricted payments, so long as no default exists or would be caused by transactions among other distributions or restricted payments:

- to repurchase management equity interests in amounts not to exceed $10 million per fiscal year (or $50 million per fiscal year in the case of the notes issued under the CCOH Safari Indentures as described below);
- to pay pass-through tax liabilities in respect of ownership of equity interests in the applicable issuer or its restricted subsidiaries; or
- to make other specified restricted payments including merger fees up to 1.25% of the transaction value, repurchases using concurrent new issuances, and certain dividends on existing subsidiary preferred equity interests.

Restrictions on Investments

CCO Holdings and its respective restricted subsidiaries may not make investments except (i) permitted investments or (ii) if, after giving effect to the transaction, their leverage would be above the applicable leverage ratio.

Permitted investments include, among others:

- investments in and generally among restricted subsidiaries or by restricted subsidiaries in the applicable issuer;
- investments aggregating up to $750 million (or $1.1 billion in the case of notes issued under CCO Holdings Indentures for the year 2011 through the date of this filing) at any time outstanding; and
- investments aggregating up to 100% of new cash equity proceeds received by CCO Holdings since the issue date to the extent the proceeds have not been allocated to the restricted payments covenant.

Restrictions on Liens

The restrictions on liens for CCO Holdings only apply to liens on assets of the issuer itself and do not restrict liens on assets of CCO Holdings' subsidiaries. Permitted liens include liens securing indebtedness and other obligations under credit facilities, liens securing the purchase price of financed new assets, liens securing indebtedness of up to the greater of $50 million (or $90 million in the case of the notes issued under the CCOH Safari Indentures as described below) and 1.0% of consolidated net tangible assets and other specified liens.

Restrictions on the Sale of Assets; Mergers

CCO Holdings is generally not permitted to sell all or substantially all of its assets or merge with or into other companies unless its leverage ratio after any such transaction would be no greater than its leverage ratio immediately prior to the transaction, or unless after giving effect to the transaction, leverage would be below 6.0 to 1.0, no default exists, and the surviving entity is a U.S. entity that assumes the applicable notes.

CCO Holdings and its restricted subsidiaries may generally not otherwise sell assets or, in the case of restricted subsidiaries, issue equity interests, in excess of $100 million unless they receive consideration at least equal to the fair market value of the assets or equity interests, consisting of at least 75% in cash, assumption of liabilities, securities converted into cash within 60 days, or productive assets. CCO Holdings and its restricted subsidiaries are then required within 365 days after any asset sale either to use or commit to use the net cash proceeds over a specified threshold to acquire assets used or useful in their businesses or use the net cash proceeds to repay specified debt, or to offer to repurchase the issuer’s notes with any remaining proceeds.

Prohibitions on Restricting Dividends

CCO Holdings' restricted subsidiaries may generally not enter into arrangements involving restrictions on their ability to make dividends or distributions or transfer assets to CCO Holdings unless those restrictions with respect to financing arrangements are on terms that are no more restrictive than those governing the credit facilities existing when they entered into the applicable indentures or are not materially more restrictive than customary terms in comparable financings and will not materially impair CCO Holdings' ability to make payments on the notes.

Affiliate Transactions

The CCO Holdings Indentures also restrict the ability of CCO Holdings and its restricted subsidiaries to enter into certain transactions with affiliates involving consideration in excess of $25 million without a determination by the board of directors that the transaction complies with this covenant, or transactions with affiliates involving over $100 million without receiving an opinion as to the fairness to the holders of such transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

Cross Acceleration

The CCO Holdings Indentures include various events of default, including cross acceleration provisions. Under these provisions, a failure by CCO Holdings or any of its restricted subsidiaries to pay at the final maturity thereof the principal amount of other indebtedness having a principal amount of $100 million or more (or any other default under any such indebtedness resulting in its acceleration) would result in an event of default under the indenture governing the applicable notes. As a result, an event of default related to the failure to repay principal at maturity or the acceleration of the indebtedness under the notes issued under the CCO Holdings Indentures or the Charter Operating credit facilities could cause cross-defaults under all outstanding indentures.

Debt assumed by CCO Holdings and Charter Operating upon closing of the TWC Transaction

CCOH Safari Notes

In November 2015, CCOH Safari, a wholly owned subsidiary of Charter, closed on transactions in which it issued $2.5 billion aggregate principal amount of 5.750% senior unsecured notes due 2026 (the "2026 Notes"). The net proceeds from the issuance of the 2026 Notes were deposited into an escrow account and were used to partially finance the TWC Transaction as well as for general corporate purposes. Substantially concurrently with the escrow release, the 2026 Notes became obligations of CCO Holdings and CCO Holdings Capital Corp. CCOH Safari merged into CCO Holdings.

Initially, the 2026 Notes were senior debt obligations of CCOH Safari. Upon release of the proceeds from escrow, the 2026 Notes are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The 2026 Notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities.

Following the release of the proceeds, CCO Holdings may redeem some or all of the 2026 Notes at any time at a premium. The optional redemption price declines to 100% of the principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2021 through 2024.

In addition, at any time following the release of the proceeds and prior to February 15, 2019, CCO Holdings and CCO Holdings Capital Corp. may redeem up to 40% of the aggregate principal amount of such 2026 Notes at a redemption price at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met.

In the event of specified change of control events, CCO Holdings must offer to purchase the 2026 Notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

CCO Safari II Notes

In July 2015, CCO Safari II, a wholly owned subsidiary of Charter, closed on transactions in which it issued $15.5 billion in aggregate principal amount of senior secured notes comprised of $2.0 billion aggregate principal amount of 3.579% senior secured notes due 2020, $3.0 billion aggregate principal amount of 4.464% senior secured notes due 2022, $4.5 billion aggregate principal amount of 4.908% senior secured notes due 2025, $2.0 billion aggregate principal amount of 6.384% senior secured notes due 2035, $3.5 billion aggregate principal amount of 6.484% senior secured notes due 2045 and $500 million aggregate principal amount of 6.834% senior notes due 2055. The net proceeds from the issuance of the CCO Safari II notes were deposited into an escrow account and were used to partially finance the TWC Transaction as well as for general corporate purposes. Upon release of the proceeds, CCO Safari II merged into Charter Operating and the CCO Safari II notes became obligations of Charter Operating and Charter Communications Operating Capital Corp.

Upon release of the proceeds from escrow, the CCO Safari II notes became senior debt obligations of Charter Operating and Charter Communications Operating Capital Corp. and are guaranteed by CCO Holdings and Charter Operating's subsidiaries. In addition, the CCO Safari II notes are secured by a perfected first priority security interest in substantially all of the assets of Charter

Operating to the extent such liens can be perfected under the Uniform Commercial Code by the filing of a financing statement and the liens rank equally with the liens on the collateral securing obligations under the Charter Operating credit facilities. Upon release of the proceeds from escrow, Charter Operating may redeem some or all of the CCO Safari II notes at any time at a premium.

CCO Safari II Notes - Restrictive Covenants

The CCO Safari II notes are subject to the terms and conditions of the indenture governing the CCO Safari II notes as well as a separate escrow agreement until Charter Operating re-assumes its obligations for the CCO Safari II notes. The CCO Safari II notes contain customary representations and warranties and affirmative covenants with limited negative covenants. The events of default under the CCO Safari II indenture include, among others, the failure to make payments when due or within the applicable grace period.

CCO Safari III Credit Facilities

In August 2015, Charter Operating closed on a new term loan H facility ("Term H Loan") and a new term loan I facility ("Term I Loan") totaling an aggregate principal amount of $3.8 billion pursuant to the terms of Charter Operating’s Amended and Restated Credit Agreement dated April 11, 2012 (the “Credit Agreement”). The Term H Loan was issued at a principal amount of $1.0 billion and matures in 2021. Pricing on the Term H Loan was set at LIBOR plus 2.50% with a LIBOR floor of 0.75% and issued at a price of 99.75% of the aggregate principal amount. The Term I Loan was issued at a principal amount of $2.8 billion and matures in 2023. Pricing on the Term I Loan was set at LIBOR plus 2.75% with a LIBOR floor of 0.75% and issued at a price of 99.75% of the aggregate principal amount. The CCO Safari III credit facilities formed a portion of the debt financing that were used to fund the cash portion of the TWC Transaction. Charter Operating assigned all of its obligations with respect to the CCO Safari III credit facilities and transferred all of the proceeds from the CCO Safari III credit facilities to CCO Safari III, and CCO Safari III placed the funds in an escrow account, pending the closing of the TWC Transaction, at which time, Charter Operating re-assumed the obligations in respect of the CCO Safari III credit facilities under the Credit Agreement.

CCO Safari III Credit Facilities — Restrictive Covenants

The CCO Safari III credit facilities were subject to the terms and conditions of a separate credit facility and escrow agreement until Charter Operating re-assumed its obligations for the loan. The CCO Safari III credit facilities contain customary representations and warranties and affirmative covenants with limited negative covenants prohibiting CCO Safari III from engaging in any material activities other than performing its obligations under the credit facilities or otherwise issuing other indebtedness pursuant to escrow arrangements similar to the CCO Safari III credit facilities. The events of default under the CCO Safari III credit facilities include, among others:

- the failure to make payments when due or within the applicable grace period; and
- any acceleration of the loans and termination of the commitments under the Charter Operating credit facilities.

Recently Issued Accounting Standards

See Note 20 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.2 for a discussion of recently issued accounting standards.

Exhibit 99.2

CCO Holdings, LLC
CCO Holdings Capital Corp.

Consolidated Financial Statements
For the years ended December 31, 2015, 2014 and 2013

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Report of Independent Registered Public Accounting Firm

The Manager and the Member of
CCO Holdings, LLC:

We have audited the accompanying consolidated balance sheets of CCO Holdings, LLC and subsidiaries (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CCO Holdings, LLC and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 20 to the consolidated financial statements, the Company has changed its method of accounting for the presentation of debt issuance costs for the December 31, 2015 and 2014 consolidated financial statements due to the adoption of ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, and has changed its method of accounting for the presentation of deferred tax liabilities and tax assets for the December 31, 2015 and 2014 consolidated financial statements due to the adoption of ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes*.

/s/ KPMG LLP

St. Louis, Missouri
June 3, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5	$ —
Accounts receivable, less allowance for doubtful accounts of $21 and $22, respectively	264	275
Prepaid expenses and other current assets	55	47
Total current assets	324	322
RESTRICTED CASH AND CASH EQUIVALENTS	—	3,514
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of $6,509 and $5,477, respectively	8,317	8,344
Franchises	6,006	6,006
Customer relationships, net	856	1,105
Goodwill	1,168	1,168
Total investment in cable properties, net	16,347	16,623
LOANS RECEIVABLE - RELATED PARTY	693	112
OTHER NONCURRENT ASSETS	116	113
Total assets	$ 17,480	$ 20,684
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,476	$ 1,454
Payables to related party	331	276
Total current liabilities	1,807	1,730
LONG-TERM DEBT	13,945	17,389
LOANS PAYABLE - RELATED PARTY	333	326
DEFERRED INCOME TAXES	28	234
OTHER LONG-TERM LIABILITIES	45	57
MEMBER'S EQUITY:		
Member's equity	1,335	534
Accumulated other comprehensive loss	(13)	(22)
Total CCO Holdings member's equity	1,322	512
Noncontrolling interest	—	436
Total member's equity	1,322	948
Total liabilities and member's equity	$ 17,480	$ 20,684

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

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

	Year Ended December 31,		
	2015	2014	2013
REVENUES	$ 9,754	$ 9,108	$ 8,155
COSTS AND EXPENSES:			
Operating costs and expenses (exclusive of items shown separately below)	6,426	5,973	5,345
Depreciation and amortization	2,125	2,102	1,854
Other operating expenses, net	89	62	47
	8,640	8,137	7,246
Income from operations	1,114	971	909
OTHER EXPENSES:			
Interest expense, net	(840)	(889)	(854)
Loss on extinguishment of debt	(126)	—	(123)
Gain (loss) on derivative instruments, net	(4)	(7)	11
	(970)	(896)	(966)
Income (loss) before income taxes	144	75	(57)
Income tax benefit (expense)	210	(13)	(11)
Consolidated net income (loss)	354	62	(68)
Less: Noncontrolling interest	(46)	(44)	(46)
Net income (loss) - CCO Holdings member	$ 308	$ 18	$ (114)

CCO HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in millions)

	Year Ended December 31,		
	2015	2014	2013
Consolidated net income (loss)	$ 354	$ 62	$ (68)
Net impact of interest rate derivative instruments, net of tax	9	19	34
Comprehensive income (loss)	$ 363	$ 81	$ (34)

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)

	Member's Equity	Accumulated Other Comprehensive Loss	Total CCO Holdings Member's Equity	Noncontrolling Interest	Total Member's Equity
BALANCE, December 31, 2012	$ 344	$ (75)	$ 269	$ 346	$ 615
Net income (loss)	(114)	—	(114)	46	(68)
Net impact of interest rate derivative instruments, net of tax	—	34	34	—	34
Stock compensation expense, net	48	—	48	—	48
Distributions	(1)	—	(1)	—	(1)
Contributions	89	—	89	—	89
BALANCE, December 31, 2013	366	(41)	325	392	717
Net income	18	—	18	44	62
Net impact of interest rate derivative instruments, net of tax	—	19	19	—	19
Stock compensation expense, net	55	—	55	—	55
Distributions	(5)	—	(5)	—	(5)
Contributions	100	—	100	—	100
BALANCE, December 31, 2014	534	(22)	512	436	948
Net income	308	—	308	46	354
Net impact of interest rate derivative instruments, net of tax	—	9	9	—	9
Stock compensation expense, net	78	—	78	—	78
Distributions	(82)	—	(82)	—	(82)
Contributions	15	—	15	—	15
Cancellation of the CC VIII, LLC preferred interest	482	—	482	(482)	—
BALANCE, December 31, 2015	$ 1,335	$ (13)	$ 1,322	$ —	$ 1,322

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)

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated net income (loss)	$ 354	$ 62	$ (68)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:			
Depreciation and amortization	2,125	2,102	1,854
Noncash interest expense	28	37	43
Loss on extinguishment of debt	126	—	123
(Gain) loss on derivative instruments, net	4	7	(11)
Deferred income taxes	(214)	10	7
Other, net	82	67	82
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	10	(49)	14
Prepaid expenses and other assets	(5)	(8)	(1)
Accounts payable, accrued liabilities and other	(14)	99	117
Receivables from and payables to related party, including deferred management fees	61	57	(4)
Net cash flows from operating activities	2,557	2,384	2,156
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,840)	(2,221)	(1,825)
Change in accrued expenses related to capital expenditures	28	33	76
Sales (purchases) of cable systems, net	—	11	(676)
Change in restricted cash and cash equivalents	3,514	(3,514)	—
Other, net	(12)	(10)	(19)
Net cash flows from investing activities	1,690	(5,701)	(2,444)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	4,255	5,306	6,782
Repayments of long-term debt	(7,826)	(1,980)	(6,520)
Loans to related parties, net	(581)	(112)	—
Payments for debt issuance costs	(24)	(4)	(50)
Contributions	15	100	89
Distributions	(82)	(5)	(1)
Other, net	1	(4)	(2)
Net cash flows from financing activities	(4,242)	3,301	298
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5	(16)	10
CASH AND CASH EQUIVALENTS, beginning of period	—	16	6
CASH AND CASH EQUIVALENTS, end of period	$ 5	$ —	$ 16
CASH PAID FOR INTEREST	$ 840	$ 836	$ 763

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

1. Organization and Basis of Presentation

Organization

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 II, LLC (“CCH II”), which is an indirect subsidiary of Charter Communications, Inc. (“Charter”) and Charter Communications Holding Company, LLC ("Charter Holdco"). The consolidated financial statements include the accounts of CCO Holdings and all of its subsidiaries where the underlying operations reside, which are collectively referred to herein as the “Company.” All significant intercompany accounts and transactions among consolidated entities have been eliminated. Charter and Charter Holdco 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 is a cable operator providing services in the United States. The Company offers to residential and commercial customers traditional cable video programming, Internet services, and voice services, as well as advanced video services such as video on demand, high definition television, and digital video recorder (“DVR”) service. The Company sells its cable video programming, Internet, voice, and advanced video services primarily on a subscription basis. The Company also sells local advertising on cable networks and on the Internet and provides fiber connectivity to cellular towers and office buildings.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (the “SEC”).

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; depreciation and amortization costs; valuations and impairments of property, plant and equipment, intangibles and goodwill; income taxes; contingencies and programming expense. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value. Cash and cash equivalents consist primarily of money market funds and commercial paper.

Restricted Cash and Cash Equivalents

Proceeds from the issuance of certain long-term debt were deposited into escrow accounts and were to be used for acquisition financing and were contractually restricted as to their withdrawal or use. See Note 8. The amounts held in escrow were classified as noncurrent restricted cash and cash equivalents in the Company's consolidated balance sheets. The Company's restricted cash and cash equivalents were primarily invested in money market funds and 90-day or less commercial paper. The changes in restricted cash and cash equivalents are presented as an investing activity in the Company's consolidated statements of cash flows.

Property, Plant and Equipment

Additions to property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities. While the Company’s capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated

with initial customer installations and the installation of equipment necessary to provide video, Internet or voice services are capitalized. Costs capitalized as part of installations include materials, labor, and certain indirect costs. Indirect costs are associated with the activities of the Company’s personnel who assist in installation activities and consist of compensation and other costs associated with these support functions. Indirect costs primarily include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting primarily of installation and construction, vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. The costs of disconnecting service at a customer’s dwelling or reconnecting service to a previously installed dwelling are charged to operating expense in the period incurred. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacement, including replacement of certain components, and betterments, including replacement of cable drops from the pole to the dwelling, are capitalized.

Depreciation is recorded using the straight-line composite method over management’s estimate of the useful lives of the related assets as follows:

Cable distribution systems	7-20 years
Customer premise equipment and installations	3-8 years
Vehicles and equipment	3-6 years
Buildings and improvements	15-40 years
Furniture, fixtures and equipment	6-10 years

Asset Retirement Obligations

Certain of the Company’s franchise agreements and leases contain provisions requiring the Company to restore facilities or remove equipment in the event that the franchise or lease agreement is not renewed. The Company expects to continually renew its franchise agreements and has concluded that all of the related franchise rights are indefinite lived intangible assets. Accordingly, the possibility is remote that the Company would be required to incur significant restoration or removal costs related to these franchise agreements in the foreseeable future. A liability is required to be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company has not recorded an estimate for potential franchise related obligations, but would record an estimated liability in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company also expects to renew many of its lease agreements related to the continued operation of its cable business in the franchise areas. The Company does not have any significant liabilities related to asset retirements recorded in its consolidated financial statements.

Other Noncurrent Assets

Other noncurrent assets primarily include right-of-entry costs. Right-of-entry costs represent costs incurred related to agreements entered into with landlords, real estate companies or owners to gain access to a building in order to provide cable service. Right-of-entry costs are generally deferred and amortized to amortization expense over the term of the agreement.

Valuation of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets to be held and used when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such events or changes in circumstances could include such factors as impairment of the Company’s indefinite life assets, changes in technological advances, fluctuations in the fair value of such assets, adverse changes in relationships with local franchise authorities, adverse changes in market conditions or a deterioration of operating results. If a review indicates that the carrying value of such asset is not recoverable from estimated undiscounted cash flows, the carrying value of such asset is reduced to its estimated fair value. While the Company believes that its estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect its evaluations of asset recoverability. No impairments of long-lived assets to be held and used were recorded in 2015, 2014 and 2013.

Revenue Recognition

Revenues from residential and commercial video, Internet and voice services are recognized when the related services are provided. Advertising sales are recognized at estimated realizable values in the period that the advertisements are broadcast. In some cases,

the Company coordinates the advertising sales efforts of other cable operators in a certain market and remits amounts received from customers less an agreed-upon percentage to such cable operator. For those arrangements in which the Company acts as a principal, the Company records the revenues earned from the advertising customer on a gross basis and the amount remitted to the cable operator as an operating expense.

Fees imposed on the Company by various governmental authorities are passed through on a monthly basis to the Company's customers and are periodically remitted to authorities. Fees of $255 million, $248 million and $234 million for the years ended December 31, 2015, 2014 and 2013, respectively, are reported in video, voice and commercial revenues, on a gross basis with a corresponding operating expense because the Company is acting as a principal. Other taxes, such as sales taxes imposed on the Company's customers, collected and remitted to state and local authorities, are recorded on a net basis because the Company is acting as an agent in such situation.

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

	Year Ended December 31,		
	2015	2014	2013
Video	$ 4,587	$ 4,443	$ 4,040
Internet	3,003	2,576	2,186
Voice	539	575	644
Residential revenue	8,129	7,594	6,870
Small and medium business	764	676	553
Enterprise	363	317	259
Commercial revenue	1,127	993	812
Advertising sales	309	341	291
Other	189	180	182
	$ 9,754	$ 9,108	$ 8,155

Programming Costs

The Company has various contracts to obtain basic, digital and premium video programming from programming vendors whose compensation is typically based on a flat fee per customer. The cost of the right to exhibit network programming under such arrangements is recorded in operating expenses in the month the programming is available for exhibition. Programming costs are paid each month based on calculations performed by the Company and are subject to periodic audits performed by the programmers. Certain programming contracts contain incentives to be paid by the programmers. The Company receives these payments and recognizes the incentives on a straight-line basis over the life of the programming agreement as a reduction of programming expense. This offset to programming expense was $19 million, $19 million and $7 million for the years ended December 31, 2015, 2014 and 2013, respectively. Programming costs included in the accompanying statements of operations were $2.7 billion, $2.5 billion and $2.1 billion for the years ended December 31, 2015, 2014 and 2013, respectively.

Advertising Costs

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred. Such advertising expense was $389 million, $380 million and $357 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Multiple-Element Transactions

In the normal course of business, the Company enters into multiple-element transactions where it is simultaneously both a customer and a vendor with the same counterparty or in which it purchases multiple products and/or services, or settles outstanding items contemporaneous with the purchase of a product or service from a single counterparty. Transactions, although negotiated contemporaneously, may be documented in one or more contracts. The Company's policy for accounting for each transaction negotiated contemporaneously is to record each element of the transaction based on the respective estimated fair values of the products or services purchased and the products or services sold. In determining the fair value of the respective elements, the Company refers to quoted market prices (where available), historical transactions or comparable cash transactions.

Stock-Based Compensation

Restricted stock, restricted stock units, stock options as well as restricted stock and stock options with market conditions are measured at the grant date fair value and amortized to stock compensation expense over the requisite service period. The cost associated with Charter's stock-based compensation is included within the Company's operating costs and expenses and was $78 million, $55 million and $48 million for the years ended December 31, 2015, 2014 and 2013, respectively.

The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model and Monte Carlo simulations for options and restricted stock units with market conditions. The grant date weighted average assumptions used during the years ended December 31, 2015, 2014 and 2013, respectively, were: risk-free interest rate of 1.5%, 2.0% and 1.5%; expected volatility of 34.7%, 36.9% and 37.8%, and expected lives of 6.5 years, 6.5 years and 6.3 years. The grant date weighted average cost of equity used was 16.2% during the year ended December 31, 2013. Volatility assumptions were based on historical volatility of Charter and a peer group. Charter's volatility assumptions represent management's best estimate and were partially based on historical volatility of a peer group because management does not believe Charter's pre-emergence from bankruptcy historical volatility to be representative of its future volatility. Expected lives were calculated based on the simplified-method due to insufficient historical exercise data. The valuations assume no dividends are paid.

Income Taxes

CCO Holdings is a single member limited liability company not subject to income tax. CCO Holdings holds all operations through indirect subsidiaries. The majority of these indirect subsidiaries are limited liability companies that are not subject to income tax. Certain indirect subsidiaries are taxed as corporations, subject to federal and state tax. The Company does not have a formal tax sharing agreement between the indirect parent company, Charter, and its subsidiaries that file as part of Charter's consolidated tax return. CCO Holdings' tax provision reflects the tax provision of the entities required to file separate returns. The impact on deferred taxes of changes in tax rates and tax law, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment (see Note 16).

Charter, the Company's indirect parent company, is subject to income taxes. Accordingly, in addition to the Company's deferred tax liabilities, Charter has recorded net deferred tax liabilities of approximately $1.6 billion which are not reflected at the Company.

Segments

The Company's operations are conducted through the use of a unified network and 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, broadband services.

3. Mergers and Acquisitions

TWC Transaction

On May 18, 2016, Charter closed on the Agreement and Plan of Mergers (the "Merger Agreement") with Time Warner Cable Inc. ("TWC"), CCH I, LLC ("New Charter"), a wholly owned subsidiary of Charter prior to the closing of the Merger Agreement; Nina Corporation I, Inc., Nina Company II, LLC, a wholly owned subsidiary of New Charter; and Nina Company III, LLC, a wholly owned subsidiary of New Charter, pursuant to which the parties engaged in a series of transactions that resulted in Charter and

TWC becoming wholly owned subsidiaries of New Charter (the “TWC Transaction,” and together with the Bright House Transaction described below, the "Transactions"), on the terms and subject to the conditions set forth in the Merger Agreement. After giving effect to the TWC Transaction, New Charter is the new public company parent that holds the operations of the combined companies and was renamed Charter Communications, Inc. Upon consummation of the TWC Transaction, each outstanding share of TWC common stock (other than TWC stock held by Liberty Broadband Corporation ("Liberty Broadband") and Liberty Interactive Corporation (collectively, the "Liberty Parties")), was converted into the right to receive $100 in cash and shares of New Charter Class A common stock ("New Charter common stock") equivalent to 0.5409 shares of Charter Class A common stock (the "Option A Election"). Each stockholder of TWC also had the option to elect to receive for each outstanding share of TWC common stock (other than TWC stock held by the Liberty Parties) $115 in cash and shares of New Charter common stock equivalent to 0.4562 shares of Charter common stock (the "Option B Election"). Out of approximately 285 million shares of TWC common stock outstanding as of the date of election, approximately 170 million shares elected the Option A Election and approximately 3 million shares elected the Option B Election. All shares as to which no election was made at or prior to the date of election were, by default, converted into the right to receive the Option A Election. Upon consummation of the TWC Transaction, each share of TWC common stock held by the Liberty Parties was converted into New Charter common stock. The total enterprise value of TWC was approximately $85 billion, including cash, equity and TWC debt assumed.

Bright House Transaction

On May 18, 2016, Charter closed on the definitive Contribution Agreement (the “Contribution Agreement”), as amended on May 23, 2015 in connection with the execution of the Merger Agreement, with Advance/Newhouse Partnership (“A/N”), A/NPC Holdings LLC, New Charter and Charter Holdings, the Company's wholly owned subsidiary, pursuant to which Charter became the owner of the membership interests in Bright House Networks, LLC (“Bright House”) and any other assets (other than certain excluded assets and liabilities and non-operating cash) primarily related to Bright House (the “Bright House Transaction”). At closing, Charter Holdings paid to A/N approximately $2 billion in cash, issued to A/N convertible preferred units of Charter Holdings with a face amount of $2.5 billion which pays a 6% coupon, approximately 31.0 million common units of Charter Holdings that are exchangeable into New Charter common stock on a one-for-one basis with a value of approximately $7 billion and one share of a new class of New Charter common stock.

Liberty Transaction and Debt Financing for the TWC Transaction and Bright House Transaction

In connection with the TWC Transaction, Charter and Liberty Broadband entered into an investment agreement, pursuant to which Liberty Broadband agreed to invest $4.3 billion in New Charter at the closing of the TWC Transaction to partially finance the cash portion of the TWC Transaction consideration. In connection with the Bright House Transaction, Liberty Broadband agreed to purchase at the closing of the Bright House Transaction $700 million of New Charter Class A common stock.

Charter financed the cash portion of the purchase price of the TWC Transaction and Bright House Transaction with additional indebtedness and cash on the companies’ balance sheets. In 2015, Charter issued $15.5 billion CCO Safari II, LLC ("CCO Safari II") senior secured notes, $3.8 billion CCO Safari III, LLC ("CCO Safari III") senior secured bank loans and $2.5 billion CCOH Safari, LLC ("CCOH Safari") senior unsecured notes. The net proceeds were initially deposited into escrow accounts. Upon closing of the TWC Transaction and release of the proceeds, the CCOH Safari notes became obligations of CCO Holdings and CCO Holdings Capital Corp. and the CCO Safari II notes and CCO Safari III credit facilities became obligations of Charter Communications Operating, LLC ("Charter Operating") and Charter Communications Operating Capital Corp., subsidiaries of CCO Holdings. CCOH Safari merged into CCO Holdings and CCO Safari II and CCO Safari III merged into Charter Operating. For the years ended December 31, 2015 and 2014, interest expense incurred by CCOH Safari, CCO Safari II and CCO Safari III was approximately $474 million and $30 million, respectively.

Acquisition of Bresnan

On July 1, 2013, Charter and Charter Operating acquired Bresnan Broadband Holdings, LLC and its subsidiaries (collectively, “Bresnan”) from a wholly owned subsidiary of Cablevision Systems Corporation ("Cablevision"), for $1.625 billion in cash, as well as a working capital adjustment and a reduction for certain funded indebtedness of Bresnan. Bresnan manages cable operating systems in Montana, Wyoming, Colorado and Utah. Charter funded the purchase of Bresnan with a $1.5 billion term loan (see Note 8) and borrowings under the Charter Operating credit facilities. The Company’s revenues for the year ended December 31, 2013, assuming the acquisition of Bresnan had closed on January 1, 2013, would have been $8.4 billion (unaudited).

4. Allowance for Doubtful Accounts

Activity in the allowance for doubtful accounts is summarized as follows for the years presented:

	Year Ended December 31,		
	2015	2014	2013
Balance, beginning of period	$ 22	$ 19	$ 14
Charged to expense	135	122	101
Uncollected balances written off, net of recoveries	(136)	(119)	(96)
Balance, end of period	$ 21	$ 22	$ 19

5. Property, Plant and Equipment

Property, plant and equipment consists of the following as of December 31, 2015 and 2014:

	December 31,	
	2015	2014
Cable distribution systems	$ 8,158	$ 7,919
Customer premise equipment and installations	4,632	4,388
Vehicles and equipment	379	331
Buildings and improvements	540	469
Furniture, fixtures and equipment	1,117	714
	14,826	13,821
Less: accumulated depreciation	(6,509)	(5,477)
	$ 8,317	$ 8,344

The Company periodically evaluates the estimated useful lives used to depreciate its assets and the estimated amount of assets that will be abandoned or have minimal use in the future. A significant change in assumptions about the extent or timing of future asset retirements, or in the Company's use of new technology and upgrade programs, could materially affect future depreciation expense.

Depreciation expense for the years ended December 31, 2015, 2014 and 2013 was $1.9 billion, $1.8 billion, and $1.6 billion, respectively.

6. Franchises, Goodwill and Other Intangible Assets

Franchise rights represent the value attributed to agreements or authorizations with local and state authorities that allow access to homes in cable service areas. For valuation purposes, they are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services to potential customers (service marketing rights).

Management estimates the fair value of franchise rights at the date of acquisition and determines if the franchise has a finite life or an indefinite life. All franchises that qualify for indefinite life treatment are tested for impairment annually or more frequently as warranted by events or changes in circumstances. In determining whether our franchises have an indefinite life, the Company considered the likelihood of franchise renewals, the expected costs of franchise renewals, and the technological state of the associated cable systems, with a view to whether or not it is in compliance with any technology upgrading requirements specified in a franchise

agreement. The Company has concluded that as of December 31, 2015 and 2014 all of its franchises qualify for indefinite life treatment.

Franchise assets are aggregated into essentially inseparable units of accounting to conduct valuations. The units of accounting generally represent geographical clustering of our cable systems into groups. The Company assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that an indefinite lived intangible asset has been impaired. If, after this optional qualitative assessment, the Company determines that it is not more likely than not that an indefinite lived intangible asset has been impaired, then no further quantitative testing is necessary. In completing the qualitative impairment testing, the Company evaluates the impact of various factors to the expected future cash flows attributable to its units of accounting and to the assumed discount rate which would be used to determine the present value of those cash flows. Such factors include macro-economic and industry conditions including the capital markets, regulatory, and competitive environment, and costs of programming and customer premise equipment along with changes to our organizational structure and strategies. A recent valuation of the Company was performed for tax purposes during 2015 and was included as a key factor in the Company’s qualitative assessment of the Company’s franchise assets. After consideration of the qualitative factors, in 2015 the Company concluded that it is more likely than not that the fair value of the franchise assets in each unit of accounting exceeds the carrying value of such assets and therefore did not perform a quantitative analysis.

Periodically, the Company will elect to perform a quantitative analysis. If the Company elects or is required to perform a quantitative analysis to test its franchise assets for impairment, the Company determines the estimated fair value of franchises utilizing an income approach model based on the present value of the estimated discrete future cash flows attributable to each of the intangible assets identified assuming a discount rate. The fair value of franchises for impairment testing is determined based on estimated discrete discounted future cash flows using assumptions consistent with internal forecasts. The franchise after-tax cash flow is calculated as the after-tax cash flow generated by the potential customers obtained (less the anticipated churn for the potential customer). The sum of the present value of the franchises' after-tax cash flow in years 1 through 10 and the continuing value of the after-tax cash flow beyond year 10 yields the fair value of the franchises.

This approach makes use of unobservable factors such as projected revenues, expenses, capital expenditures, customer trends, and a discount rate applied to the estimated cash flows. The determination of the franchise discount rate is derived from the Company's weighted average cost of capital, which uses a market participant’s cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows. The Company estimates discounted future cash flows using reasonable and appropriate assumptions including among others, penetration rates for video, high-speed Internet, and voice; revenue growth rates; operating margins; and capital expenditures. The assumptions are based on the Company’s and its peers’ historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The estimates and assumptions made in the Company’s valuations are inherently subject to significant uncertainties, many of which are beyond its control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would significantly affect the measurement value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures, actual customer trends and the discount rate utilized.

Goodwill is tested for impairment as of November 30 of each year, or more frequently as warranted by events or changes in circumstances. Accounting guidance also permits an optional qualitative assessment for goodwill to determine whether it is more likely than not that the carrying value of a reporting unit exceeds its fair value. If, after this qualitative assessment, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount then no further quantitative testing would be necessary. If the Company elects or is required to perform the two-step test under the accounting guidance, the first step involves a comparison of the estimated fair value of the reporting unit to its carrying amount. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired and the second step of the goodwill impairment is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed, and a comparison of the implied fair value of the reporting unit’s goodwill is compared to its carrying amount to determine the amount of impairment, if any. The fair value of the reporting unit, when performing the second step of the goodwill impairment test, is determined using both an income approach and market approach. The Company's income approach model used for its goodwill valuation is consistent with that used for its franchise valuation noted above except that cash flows from the entire business enterprise are used for the goodwill valuation. The market approach model estimates the fair value of the reporting unit based on market prices in actual precedent transactions of similar businesses and market valuations of guideline public companies. As with the Company's franchise impairment testing, in 2015 the Company elected to perform a qualitative goodwill impairment assessment and concluded that goodwill is not impaired.

Customer relationships are recorded at fair value as of the date acquired less accumulated amortization. Customer relationships, for valuation purposes, represent the value of the business relationship with existing customers (less the anticipated customer churn), and are calculated by projecting the discrete future after-tax cash flows from these customers, including the right to deploy and market additional services to these customers. The present value of these after-tax cash flows yields the fair value of the customer relationships. The use of different valuation assumptions or definitions of franchises or customer relationships, such as our inclusion of the value of selling additional services to our current customers within customer relationships versus franchises, could significantly impact our valuations and any resulting impairment. Customer relationships are amortized on an accelerated sum of years' digits method over useful lives of 8-15 years based on the period over which current customers are expected to generate cash flows. The Company periodically evaluates the remaining useful lives of its customer relationships to determine whether events or circumstances warrant revision to the remaining periods of amortization. Customer relationships are evaluated for impairment upon the occurrence of events or changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Customer relationships are deemed impaired when the carrying value exceeds the projected undiscounted future cash flows associated with the customer relationships. No impairment of customer relationships was recorded in the years ended December 31, 2015, 2014 or 2013.

As of December 31, 2015 and 2014, indefinite lived and finite-lived intangible assets are presented in the following table:

	December 31,					
	2015			2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite lived intangible assets:						
Franchises	$ 6,006	$ —	$ 6,006	$ 6,006	$ —	$ 6,006
Goodwill	1,168	—	1,168	1,168	—	1,168
Other intangible assets	4	—	4	4	—	4
	$ 7,178	$ —	$ 7,178	$ 7,178	$ —	$ 7,178
Finite-lived intangible assets:						
Customer relationships	$ 2,616	$ 1,760	$ 856	$ 2,616	$ 1,511	$ 1,105
Other intangible assets	173	82	91	151	60	91
	$ 2,789	$ 1,842	$ 947	$ 2,767	$ 1,571	$ 1,196

Amortization expense related to customer relationships and other intangible assets for the years ended December 31, 2015, 2014 and 2013 was $271 million, $299 million and $299 million, respectively.

The Company expects amortization expense on its finite-lived intangible assets will be as follows.

2016	$ 237
2017	204
2018	169
2019	133
2020	95
Thereafter	109
	$ 947

Actual amortization expense in future periods could differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives, impairments and other relevant factors.

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of December 31, 2015 and 2014:

	December 31,	
	2015	2014
Accounts payable – trade	$ 112	$ 122
Accrued capital expenditures	296	268
Deferred revenue	96	85
Accrued liabilities:		
Interest	167	196
Programming costs	451	430
Franchise related fees	65	65
Compensation	115	105
Other	174	183
	$ 1,476	$ 1,454

8. Long-Term Debt

Long-term debt consists of the following as of December 31, 2015 and 2014:

	December 31,			
	2015		2014	
	Principal Amount	Accreted Value	Principal Amount	Accreted Value
CCO Holdings, LLC:				
7.250% senior notes due October 30, 2017	$ —	$ —	$ 1,000	$ 992
7.000% senior notes due January 15, 2019	600	594	1,400	1,381
8.125% senior notes due April 30, 2020	—	—	700	692
7.375% senior notes due June 1, 2020	750	744	750	742
5.250% senior notes due March 15, 2021	500	496	500	495
6.500% senior notes due April 30, 2021	1,500	1,487	1,500	1,485
6.625% senior notes due January 31, 2022	750	740	750	739
5.250% senior notes due September 30, 2022	1,250	1,229	1,250	1,228
5.125% senior notes due February 15, 2023	1,000	990	1,000	989
5.125% senior notes due May 1, 2023	1,150	1,140	—	—
5.750% senior notes due September 1, 2023	500	495	500	495
5.750% senior notes due January 15, 2024	1,000	990	1,000	989
5.375% senior notes due May 1, 2025	750	744	—	—
5.875% senior notes due May 1, 2027	800	794	—	—
Charter Communications Operating, LLC:				
Credit facilities	3,552	3,502	3,742	3,683
CCO Safari, LLC (an Unrestricted Subsidiary):				
Credit facility due September 12, 2021	—	—	3,500	3,479
Long-Term Debt	$ 14,102	$ 13,945	$ 17,592	$ 17,389

The accreted values presented above represent the principal amount of the debt less the original issue discount at the time of sale and deferred financing costs, plus the accretion of both amounts to the balance sheet date. However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. The Company has availability under its credit facilities of approximately $961 million as of December 31, 2015, and as such, debt maturing in the next twelve months is classified as long-term.

Loss on extinguishment of debt consists of the following for the years ended December 31, 2015, 2014 and 2013:

	Year ended December 31,		
	2015	2014	2013
CCO Holdings notes repurchases	$ 123	$ —	$ 65
Charter Operating credit amendment / prepayments	—	—	58
CCO Safari Term G Loans repayments	3	—	—
	$ 126	$ —	$ 123

On April 25, 2014, Charter entered into a binding definitive agreement (the “Comcast Transactions Agreement”) with Comcast Corporation (“Comcast”), which contemplated the following transactions: (1) an asset purchase, (2) an asset exchange and (3) a

contribution and spin-off transaction (collectively, the “Comcast Transactions”). Pursuant to the terms of the Comcast Transactions Agreement, Comcast had the right to terminate the Comcast Transactions Agreement upon termination of the merger agreement among Comcast, TWC and Tango Acquisition Sub, Inc. (the “Comcast Merger Agreement”). On April 24, 2015, Comcast and TWC terminated the Comcast Merger Agreement, and Comcast delivered a notice of termination of the Comcast Transactions Agreement to Charter (the “Termination Notice”). As a result of the termination, proceeds from the issuance of $3.5 billion aggregate principal amount of CCO Safari, LLC ("CCO Safari") Term G Loans ("Term G Loans"), which were held in escrow and intended to fund the closing of the Comcast Transactions, were utilized to settle the related debt obligation in April 2015. These transactions resulted in a loss on extinguishment of debt of approximately $3 million for the year ended December 31, 2015.

CCO Holdings Notes

In April 2015, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.15 billion aggregate principal amount of 5.125% senior unsecured notes due 2023 (the "2023 Notes"), $750 million aggregate principal amount of 5.375% senior unsecured notes due 2025 (the "2025 Notes") and $800 million aggregate principal amount of 5.875% senior unsecured notes due 2027 (the "2027 Notes"). The net proceeds from the issuance of the 2023 Notes and 2025 Notes were used to finance tender offers and a subsequent call in which $1.0 billion aggregate principal amount of CCO Holdings' outstanding 7.250% senior notes due 2017 and $700 million aggregate principal amount of CCO Holdings' outstanding 8.125% senior notes due 2020 were repurchased, as well as for general corporate purposes. The net proceeds from the issuance of the 2027 Notes were used to call $800 million of the $1.4 billion aggregate principal amount of CCO Holdings' outstanding 7.000% senior notes due 2019. These debt repurchases resulted in a loss on extinguishment of debt of $123 million for the year ended December 31, 2015.

The CCO Holdings notes are guaranteed by Charter. They are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The CCO Holdings notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities. Upon consummation of the TWC Transaction, the CCO Holdings notes are not guaranteed by Charter or New Charter.

CCO Holdings may redeem some or all of the CCO Holdings notes at any time at a premium. The optional redemption price declines to 100% of the respective series’ principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2016 through 2024.

In addition, at any time prior to varying dates in 2016 through 2021, CCO Holdings may redeem up to 35% (40% in regards to the 2023 Notes, 2025 Notes and 2027 Notes issued in April 2015) of the aggregate principal amount of the notes at a redemption price at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met.

In the event of specified change of control events, CCO Holdings must offer to purchase the outstanding CCO Holdings notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

High-Yield Restrictive Covenants; Limitation on Indebtedness.

The indentures governing the CCO Holdings notes and CCOH Safari notes described below (following the release of proceeds from escrow) contain certain covenants that restrict the ability of CCO Holdings, CCO Holdings Capital Corp. and all of their restricted subsidiaries to:

- incur additional debt;
- pay dividends on equity or repurchase equity;
- make investments;
- sell all or substantially all of their assets or merge with or into other companies;
- sell assets;
- in the case of restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to CCO Holdings, guarantee their parent companies debt, or issue specified equity interests;
- engage in certain transactions with affiliates; and
- grant liens.

The above limitations in certain circumstances regarding incurrence of debt, payment of dividends and making investments contained in the indentures of CCO Holdings and CCOH Safari permit CCO Holdings and its restricted subsidiaries to perform the above, so long as, after giving pro forma effect to the above, the leverage ratio would be below a specified level for the issuer. The leverage ratio under the indentures is 6.0 to 1.0.

Charter Operating Credit Facilities

The Charter Operating credit facilities have an outstanding principal amount of $3.6 billion at December 31, 2015 as follows:

- A term loan A with a remaining principal amount of $647 million, which is repayable in quarterly installments and aggregating $66 million in 2016 and $75 million in 2017, with the remaining balance due at final maturity on April 22, 2018. Pricing on term loan A is LIBOR plus 2%;
- A term loan E with a remaining principal amount of approximately $1.5 billion, which is repayable in equal quarterly installments and aggregating $15 million in each loan year, with the remaining balance due at final maturity on July 1, 2020. Pricing on term loan E is LIBOR plus 2.25% with a LIBOR floor of 0.75%;
- A term loan F with a remaining principal amount of approximately $1.2 billion, which is repayable in equal quarterly installments and aggregating $12 million in each loan year, with the remaining balance due at final maturity on January 3, 2021. Pricing on term loan F is LIBOR plus 2.25% with a LIBOR floor of 0.75%; and
- A revolving loan with an outstanding balance of $273 million at December 31, 2015 and allowing for borrowings of up to $1.3 billion, maturing on April 22, 2018. Pricing on the revolving loan is LIBOR plus 2% with a commitment fee of 0.30%.

Amounts outstanding under the Charter Operating credit facilities bear interest, at Charter Operating’s election, at a base rate or LIBOR (0.42% and 0.17% as of December 31, 2015 and December 31, 2014, respectively), as defined, plus an applicable margin.

The Charter Operating credit facilities also allow us to enter into incremental term loans in the future, with amortization as set forth in the notices establishing such term loans. Although the Charter Operating credit facilities allow for the incurrence of a certain amount of incremental term loans subject to pro-forma compliance with its financial maintenance covenants, no assurance can be given that the Company could obtain additional incremental term loans in the future if Charter Operating sought to do so or what amount of incremental term loans would be allowable at any given time under the terms of the Charter Operating credit facilities.

The obligations of Charter Operating under the Charter Operating credit facilities are guaranteed by Charter Operating’s immediate parent company, CCO Holdings, and subsidiaries of Charter Operating. The obligations are also secured by (i) a lien on substantially all of the assets of Charter Operating and its 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 by CCO Holdings of the equity interests owned by it in any of Charter Operating’s subsidiaries, as well as inter-company obligations owing to it by any of such entities.

Charter Operating Credit Facilities — Restrictive Covenants

The Charter Operating credit facilities contain representations and warranties, and affirmative and negative covenants customary for financings of this type. The financial covenants measure performance against standards set for leverage to be tested as of the end of each quarter. The Charter Operating credit facilities contain provisions requiring mandatory loan prepayments under specific circumstances, including in connection with certain sales of assets, so long as the proceeds have not been reinvested in the business. Additionally, the Charter Operating credit facilities provisions contain an allowance for restricted payments so long as the consolidated leverage ratio is no greater than 3.5 after giving pro forma effect to such restricted payment. The Charter Operating credit facilities permit Charter Operating and its subsidiaries to make distributions to pay interest on the currently outstanding subordinated and parent company indebtedness, provided that, among other things, no default has occurred and is continuing under the Charter Operating credit facilities.

The events of default under the Charter Operating credit facilities include, among other things:

- the failure to make payments when due or within the applicable grace period;
- the failure to comply with specified covenants including the covenant to maintain the consolidated leverage ratio at or below 5.0 to 1.0 and the consolidated first lien leverage ratio at or below 4.0 to 1.0;

- the failure to pay or the occurrence of events that cause or permit the acceleration of other indebtedness owing by CCO Holdings, Charter Operating, or Charter Operating's subsidiaries in aggregate principal amounts in excess of $100 million; and
- similar to provisions contained in the note indentures and credit facility, the consummation of any change of control transaction resulting in any person or group having power, directly or indirectly, to vote more than 50% of the ordinary voting power for the management of Charter Operating on a fully diluted basis and the occurrence of a ratings event including a downgrade in the corporate family rating during a ratings decline period.

Limitations on Distributions

Distributions by the Company's subsidiaries to a parent company for payment of principal on parent company notes are restricted under the indentures and credit facilities discussed above, unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. As of December 31, 2015, there was no default under any of these indentures or credit facilities. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

In addition to the limitation on distributions under the various indentures discussed above, distributions by the Company's subsidiaries may only be made if they have "surplus" as defined in the Delaware Limited Liability Company Act.

Liquidity and Future Principal Payments

The Company continues to have significant amounts of debt, and its business requires significant cash to fund principal and interest payments on its debt, capital expenditures and ongoing operations. As set forth below, the Company has significant future principal payments beginning in 2018 and beyond. The Company continues to monitor the capital markets, and it expects to undertake refinancing transactions and utilize free cash flow and cash on hand to further extend or reduce the maturities of its principal obligations. The timing and terms of any refinancing transactions will be subject to market conditions.

Based upon outstanding indebtedness as of December 31, 2015 and assuming the TWC Transaction closes in the second quarter of 2016, the amortization of term loans, and the maturity dates for all senior and subordinated notes, total future principal payments on the total borrowings under all debt agreements as of December 31, 2015, are as follows:

Year	Amount
2016	$ 93
2017	102
2018	806
2019	627
2020	2,164
Thereafter	10,310
	$ 14,102

Debt assumed by CCO Holdings and Charter Operating upon closing of the TWC Transaction

CCOH Safari Notes

In November 2015, CCOH Safari, a wholly owned subsidiary of Charter, closed on transactions in which it issued $2.5 billion aggregate principal amount of 5.750% senior unsecured notes due 2026 (the "2026 Notes"). The net proceeds from the issuance of the 2026 Notes were deposited into an escrow account and were used to partially finance the TWC Transaction as well as for general corporate purposes. Substantially concurrently with the escrow release, the 2026 Notes became obligations of CCO Holdings and CCO Holdings Capital Corp. CCOH Safari merged into CCO Holdings. Upon closing of the TWC Transaction and release of the proceeds from escrow, the Company paid approximately $41 million of additional debt issuance fees.

Initially, the 2026 Notes were senior debt obligations of CCOH Safari. Upon release of the proceeds from escrow, the 2026 Notes are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The 2026 Notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities.

Following the release of the proceeds, CCO Holdings may redeem some or all of the 2026 Notes at any time at a premium. The optional redemption price declines to 100% of the principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2021 through 2024.

In addition, at any time following the release of the proceeds and prior to February 15, 2019, CCO Holdings and CCO Holdings Capital Corp. may redeem up to 40% of the aggregate principal amount of such 2026 Notes at a redemption price at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met.

In the event of specified change of control events, CCO Holdings must offer to purchase the 2026 Notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

CCO Safari II Notes

In July 2015, CCO Safari II, a wholly owned subsidiary of Charter, closed on transactions in which it issued $15.5 billion in aggregate principal amount of senior secured notes comprised of $2.0 billion aggregate principal amount of 3.579% senior secured notes due 2020, $3.0 billion aggregate principal amount of 4.464% senior secured notes due 2022, $4.5 billion aggregate principal amount of 4.908% senior secured notes due 2025, $2.0 billion aggregate principal amount of 6.384% senior secured notes due 2035, $3.5 billion aggregate principal amount of 6.484% senior secured notes due 2045 and $500 million aggregate principal amount of 6.834% senior notes due 2055. The net proceeds from the issuance of the CCO Safari II notes were deposited into an escrow account and were used to partially finance the TWC Transaction as well as for general corporate purposes. Upon release of the proceeds, CCO Safari II merged into Charter Operating and the CCO Safari II notes became obligations of Charter Operating and Charter Communications Operating Capital Corp. Upon closing of the TWC Transaction and release of the proceeds from escrow, the Company paid approximately $143 million of additional debt issuance fees.

Upon release of the proceeds from escrow, the CCO Safari II notes became senior debt obligations of Charter Operating and Charter Communications Operating Capital Corp. and are guaranteed by CCO Holdings and Charter Operating's subsidiaries. In addition, the CCO Safari II notes are secured by a perfected first priority security interest in substantially all of the assets of Charter Operating to the extent such liens can be perfected under the Uniform Commercial Code by the filing of a financing statement and the liens rank equally with the liens on the collateral securing obligations under the Charter Operating credit facilities. Upon release of the proceeds from escrow, Charter Operating may redeem some or all of the CCO Safari II notes at any time at a premium.

CCO Safari II Notes - Restrictive Covenants

The CCO Safari II notes were subject to the terms and conditions of the indenture governing the CCO Safari II notes as well as a separate escrow agreement until Charter Operating re-assumed its obligations for the CCO Safari II notes. The CCO Safari II notes contain customary representations and warranties and affirmative covenants with limited negative covenants. The events of default under the CCO Safari II indenture include, among others, the failure to make payments when due or within the applicable grace period.

CCO Safari III Credit Facilities

In August 2015, Charter Operating closed on a new term loan H facility ("Term H Loan") and a new term loan I facility ("Term I Loan") totaling an aggregate principal amount of $3.8 billion pursuant to the terms of Charter Operating’s Amended and Restated Credit Agreement dated April 11, 2012 (the “Credit Agreement”). The Term H Loan was issued at a principal amount of $1.0 billion and matures in 2021. Pricing on the Term H Loan was set at LIBOR plus 2.50% with a LIBOR floor of 0.75% and issued at a price of 99.75% of the aggregate principal amount. The Term I Loan was issued at a principal amount of $2.8 billion and matures in 2023. Pricing on the Term I Loan was set at LIBOR plus 2.75% with a LIBOR floor of 0.75% and issued at a price of 99.75% of the aggregate principal amount. The CCO Safari III credit facilities formed a portion of the debt financing that were used to fund the cash portion of the TWC Transaction. Charter Operating assigned all of its obligations with respect to the CCO

Safari III credit facilities and transferred all of the proceeds from the CCO Safari III credit facilities to CCO Safari III, and CCO Safari III placed the funds in an escrow account, pending the closing of the TWC Transaction, at which time, Charter Operating re-assumed the obligations in respect of the CCO Safari III credit facilities under the Credit Agreement. Charter paid approximately $34 million of additional debt issuance fees.

CCO Safari III Credit Facilities — Restrictive Covenants

The CCO Safari III credit facilities were subject to the terms and conditions of a separate credit facility and escrow agreement until Charter Operating re-assumed its obligations for the loan. The CCO Safari III credit facilities contain customary representations and warranties and affirmative covenants with limited negative covenants prohibiting CCO Safari III from engaging in any material activities other than performing its obligations under the credit facilities or otherwise issuing other indebtedness pursuant to escrow arrangements similar to the CCO Safari III credit facilities. The events of default under the CCO Safari III credit facilities include, among others:

- the failure to make payments when due or within the applicable grace period; and
- any acceleration of the loans and termination of the commitments under the Charter Operating credit facilities.

9. Loans Receivable (Payable) - Related Party

Loans receivable - related party as of December 31, 2015 consists of loans from the Company to CCOH Safari II, LLC, CCOH Safari, CCO Safari II and CCO Safari III of $96 million, $34 million $508 million and $55 million, respectively. Loans payable-related party as of December 31, 2015 consists of loans from Charter Holdco and CCH II to the Company of $48 million and $285 million, respectively.

Loans receivable - related party as of December 31, 2014 consists of a loan from the Company to CCOH Safari of $112 million. Loans payable-related party as of December 31, 2014 consists of loans from Charter Holdco and CCH II to the Company of $47 million and $279 million, respectively.

10. Noncontrolling Interest

Noncontrolling interest represents CCH I, LLC's, an indirect parent company of CCO Holdings, 18.6% membership in CC VIII, LLC ("CC VIII") of $436 million as of December 31, 2014. Noncontrolling interest in the accompanying condensed consolidated statements of operations represented the 2% accretion of the preferred membership interest in CC VIII plus approximately 18.6% of CC VIII's income. On December 31, 2015, the CC VIII preferred interest held by CCH I, LLC was contributed to CC VIII and subsequently canceled.

11. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company manages its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate derivative instruments, the Company agrees to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts. The Company does not hold or issue derivative instruments for speculative trading purposes.

The effect of interest rate derivatives on the Company's consolidated balance sheets is presented in the table below:

	December 31, 2015	December 31, 2014
Accrued interest	$ 3	$ 2
Other long-term liabilities	$ 10	$ 16
Accumulated other comprehensive loss	$ (13)	$ (22)

The Company holds interest rate derivative instruments not designated as hedges which are marked to fair value, with the impact recorded as a gain or loss on derivative instruments, net in the Company's consolidated statements of operations. While these interest rate derivative instruments are not designated as cash flow hedges for accounting purposes, management continues to believe such instruments are closely correlated with the respective debt, thus managing associated risk. These interest rate derivative instruments were de-designated in 2013 and the balance that remains in accumulated other comprehensive loss for these interest rate derivative instruments is being amortized over the respective lives of the contracts and recorded as a loss within gain (loss) on derivative instruments, net in the Company's consolidated statements of operations. The estimated net amount of existing losses that are reported in accumulated other comprehensive loss as of December 31, 2015 that is expected to be reclassified into earnings within the next twelve months is approximately $8 million.

The effects of derivative instruments on the Company's consolidated statements of operations is presented in the table below.

	Year Ended December 31,		
	2015	2014	2013
Gain (loss) on derivative instruments, net:			
Change in fair value of interest rate derivative instruments not designated as cash flow hedges	$ 5	$ 12	$ 38
Loss reclassified from accumulated other comprehensive loss into earnings as a result of cash flow hedge discontinuance	(9)	(19)	(27)
	$ (4)	$ (7)	$ 11

As of December 31, 2015 and 2014, the Company had $1.1 billion and $1.4 billion, respectively, in notional amounts of interest rate derivative instruments outstanding. In December 2016, $250 million of currently effective swaps expire and therefore the notional amount of currently effective interest rate swaps will decrease. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged were determined by reference to the notional amount and the other terms of the contracts.

12. Fair Value Measurements

The accounting guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of December 31, 2015 and 2014 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented in the accompanying consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

The carrying amounts of cash and cash equivalents, receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

The Company's restricted cash and cash equivalents were primarily invested in money market funds and 90-day or less commercial paper. The money market funds were valued at the closing price reported by the fund sponsor from an actively traded exchange and commercial paper was valued at cost plus the accretion of the discount on a yield to maturity basis, which approximated fair

value. The money market funds and commercial paper potentially subject us to concentration of credit risk. The amount invested within any one financial instrument did not exceed $550 million during the year ended December 31, 2014. As of December 31, 2014, there were no significant concentrations of financial instruments in a single investee, industry or geographic location.

The interest rate derivative instruments are valued using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating's or counterparties' credit risk). The weighted average pay rate for the Company's currently effective interest rate derivative instruments was 1.61% and 1.87% at December 31, 2015 and 2014, respectively (exclusive of applicable spreads).

The Company's financial instruments that are accounted for at fair value on a recurring basis are presented in the table below.

	December 31, 2015			December 31, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds	$ —	$ —	$ —	$ 2,014	$ —	$ —
Commercial paper	$ —	$ —	$ —	$ —	$ 1,500	$ —
Liabilities						
Interest rate derivatives	$ —	$ 13	$ —	$ —	$ 18	$ —

A summary of the carrying value and fair value of the Company's debt at December 31, 2015 and 2014 is as follows:

	December 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt				
Senior notes	$ 10,443	$ 10,718	$ 10,227	$ 10,660
Credit facilities	$ 3,502	$ 3,500	$ 7,162	$ 7,186

The estimated fair value of the Company's senior notes at December 31, 2015 and 2014 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.

Non-financial Assets and Liabilities

The Company's non-financial assets such as franchises, property, plant, and equipment, and other intangible assets are not measured at fair value on a recurring basis; however they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded in 2015, 2014 and 2013.

13. Operating Costs and Expenses

Operating costs and expenses consist of the following for the years presented:

	Year Ended December 31,		
	2015	2014	2013
Programming	$ 2,678	$ 2,459	$ 2,146
Franchise, regulatory and connectivity	435	428	399
Costs to service customers	1,705	1,679	1,575
Marketing	619	610	557
Transition costs	72	14	—
Other	917	783	668
	$ 6,426	$ 5,973	$ 5,345

Programming costs consist primarily of costs paid to programmers for basic, premium, digital, video on demand, and pay-per-view programming. Franchise, regulatory and connectivity costs represent payments to franchise and regulatory authorities and costs directly related to providing Internet and voice services. Costs to service customers include costs related to field operations, network operations and customer care for the Company's residential and small and medium business customers including internal and third party labor for installations, service and repairs, maintenance, billing and collection, occupancy and vehicle costs. Marketing costs represents the costs of marketing to our current and potential commercial and residential customers including labor costs. Transition costs represent incremental costs incurred to increase the scale of the Company's business as a result of the TWC Transaction, Bright House Transaction and Comcast Transactions. See Notes 3 and 8 for additional information. Other includes bad debt expense, corporate overhead, advertising sales expenses, costs associated with the Company's enterprise business customers, property tax and insurance and stock compensation expense, among others.

14. Other Operating Expenses, Net

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

	Year Ended December 31,		
	2015	2014	2013
Merger and acquisition costs	$ 70	$ 38	$ 16
Special charges, net	15	14	23
Loss on sale of assets, net	4	10	8
	$ 89	$ 62	$ 47

Merger and acquisition costs

Merger and acquisition costs represents costs incurred in connection with merger and acquisition transactions, such as advisory, legal and accounting fees, among others.

Special charges, net

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

Loss on sale of assets, net

Loss on sale of assets, net, represents the net loss recognized on the sales and disposals of fixed assets and cable systems.

15. Stock Compensation Plans

Charter's 2009 Stock Incentive Plan provides for grants of non-qualified 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 2009 Stock Incentive Plan. The 2009 Stock Incentive Plan allows for the issuance of up to 14 million shares of Charter Class A common stock (or units convertible into Charter Class A common stock).

Stock options granted prior to 2014 generally vest annually over three or four years from either the grant date or delayed vesting commencement dates. Stock options generally expire ten years from the grant date. Restricted stock vests annually over a one to four-year period beginning from the date of grant. Certain stock options and restricted stock vest based on achievement of stock price hurdles. Restricted stock units have no voting rights, and restricted stock units granted prior to 2014 vest ratably over three or four years from either the grant date or delayed vesting commencement dates. Stock options and restricted stock units granted in 2014 and 2015 cliff vest over three years.

As of December 31, 2015, total unrecognized compensation remaining to be recognized in future periods totaled $89 million for stock options, $2 million for restricted stock and $31 million for restricted stock units and the weighted average period over which they are expected to be recognized is 2 years for stock options, 3 months for restricted stock and 2 years for restricted stock units.

The Company recorded $78 million, $55 million and $48 million of stock compensation expense for the years ended December 31, 2015, 2014 and 2013, respectively, which is included in operating costs and expenses.

A summary of the activity for Charter's stock options for the years ended December 31, 2015, 2014 and 2013, is as follows (shares in thousands, except per share data):

	Year Ended December 31,								
	2015			2014			2013		
	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, beginning of period	3,689	$ 86.29		3,142	$ 59.86		3,552	$ 54.35	
Granted	1,301	$ 160.16		1,234	$ 136.75		276	$ 108.89	
Exercised	(579)	$ 65.34	$ 68	(640)	$ 52.50	$ 55	(543)	$ 51.22	$ 33
Canceled	(72)	$ 140.36		(47)	$ 104.57		(143)	$ 50.54	
Outstanding, end of period	4,339	$ 110.34	$ 316	3,689	$ 86.29		3,142	$ 59.86	
Weighted average remaining contractual life	7 years			7 years			7 years		
Options exercisable, end of period	1,354	$ 55.95	$ 172	1,317	$ 55.65		1,128	$ 52.07	
Options expected to vest, end of period	2,730	$ 132.41	$ 139						
Weighted average fair value of options granted	$ 59.86			$ 55.08			$ 41.52		

A summary of the activity for Charter's restricted stock for the years ended December 31, 2015, 2014 and 2013, is as follows (shares in thousands, except per share data):

	Year Ended December 31,					
	2015		2014		2013	
	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Outstanding, beginning of period	431	$ 57.24	653	$ 56.14	928	$ 54.16
Granted	7	$ 182.05	9	$ 138.57	13	$ 101.81
Vested	(220)	$ 58.92	(231)	$ 57.35	(280)	$ 51.62
Canceled	—	$ —	—	$ —	(8)	$ 56.50
Outstanding, end of period	218	$ 59.50	431	$ 57.24	653	$ 56.14

A summary of the activity for Charter's restricted stock units for the years ended December 31, 2015, 2014 and 2013, is as follows (shares in thousands, except per share data):

	Year Ended December 31,					
	2015		2014		2013	
	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price	Shares	Weighted Average Grant Price
Outstanding, beginning of period	325	$ 104.01	288	$ 74.73	327	$ 61.79
Granted	164	$ 162.01	153	$ 136.54	73	$ 109.96
Vested	(99)	$ 71.12	(104)	$ 70.23	(88)	$ 61.17
Canceled	(17)	$ 140.55	(12)	$ 112.53	(24)	$ 55.28
Outstanding, end of period	373	$ 136.51	325	$ 104.01	288	$ 74.73

16. Income Taxes

CCO Holdings is a single member limited liability company not subject to income tax. CCO Holdings holds all operations through indirect subsidiaries. The majority of these indirect subsidiaries are limited liability companies that are not subject to income tax. Certain indirect subsidiaries are taxed as corporations, subject to federal and state tax. The Company does not have a formal tax sharing agreement between the indirect parent company, Charter, and its subsidiaries that file as part of Charter's consolidated tax return. CCO Holdings' tax provision reflects the tax provision of the entities required to file separate returns.

All of Charter's operations, including CCO Holdings', are held through Charter Holdco. Prior to July 2, 2015, Charter Holdco was treated as a partnership for tax purposes. Effective on July 2, 2015, Charter elected to treat two of its wholly owned subsidiaries as disregarded entities for federal and state income tax purposes (the "Election"). The subsidiaries that made the Election are two of the three partners in Charter Holdco. This Election resulted in a deemed liquidation of Charter Holdco into Charter solely for federal and state income tax purposes. After the Election, all taxable income, gains, losses, deductions and credits of Charter Holdco and its indirect limited liability company subsidiaries, including CCO Holdings, will be treated as income of Charter. In addition, the indirect subsidiaries of Charter Holdco that are corporations joined the Charter consolidated group.

For the years ended December 31, 2015, 2014 and 2013, the Company recorded deferred income tax benefit (expense) as shown below. Income tax benefit (expense) is recognized primarily through decreases (increases) in deferred tax liabilities, as well as

through current federal and state income tax expense. The tax provision in future periods will vary based on current and future temporary differences, as well as future operating results.

Current and deferred income tax benefit (expense) is as follows:

	Year Ended December 31,		
	2015	**2014**	**2013**
Current expense:			
Federal income taxes	$ (1)	$ (1)	$ (1)
State income taxes	(3)	(2)	(3)
Current income tax expense	(4)	(3)	(4)
Deferred benefit (expense):			
Federal income taxes	180	(7)	(6)
State income taxes	34	(3)	(1)
Deferred income tax benefit (expense)	214	(10)	(7)
Income tax benefit (expense)	$ 210	$ (13)	$ (11)

Income tax benefit for the year ended December 31, 2015 changed from income tax expense recognized during the year ended December 31, 2014 primarily as a result of the deemed liquidation of Charter Holdco.

The Company’s effective tax rate differs from that derived by applying the applicable federal income tax rate of 35% for the years ended December 31, 2015, 2014, and 2013, respectively, as follows:

	Year Ended December 31,		
	2015	**2014**	**2013**
Statutory federal income taxes	$ (50)	$ (26)	$ 19
Statutory state income taxes, net	(3)	(2)	(3)
Income (losses) allocated to limited liability companies not subject to income taxes	50	18	(26)
Change in valuation allowance	20	(1)	(1)
Organizational restructuring	192	—	—
Other	1	(2)	—
Income tax benefit (expense)	$ 210	$ (13)	$ (11)

The tax effects of these temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2015 and 2014 are presented below.

	December 31,	
	2015	2014
Deferred tax assets:		
Loss carryforwards	$ 4	$ 54
Accrued and other	—	8
Total gross deferred tax assets	4	62
Less: valuation allowance	—	(20)
Deferred tax assets	$ 4	$ 42
Deferred tax liabilities:		
Indefinite life intangibles	$ (15)	$ (139)
Property, plant and equipment	(10)	(113)
Other intangibles	(1)	(24)
Other	(6)	—
Deferred tax liabilities	(32)	(276)
Net deferred tax liabilities	$ (28)	$ (234)

Charter, the Company's indirect parent company, is subject to income taxes. Accordingly, in addition to the Company's deferred tax liabilities, Charter has recorded net deferred tax liabilities of approximately $1.6 billion which are not reflected at CCO Holdings.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Due to the Company's history of losses, valuation allowances were established for the year ended December 31, 2014 except for future taxable income that will result from the reversal of existing temporary differences for which deferred tax liabilities are recognized. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. The deemed liquidation of Charter Holdco caused a decrease in the deferred tax assets recorded by the Company such that the reversal of existing temporary differences for which deferred tax liabilities are recognized will generate sufficient taxable income for the remaining deferred tax assets to be realized. As such, the Company reversed $20 million of valuation allowance during the year ended December 31, 2015.

In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be "more likely than not" of being sustained upon examination, based on their technical merits. There is considerable judgment involved in making such a determination. The Company did not have any unrecognized tax benefits as of December 31, 2015 and December 31, 2014.

No tax years for Charter, the Company's indirect parent company, for income tax purposes, are currently under examination by the IRS. Tax years ending 2012 through 2015 remain subject to examination and assessment. Years prior to 2012 remain open solely for purposes of examination of Charter's loss and credit carryforwards.

17. Related Party Transactions

The following sets forth certain transactions in which the Company and the directors, executive officers, and affiliates of the Company are involved or, in the case of the management arrangements, subsidiaries that are debt issuers that pay certain of their parent companies for services.

Charter is a party to management arrangements with Charter Holdco and certain of its subsidiaries. Under these agreements, Charter and Charter Holdco have provided management services for the cable systems owned or operated by their subsidiaries. Costs associated with providing these services are charged directly to the Company’s operating subsidiaries. All other costs incurred on behalf of Charter’s operating subsidiaries are considered a part of the management fee. These costs are recorded as a component of operating costs and expenses, in the accompanying consolidated financial statements. The management fee charged to the Company’s operating subsidiaries approximated the expenses incurred by Charter Holdco and Charter on behalf of the Company’s operating subsidiaries in 2015, 2014, and 2013.

Liberty Broadband

On May 23, 2015, in connection with the execution of the Merger Agreement and the amendment of the Contribution Agreement, Charter entered into the Amended and Restated Stockholders Agreement with Liberty Broadband, A/N and New Charter (the “Stockholders Agreement”). The Stockholders Agreement replaced Charter’s existing stockholders agreement with Liberty Broadband, dated September 29, 2014, and superseded the amended and restated stockholders agreement among Charter, New Charter, Liberty Broadband and A/N, dated March 31, 2015.

Under the terms of the Stockholders Agreement, the number of New Charter directors is fixed at 13, and includes New Charter’s chief executive officer. Upon the closing of the Bright House Transaction, two designees selected by A/N and three designees selected by Liberty Broadband became members of the board of directors of New Charter. The remaining eight directors (other than the chief executive officer, who became chairman of the board) are independent directors and were selected by the nominating committee of the New Charter board by the approval of both a majority of the nominating committee and a majority of the directors that were not appointed by either A/N or Liberty Broadband. Each of A/N and Liberty Broadband nominated at least one director to each of the committees of the Charter board of directors, subject to applicable stock exchange listing rules and certain specified voting or equity ownership thresholds for each of A/N and Liberty Broadband, and provided that the nominating and compensation committees has at least a majority of directors independent from A/N, Liberty Broadband and New Charter (referred to as the “unaffiliated directors”). The nominating committee is comprised of three unaffiliated directors, and one designee of each of A/N and Liberty Broadband. A/N and Liberty Broadband also has certain other committee designation and other governance rights. Mr. Thomas Rutledge, the Company's Chief Executive Officer ("CEO"), was offered the positions of CEO and chairman of New Charter.

The Company is aware that Dr. John Malone, a member of Charter's board of directors, may be deemed to have a 36.8% voting interest in Liberty Interactive and is Chairman of the board of directors, an executive officer position, of Liberty Interactive. Liberty Interactive owns 38.0% of the common stock of HSN, Inc. (“HSN”) and has the right to elect 20% of the board members of HSN. Liberty Interactive wholly owns QVC, Inc (“QVC”). The Company has programming relationships with HSN and QVC which pre-date the Liberty Media Transaction. For the years ended December 31, 2015 and 2014 and nine months ended December 31, 2013, the Company recorded payments in aggregate of approximately $17 million, $14 million and $10 million, respectively, from HSN and QVC as part of channel carriage fees and revenue sharing arrangements for home shopping sales made to customers in Charter's footprint.

Dr. Malone also serves on the board of directors of Discovery Communications, Inc., (“Discovery”) and the Company is aware that Dr. Malone owns 4.8% in the aggregate of the common stock of Discovery and has a 28.7% voting interest in Discovery for the election of directors. In addition, Dr. Malone owns approximately 10.8% in the aggregate of the common stock of Starz and has 47.2% of the voting power. Mr. Gregory Maffei, a member of Charter's board of directors, is a non-executive Chairman of the board of Starz. The Company purchases programming from both Discovery and Starz pursuant to agreements entered into prior to Dr. Malone and Mr. Maffei joining Charter's board of directors. Based on publicly available information, the Company does not believe that either Discovery or Starz would currently be considered related parties. The amounts paid in aggregate to Discovery and Starz represent less than 3% of total operating costs and expenses for the years ended December 31, 2015 and 2014 and nine months ended December 31, 2013.

18. Commitments and Contingencies

Commitments

The following table summarizes the Company’s payment obligations as of December 31, 2015 for its contractual obligations.

	Total	2016	2017	2018	2019	2020	Thereafter
Contractual Obligations							
Operating Lease Obligations (1)	$ 183	$ 51	$ 46	$ 32	$ 23	$ 12	$ 19
Programming Minimum Commitments (2)	545	265	239	13	14	11	3
Other (3)	435	397	19	10	3	2	4
Total	$ 1,163	$ 713	$ 304	$ 55	$ 40	$ 25	$ 26

(1) The Company leases certain facilities and equipment under non-cancelable operating leases. Leases and rental costs charged to expense for the years ended December 31, 2015, 2014 and 2013 were $49 million, $43 million, $34 million, respectively.

(2) The Company pays programming fees under multi-year contracts ranging from three to ten years, typically based on a flat fee per customer, which may be fixed for the term, or may in some cases escalate over the term. Programming costs included in the accompanying statement of operations were $2.7 billion, $2.5 billion and $2.1 billion for the years ended December 31, 2015, 2014, and 2013 respectively. Certain of the Company’s programming agreements are based on a flat fee per month or have guaranteed minimum payments. The table sets forth the aggregate guaranteed minimum commitments under the Company’s programming contracts.

(3) “Other” represents other guaranteed minimum commitments, which consist primarily of commitments to the Company's customer premise equipment vendors.

The following items are not included in the contractual obligation table due to various factors discussed below. However, the Company incurs these costs as part of its operations:

- The Company rents utility poles used in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended December 31, 2015, 2014, and 2013 was $53 million, $49 million, and $49 million, respectively.

- The Company pays franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. The Company also pays other franchise related costs, such as public education grants, under multi-year agreements. Franchise fees and other franchise-related costs included in the accompanying statement of operations were $212 million, $208 million, and $190 million for the years ended December 31, 2015, 2014, and 2013 respectively.

- The Company also has $67 million in letters of credit, primarily to its various worker’s compensation, property and casualty, and general liability carriers, as collateral for reimbursement of claims.

Litigation

In 2014, following an announcement by Comcast and TWC of their intent to merge, Breffni Barrett and others filed suit in the Supreme Court of the State of New York for the County of New York against Comcast, TWC and their respective officers and directors. Later five similar class actions were consolidated with this matter (the “NY Actions”). The NY Actions were settled in July 2014, however, such settlement was terminated following the termination of the Comcast and TWC merger in April 2015. In May 2015, Charter and TWC announced their intent to merge. Subsequently, the parties in the NY Actions filed a Second Consolidated Class Action Complaint (the “Second Amended Complaint”), removing Comcast and Tango Acquisition Sub, Inc. as defendants and naming TWC, the members of the TWC board of directors, Charter and the merger subsidiaries as defendants.

The Second Amended Complaint generally alleges, among other things, that the members of the TWC board of directors breached their fiduciary duties to TWC stockholders during the Charter merger negotiations and by entering into the merger agreement and approving the mergers, and that Charter and its subsidiaries aided and abetted such breaches of fiduciary duties. The complaint sought, among other relief, injunctive relief enjoining the stockholder vote on the mergers, unspecified declaratory and equitable relief, compensatory damages in an unspecified amount, and costs and attorneys' fees.

In September 2015, the parties entered into a memorandum of understanding ("MOU") to settle the action. Pursuant to the MOU, the defendants issued certain supplemental disclosures relating to the mergers on a Form 8-K, and plaintiffs agreed to release with prejudice all claims that could have been asserted against defendants in connection with the mergers. The settlement is conditioned on, among other things, consummation of the transactions between TWC and Charter, and must be approved by the New York Supreme Court. In the event that the New York Supreme Court does not approve the settlement, the defendants intend to vigorously defend against any further litigation.

In August 2015, a purported stockholder of Charter filed a lawsuit in the Delaware Court of Chancery, on behalf of a putative class of Charter stockholders, challenging the transactions between Charter, TWC, A/N, and Liberty Broadband announced by Charter on May 26, 2015 (collectively, the "Transactions"). The lawsuit names as defendants Liberty Broadband, Charter, the board of directors of Charter, and New Charter. Plaintiff alleged that the Transactions improperly benefit Liberty Broadband at the expense of other Charter shareholders, and that Charter issued a false and misleading proxy statement in connection with the Transactions. Plaintiff requested, among other things, that the Delaware Court of Chancery enjoin the September 21, 2015 special meeting of Charter stockholders at which Charter stockholders were asked to vote on the Transactions until the defendants disclosed certain information relating to Charter and the Transactions. The disclosures demanded by the plaintiff included (i) certain unlevered free cash flow projections for Charter and (ii) a Form of Proxy and Right of First Refusal Agreement ("Proxy") by and among Liberty Broadband, A/N, Charter and New Charter, which was referenced in the description of the Second Amended and Restated Stockholders Agreement, dated May 23, 2015, among Charter, New Charter, Liberty Broadband and A/N. On September 9, 2015, Charter issued supplemental disclosures containing unlevered free cash flow projections for Charter. In return, the plaintiff agreed its disclosure claims were moot and withdrew its application to enjoin the Charter stockholder vote on the Transactions. Charter has not yet responded to this suit but intends to deny any liability, believes that it has substantial defenses, and intends to vigorously defend this suit.

The Montana Department of Revenue ("Montana DOR") generally assesses property taxes on cable companies at 3% and on telephone companies at 6%. Historically, Bresnan's cable and telephone operations have been taxed separately by the Montana DOR. In 2010, the Montana DOR assessed Bresnan as a single telephone business and retroactively assessed it as such for 2007 through 2009. Bresnan filed a declaratory judgment action against the Montana DOR in Montana State Court challenging its property tax classifications for 2007 through 2010. The Montana State Court issued decisions in favor of Bresnan. The Montana DOR filed a notice of appeal to the Montana Supreme Court on September 20, 2012. On December 2, 2013, the Montana Supreme Court reversed the trial court's decision. On June 19, 2014, the parties settled this dispute. For tax years 2007 through 2009, Charter reduced Bresnan acquisition liabilities by approximately $8 million with the offset to goodwill in 2014, and operating expenses were reduced by approximately $3 million for post-acquisition tax years.

The Company and its parent companies are defendants or co-defendants in several lawsuits involving alleged infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases. In the event that a court ultimately determines that the Company and its parent companies infringe on any intellectual property rights, 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 patents at issue. While the Company Company and its parent companies believe the lawsuits are without merit and intend to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate a range of possible loss.

The Company and its parent companies are party to lawsuits and claims that arise in the ordinary course of conducting its business, including lawsuits claiming violation of wage and hour laws. The ultimate outcome of these other legal matters pending against the Company and its parent companies cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on the Company's consolidated financial condition, results of operations

or liquidity. Whether or not the Company and its parent companies ultimately prevails in any particular lawsuit or claim, litigation can be time consuming and costly and injure the Company's and its parent companies' reputation.

Regulation in the Cable Industry

The operation of a cable system is extensively regulated by the Federal Communications Commission (“FCC”), some state governments and most local governments. The FCC has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities used in connection with cable operations. Future legislative and regulatory changes could adversely affect the Company’s operations.

19. Employee Benefit Plan

The Company’s employees may participate in the Charter Communications, Inc. 401(k) Plan. Employees that qualify for participation can contribute up to 50% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. Each payroll period, the Company will contribute to the 401(k) Plan the total amount of the salary contribution the employee elects to defer between 1% and 50%. The Company’s matching contribution is discretionary and is equal to 50% of the amount of the salary reduction the participant elects to defer (up to 6% of the participant’s eligible compensation), excluding any catch-up contributions and is paid by the Company on a per pay period basis. The Company made contributions to the 401(k) plan totaling $23 million, $19 million and $16 million for the years ended December 31, 2015, 2014 and 2013, respectively.

20. Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers, which steps are to (1) identify the contract(s) with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. More specifically, revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is currently in the process of evaluating the impact that the adoption of ASU 2014-09 will have on its consolidated financial statements and selecting the method of transition to the new standard.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"), which requires the cost of issuing debt to no longer be recorded as a separate asset but rather to be presented on the balance sheet as a direct reduction to the carrying value of the related debt liability, similar to the presentation of debt discounts. ASU 2015-03 will be effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company) including retrospective conforming presentation of prior periods presented. Early adoption of the standard is permitted. The Company early adopted ASU 2015-03 on December 31, 2015.

In April 2015, the FASB issued ASU No. 2015-05, *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* ("ASU 2015-05"), which provides guidance in determining whether fees for purchasing cloud computing services (or hosted software solutions) are considered internal-use software or should be considered a service contract. The cloud computing agreement that includes a software license should be accounted for in the same manner as internal-use software if customer has contractual right to take possession of the software during the hosting period without significant penalty and it is feasible to either run the software on customer’s hardware or contract with another vendor to host the software. Arrangements that don’t meet the requirements for internal-use software should be accounted for as a service contract. ASU 2015-05 will be effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company). Early adoption of the standard is permitted. The Company is currently in the process of evaluating the impact that the adoption of ASU 2015-05 will have on its

consolidated financial statements. This new accounting standard is not anticipated to have a material impact on the Company's financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Balance Sheet Classification of Deferred Taxes* (“ASU 2015-17”), which requires that all deferred tax liabilities and assets be classified as noncurrent amounts on the balance sheet. ASU 2015-17 will be effective for interim and annuals periods beginning after December 15, 2016 (January 1, 2017 for the Company) and may be applied prospectively or retrospectively. Early adoption of the standard is permitted. The Company early adopted this standard retrospectively on December 31, 2015.

21. Unaudited Quarterly Financial Data

The following table presents quarterly data for the periods presented on the consolidated statement of operations:

	Year Ended December 31, 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 2,362	$ 2,430	$ 2,450	$ 2,512
Income from operations	$ 249	$ 269	$ 273	$ 323
Net income (loss)	$ (10)	$ (87)	$ 282	$ 123

	Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 2,202	$ 2,259	$ 2,287	$ 2,360
Income from operations	$ 240	$ 236	$ 218	$ 277
Net income (loss)	$ 11	$ 2	$ (10)	$ 15

22. Consolidating Schedules

The accompanying consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Affiliates Whose Securities Collateralize an Issue Registered or Being Registered.* This information is not intended to present the financial position, results of operations and cash flows of the individual companies or groups of companies in accordance with generally accepted accounting principles.

The CCO Holdings notes are obligations of CCO Holdings. However, the CCO Holdings notes are also jointly, severally, fully and unconditionally guaranteed on an unsecured senior basis by Charter.

The Charter Operating and Restricted Subsidiaries column is presented as a requirement pursuant to the terms of Charter Operating’s Amended and Restated Credit Agreement dated April 11, 2012 (the “Credit Agreement”). The Unrestricted Subsidiary column consists of CCO Safari which is a Non-Recourse Subsidiary under the Credit Agreement and that held the Term G Loans. The Term G Loans were also repaid in April 2015 upon receiving the Termination Notice of the Comcast Transactions. See Note 8 for additional information.

Consolidating financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 follow.

CCO Holdings, LLC
Consolidating Balance Sheet
As of December 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ —	$ 5	$ —	$ —	$ 5
Accounts receivable, net	—	264	—	—	264
Receivables from related party	14	—	—	(14)	—
Prepaid expenses and other current assets	—	55	—	—	55
Total current assets	14	324	—	(14)	324
INVESTMENT IN CABLE PROPERTIES:					
Property, plant and equipment, net	—	8,317	—	—	8,317
Franchises	—	6,006	—	—	6,006
Customer relationships, net	—	856	—	—	856
Goodwill	—	1,168	—	—	1,168
Total investment in cable properties, net	—	16,347	—	—	16,347
INVESTMENT IN SUBSIDIARIES	11,303	—	—	(11,303)	—
LOANS RECEIVABLE – RELATED PARTY	613	563	—	(483)	693
OTHER NONCURRENT ASSETS	—	116	—	—	116
Total assets	$ 11,930	$ 17,350	$ —	$ (11,800)	$ 17,480
LIABILITIES AND MEMBER'S EQUITY					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	$ 165	$ 1,311	$ —	$ —	$ 1,476
Payables to related party	—	345	—	(14)	331
Total current liabilities	165	1,656	—	(14)	1,807
LONG-TERM DEBT	10,443	3,502	—	—	13,945
LOANS PAYABLE – RELATED PARTY	—	816	—	(483)	333
DEFERRED INCOME TAXES	—	28	—	—	28
OTHER LONG-TERM LIABILITIES	—	45	—	—	45
MEMBER'S EQUITY	1,322	11,303	—	(11,303)	1,322
Total liabilities and member's equity	$ 11,930	$ 17,350	$ —	$ (11,800)	$ 17,480

CCO Holdings, LLC
Consolidating Balance Sheet
As of December 31, 2014

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ —
Accounts receivable, net	—	275	—	—	275
Receivables from related party	11	—	—	(11)	—
Prepaid expenses and other current assets	—	47	—	—	47
Total current assets	11	322	—	(11)	322
RESTRICTED CASH AND CASH EQUIVALENTS	—	—	3,514	—	3,514
INVESTMENT IN CABLE PROPERTIES:					
Property, plant and equipment, net	—	8,344	—	—	8,344
Franchises	—	6,006	—	—	6,006
Customer relationships, net	—	1,105	—	—	1,105
Goodwill	—	1,168	—	—	1,168
Total investment in cable properties, net	—	16,623	—	—	16,623
CC VIII PREFERRED INTEREST	—	—	—	—	—
INVESTMENT IN SUBSIDIARIES	10,331	27	—	(10,358)	—
LOANS RECEIVABLE – RELATED PARTY	584	—	—	(472)	112
OTHER NONCURRENT ASSETS	—	113	—	—	113
Total assets	$ 10,926	$ 17,085	$ 3,514	$ (10,841)	$ 20,684
LIABILITIES AND MEMBER’S EQUITY					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	$ 187	$ 1,259	$ 8	$ —	$ 1,454
Payables to related party	—	287	—	(11)	276
Total current liabilities	187	1,546	8	(11)	1,730
LONG-TERM DEBT	10,227	3,683	3,479	—	17,389
LOANS PAYABLE – RELATED PARTY	—	798	—	(472)	326
DEFERRED INCOME TAXES	—	234	—	—	234
OTHER LONG-TERM LIABILITIES	—	57	—	—	57
Member’s equity	512	10,331	27	(10,358)	512
Non-controlling interest	—	436	—	—	436
Total member’s equity	512	10,767	27	(10,358)	948
Total liabilities and member’s equity	$ 10,926	$ 17,085	$ 3,514	$ (10,841)	$ 20,684

CCO Holdings, LLC
Consolidating Statement of Operations
For the year ended December 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
REVENUES	$ —	$ 9,754	$ —	$ —	$ 9,754
COSTS AND EXPENSES:					
Operating costs and expenses (exclusive of items shown separately below)	—	6,426	—	—	6,426
Depreciation and amortization	—	2,125	—	—	2,125
Other operating expenses, net	—	89	—	—	89
	—	8,640	—	—	8,640
Income from operations	—	1,114	—	—	1,114
OTHER INCOME AND (EXPENSES):					
Interest expense, net	(642)	(151)	(47)	—	(840)
Loss on extinguishment of debt	(123)	—	(3)	—	(126)
Loss on derivative instruments, net	—	(4)	—	—	(4)
Equity in income (loss) of subsidiaries	1,073	(50)	—	(1,023)	—
	308	(205)	(50)	(1,023)	(970)
Income (loss) before income taxes	308	909	(50)	(1,023)	144
INCOME TAX BENEFIT	—	210	—	—	210
Consolidated net income (loss)	308	1,119	(50)	(1,023)	354
Less: Net income – non-controlling interest	—	(46)	—	—	(46)
Net income (loss)	$ 308	$ 1,073	$ (50)	$ (1,023)	$ 308

CCO Holdings, LLC
Consolidating Statement of Operations
For the year ended December 31, 2014

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
REVENUES	$ —	$ 9,108	$ —	$ —	$ 9,108
COSTS AND EXPENSES:					
Operating costs and expenses (exclusive of items shown separately below)	—	5,973	—	—	5,973
Depreciation and amortization	—	2,102	—	—	2,102
Other operating expenses, net	—	62	—	—	62
	—	8,137	—	—	8,137
Income from operations	—	971	—	—	971
OTHER INCOME AND (EXPENSES):					
Interest expense, net	(679)	(165)	(45)	—	(889)
Loss on derivative instruments, net	—	(7)	—	—	(7)
Equity in income (loss) of subsidiaries	697	(45)	—	(652)	—
	18	(217)	(45)	(652)	(896)
Income (loss) before income taxes	18	754	(45)	(652)	75
INCOME TAX EXPENSE	—	(13)	—	—	(13)
Consolidated net income (loss)	18	741	(45)	(652)	62
Less: Net income – non-controlling interest	—	(44)	—	—	(44)
Net income (loss)	$ 18	$ 697	$ (45)	$ (652)	$ 18

CCO Holdings, LLC
Consolidating Statement of Operations
For the year ended December 31, 2013

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
REVENUES	$ —	$ 8,155	$ —	$ —	$ 8,155
COSTS AND EXPENSES:					
Operating costs and expenses (exclusive of items shown separately below)	—	5,345	—	—	5,345
Depreciation and amortization	—	1,854	—	—	1,854
Other operating expenses, net	—	47	—	—	47
	—	7,246	—	—	7,246
Income from operations	—	909	—	—	909
OTHER INCOME AND (EXPENSES):					
Interest expense, net	(681)	(173)	—	—	(854)
Loss on extinguishment of debt	(65)	(58)	—	—	(123)
Gain on derivative instruments, net	—	11	—	—	11
Equity in income (loss) of subsidiaries	632	—	—	(632)	—
	(114)	(220)	—	(632)	(966)
Income (loss) before income taxes	(114)	689	—	(632)	(57)
INCOME TAX EXPENSE	—	(11)	—	—	(11)
Consolidated net income (loss)	(114)	678	—	(632)	(68)
Less: Net income – non-controlling interest	—	(46)	—	—	(46)
Net income (loss)	$ (114)	$ 632	$ —	$ (632)	$ (114)

CCO Holdings, LLC
Consolidating Statement of Comprehensive Income (Loss)
For the year ended December 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
Consolidated net income (loss)	$ 308	$ 1,119	$ (50)	$ (1,023)	$ 354
Net impact of interest rate derivative instruments, net of tax	9	9	—	(9)	9
Comprehensive income (loss)	$ 317	$ 1,128	$ (50)	$ (1,032)	$ 363

CCO Holdings, LLC
Consolidating Statement of Comprehensive Income (Loss)
For the year ended December 31, 2014

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
Consolidated net income (loss)	$ 18	$ 741	$ (45)	$ (652)	$ 62
Net impact of interest rate derivative instruments, net of tax	19	19	—	(19)	19
Comprehensive income (loss)	$ 37	$ 760	$ (45)	$ (671)	$ 81

CCO Holdings, LLC
Consolidating Statement of Comprehensive Income (Loss)
For the year ended December 31, 2013

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
Consolidated net income (loss)	$ (114)	$ 678	$ —	$ (632)	$ (68)
Net impact of interest rate derivative instruments, net of tax	34	34	—	(34)	34
Comprehensive income (loss)	$ (80)	$ 712	$ —	$ (666)	$ (34)

CCO HOLDINGS, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015, 2014 AND 2013
(dollars in millions, except where indicated)

CCO Holdings, LLC
Consolidating Statement of Cash Flows
For the year ended December 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Consolidated net income (loss)	$ 308	$ 1,119	$ (50)	$ (1,023)	$ 354
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	—	2,125	—	—	2,125
Noncash interest expense	16	12	—	—	28
Loss on extinguishment of debt	123	—	3	—	126
Loss on derivative instruments, net	—	4	—	—	4
Deferred income taxes	—	(214)	—	—	(214)
Equity in (income) losses of subsidiaries	(1,073)	50	—	1,023	—
Other, net	—	82	—	—	82
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:					
Accounts receivable	—	10	—	—	10
Prepaid expenses and other assets	—	(5)	—	—	(5)
Accounts payable, accrued liabilities and other	(23)	17	(8)	—	(14)
Receivables from and payables to related party	(14)	75	—	—	61
Net cash flows from operating activities	(663)	3,275	(55)	—	2,557
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(1,840)	—	—	(1,840)
Change in accrued expenses related to capital expenditures	—	28	—	—	28
Contribution to subsidiary	(46)	(24)	—	70	—
Distributions from subsidiary	715	—	—	(715)	—
Change in restricted cash and cash equivalents	—	—	3,514	—	3,514
Other, net	—	(12)	—	—	(12)
Net cash flows from investing activities	669	(1,848)	3,514	(645)	1,690
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings of long-term debt	2,700	1,555	—	—	4,255
Repayments of long-term debt	(2,598)	(1,745)	(3,483)	—	(7,826)
Loans to related parties, net	(18)	(563)	—	—	(581)
Payment for debt issuance costs	(24)	—	—	—	(24)
Contributions from parent	15	46	24	(70)	15
Distributions to parent	(82)	(715)	—	715	(82)
Other, net	1	—	—	—	1
Net cash flows from financing activities	(6)	(1,422)	(3,459)	645	(4,242)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	5	—	—	5
CASH AND CASH EQUIVALENTS, beginning of period	—	—	—	—	—
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 5	$ —	$ —	$ 5

CCO Holdings, LLC
Consolidating Statement of Cash Flows
For the year ended December 31, 2014

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Consolidated net income (loss)	$ 18	$ 741	$ (45)	$ (652)	$ 62
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	—	2,102	—	—	2,102
Noncash interest expense	25	12	—	—	37
Loss on derivative instruments, net	—	7	—	—	7
Deferred income taxes	—	10	—	—	10
Equity in (income) losses of subsidiaries	(697)	45	—	652	—
Other, net	—	67	—	—	67
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:					
Accounts receivable	—	(49)	—	—	(49)
Prepaid expenses and other assets	—	(8)	—	—	(8)
Accounts payable, accrued liabilities and other	—	90	9	—	99
Receivables from and payables to related party	(11)	68	—	—	57
Net cash flows from operating activities	(665)	3,085	(36)	—	2,384
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(2,221)	—	—	(2,221)
Change in accrued expenses related to capital expenditures	—	33	—	—	33
Sales of cable systems, net	—	11	—	—	11
Contribution to subsidiary	(100)	(71)	—	171	—
Distributions from subsidiary	1,132	—	—	(1,132)	—
Change in restricted cash and cash equivalents	—	—	(3,514)	—	(3,514)
Other, net	—	(10)	—	—	(10)
Net cash flows from investing activities	1,032	(2,258)	(3,514)	(961)	(5,701)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings of long-term debt	—	1,823	3,483	—	5,306
Repayments of long-term debt	(350)	(1,630)	—	—	(1,980)
Loans to related parties, net	(112)	—	—	—	(112)
Payment for debt issuance costs	—	—	(4)	—	(4)
Contributions from parent	100	100	71	(171)	100
Distributions to parent	(5)	(1,132)	—	1,132	(5)
Other, net	—	(4)	—	—	(4)
Net cash flows from financing activities	(367)	(843)	3,550	961	3,301
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	(16)	—	—	(16)
CASH AND CASH EQUIVALENTS, beginning of period	—	16	—	—	16
CASH AND CASH EQUIVALENTS, end of period	$ —	$ —	$ —	$ —	$ —

CCO Holdings, LLC
Consolidating Statement of Cash Flows
For the year ended December 31, 2013

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Consolidated net income (loss)	$ (114)	$ 678	$ —	$ (632)	$ (68)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	—	1,854	—	—	1,854
Noncash interest expense	27	16	—	—	43
Loss on extinguishment of debt	65	58	—	—	123
Gain on derivative instruments, net	—	(11)	—	—	(11)
Deferred income taxes	—	7	—	—	7
Equity in (income) losses of subsidiaries	(632)	—	—	632	—
Other, net	—	82	—	—	82
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:					
Accounts receivable	—	14	—	—	14
Prepaid expenses and other assets	—	(1)	—	—	(1)
Accounts payable, accrued liabilities and other	41	76	—	—	117
Receivables from and payables to related party	(10)	6	—	—	(4)
Net cash flows from operating activities	(623)	2,779	—	—	2,156
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(1,825)	—	—	(1,825)
Change in accrued expenses related to capital expenditures	—	76	—	—	76
Purchases of cable systems, net	—	(676)	—	—	(676)
Contribution to subsidiary	(1,022)	—	—	1,022	—
Distributions from subsidiary	630	—	—	(630)	—
Other, net	—	(19)	—	—	(19)
Net cash flows from investing activities	(392)	(2,444)	—	392	(2,444)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings of long-term debt	2,000	4,782	—	—	6,782
Repayments of long-term debt	(955)	(5,565)	—	—	(6,520)
Borrowings (payments) loans payable - related parties	(93)	93	—	—	—
Payment for debt issuance costs	(25)	(25)	—	—	(50)
Contributions from parent	89	1,022	—	(1,022)	89
Distributions to parent	(1)	(630)	—	630	(1)
Other, net	—	(2)	—	—	(2)
Net cash flows from financing activities	1,015	(325)	—	(392)	298
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	10	—	—	10
CASH AND CASH EQUIVALENTS, beginning of period	—	6	—	—	6
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 16	$ —	$ —	$ 16

23. Subsequent Events

In February 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.7 billion aggregate principal amount of 5.875% senior notes due 2024 and in April 2016, they closed on transactions in which they issued $1.5 billion aggregate principal amount of 5.50% senior notes due 2026 at a price of 100.075% of the aggregate principal amount. The net proceeds from both issuances were used to redeem CCO Holdings' 7.000% senior notes due 2019, 7.375% senior notes due 2020, 6.500% senior notes due 2021 and pay related fees and expenses and for general corporate purposes.

In connection with the closing of the TWC Transaction, Charter Operating replaced its existing revolving facility with a new $3.0 billion senior secured revolving facility under the Credit Agreement. In connection with the closing of the Bright House Transaction, Charter Operating closed on a $2.6 billion aggregate principal amount term loan A-2 facility ("Term Loan A-2") pursuant to the terms of the Credit Agreement. Pricing on Term Loan A-2 was set at LIBOR plus 2%.

Exhibit 99.3

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

General

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes thereto of CCO Holdings, LLC ("CCO Holdings") and subsidiaries included in this Current Report on Form 8-K as exhibit 99.4.

We are a cable operator providing services in the United States with approximately 6.8 million residential and commercial customers at March 31, 2016. We offer our customers traditional cable video programming, Internet services, and voice services, as well as advanced video services such as video on demand, high definition ("HD") television and digital video recorder ("DVR") service. We also sell local advertising on cable networks and provide fiber connectivity to cellular towers and office buildings.

TWC Transaction

On May 18, 2016, Charter Communications, Inc. ("Charter") closed on the Agreement and Plan of Mergers (the "Merger Agreement") with Time Warner Cable Inc. ("TWC"), CCH I, LLC ("New Charter"), a wholly owned subsidiary of Charter prior to the closing of the Merger Agreement; Nina Corporation I, Inc., Nina Company II, LLC, a wholly owned subsidiary of New Charter; and Nina Company III, LLC, a wholly owned subsidiary of New Charter, pursuant to which the parties engaged in a series of transactions that resulted in Charter and TWC becoming wholly owned subsidiaries of New Charter (the "TWC Transaction," and together with the Bright House Transaction described below, the "Transactions"), on the terms and subject to the conditions set forth in the Merger Agreement. After giving effect to the TWC Transaction, New Charter is the new public company parent that holds the operations of the combined companies and was renamed Charter Communications, Inc. Upon consummation of the TWC Transaction, each outstanding share of TWC common stock (other than TWC stock held by Liberty Broadband Corporation ("Liberty Broadband") and Liberty Interactive Corporation (collectively, the "Liberty Parties")), was converted into the right to receive $100 in cash and shares of New Charter Class A common stock ("New Charter common stock") equivalent to 0.5409 shares of Charter Class A common stock (the "Option A Election"). Each stockholder of TWC also had the option to elect to receive for each outstanding share of TWC common stock (other than TWC stock held by the Liberty Parties) $115 in cash and shares of New Charter common stock equivalent to 0.4562 shares of Charter common stock (the "Option B Election"). Out of approximately 285 million shares of TWC common stock outstanding as of the date of election, approximately 170 million shares elected the Option A Election and approximately 3 million shares elected the Option B Election. All shares as to which no election was made at or prior to the date of election were, by default, converted into the right to receive the Option A Election. Upon consummation of the TWC Transaction, each share of TWC common stock held by the Liberty Parties was converted into New Charter common stock. The total enterprise value of TWC was approximately $85 billion, including cash, equity and TWC debt assumed.

Bright House Transaction

On May 18, 2016, Charter closed on the definitive Contribution Agreement (the "Contribution Agreement"), as amended on May 23, 2015 in connection with the execution of the Merger Agreement, with Advance/Newhouse Partnership ("A/N"), A/NPC Holdings LLC, New Charter and Charter Holdings, the Company's wholly owned subsidiary, pursuant to which Charter became the owner of the membership interests in Bright House Networks, LLC ("Bright House") and any other assets (other than certain excluded assets and liabilities and non-operating cash) primarily related to Bright House (the "Bright House Transaction"). At closing, Charter Holdings paid to A/N approximately $2 billion in cash, issued to A/N convertible preferred units of Charter Holdings with a face amount of $2.5 billion which pays a 6% coupon, approximately 31.0 million common units of Charter Holdings that are exchangeable into New Charter common stock on a one-for-one basis with a value of approximately $7 billion and one share of a new class of New Charter common stock.

Liberty Transaction and Debt Financing for the TWC Transaction and Bright House Transaction

In connection with the TWC Transaction, Charter and Liberty Broadband entered into an investment agreement, pursuant to which Liberty Broadband agreed to invest $4.3 billion in New Charter at the closing of the TWC Transaction to partially finance the cash portion of the TWC Transaction consideration. In connection with the Bright House Transaction, Liberty Broadband agreed to purchase at the closing of the Bright House Transaction $700 million of New Charter Class A common stock.

Charter financed the cash portion of the purchase price of the TWC Transaction and Bright House Transaction with additional indebtedness and cash on the companies' balance sheets. In 2015, Charter issued $15.5 billion CCO Safari II, LLC ("CCO Safari II") senior secured notes, $3.8 billion CCO Safari III, LLC ("CCO Safari III") senior secured bank loans and $2.5 billion CCOH

Safari, LLC ("CCOH Safari") senior unsecured notes. The net proceeds were initially deposited into escrow accounts. Upon closing of the TWC Transaction and release of the proceeds, the CCOH Safari notes became obligations of CCO Holdings and CCO Holdings Capital Corp. and the CCO Safari II notes and CCO Safari III credit facilities became obligations of Charter Communications Operating, LLC ("Charter Operating") and Charter Communications Operating Capital Corp., subsidiaries of CCO Holdings. CCOH Safari merged into CCO Holdings and CCO Safari II and CCO Safari III merged into Charter Operating.

Transaction-Related Commitments

In connection with the regulatory approval process, Charter made certain commitments described in its Annual Report on Form 10-K for the year ended December 31, 2015.

In addition, the FCC order contained certain conditions including build out of an additional two million locations with access to a high-speed connection. At least one million of those connections will be in competition with another high-speed broadband provider in the market served. The FCC order also provides that Charter will not be permitted to charge usage-based prices or impose data caps and will be prohibited from charging interconnection fees for seven years.

Under the terms of the settlement with the DOJ, Charter is prohibited from entering into or enforcing any agreement with a programmer that forbids, limits or creates incentives to limit the programmer’s provision of content to one or more on-line video distributors ("OVDs"). The settlement further provides that Charter will not be able to avail itself of other distributors’ most favored nation ("MFN") provisions if they are inconsistent with this prohibition. The settlement also prohibits Charter from retaliating against programmers for licensing to OVDs.

Overview

Our most significant competitors are direct broadcast satellite providers and certain telephone companies that offer services that provide features and functions similar to our Internet, video and voice services, including in some cases wireless services, and they also offer these services in bundles similar to ours. Customers have been more willing to consider our competitors' products, partially because of increased marketing highlighting perceived differences between competitive video products, especially when those competitors are often offering significant incentives to switch providers. Some consumers have chosen to receive video over the Internet rather than through pay television services including from us. In the recent past, we have grown revenues by offsetting basic video customer losses with price increases and sales of incremental services such as Internet, video on demand, DVR and HD television. We expect to continue to grow revenues by increasing the number of products in our current customer homes, obtaining new customers with our value offering and reducing churn. In addition, we expect to increase revenues by expanding the sales of services to our commercial customers. However, we cannot assure you that we will be able to grow revenues or maintain our margins at recent historical rates.

Our business plans include goals for increasing customers and revenue. To reach our goals, we actively invest in our network and operations, and improve the quality and value of the products and packages that we offer. We have enhanced our video product by moving to an all-digital platform, offering more HD channels and increasing digital and HD-DVR penetration. We simplified our offers and pricing, and package our products with the objective of bringing more value to new and existing customers than our competitors. As part of our effort to create more value for customers, we focus on driving penetration of our triple play offering, which includes more than 200 HD channels in most of our markets, video on demand, Internet service, and fully-featured voice service. In addition, we have fully insourced our direct sales workforce and are increasingly insourcing our field operations and call center workforces and modifying the way our sales workforce is compensated, which we believe positions us for better customer service and growth. We expect that our enhanced product set combined with improved customer service will lead to lower customer churn and longer customer lifetimes, allowing us to grow our customer base and revenue more quickly and economically.

Total revenue growth was 7% for the three months ended March 31, 2016 compared to the corresponding period in 2015 due to growth in our video, Internet and commercial businesses. For the three months ended March 31, 2016 and 2015, Adjusted EBITDA was $883 million and $800 million, respectively. Adjusted EBITDA is defined as consolidated net income (loss) plus net interest expense, income tax expense, depreciation and amortization, stock compensation expense, loss on derivative instruments, net, and other operating expenses, such as merger and acquisition costs, 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. Adjusted EBITDA increased 10% for the three months ended March 31, 2016 compared to the corresponding period in 2015 as a result of an increase in residential and commercial revenues offset by increases in programming costs, marketing costs and other operating costs. For the three months ended March 31, 2016 and 2015, our income from operations was $302 million and $249 million, respectively. In addition to the factors discussed above, income from operations for the three months ended March 31, 2016 was affected by increases in depreciation and amortization and stock compensation expense.

We incurred the following transition costs in connection with the TWC Transaction, Bright House Transaction and transaction with Comcast which was terminated in April 2015.

	Three Months Ended March 31,	
	2016	2015
Operating expenses	$ 21	$ 21
Other operating expenses	$ 14	$ 13
Interest expense	$ —	$ 36
Capital expenditures	$ 53	$ 14

We have had a history of net losses. Our net losses were principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that we incur because of our debt, depreciation expenses resulting from the capital investments we have made and continue to make in our cable properties, amortization expenses related to our customer relationship intangibles and non-cash taxes resulting from increases in our deferred tax liabilities.

The following table summarizes our customer statistics for video, Internet and voice as of March 31, 2016 and 2015 (in thousands except per customer data and footnotes).

	Approximate as of March 31,	
	2016 (a)	2015 (a)
Customer Relationships (b)		
Residential	6,388	6,070
Small and Medium Business	405	342
Total Customer Relationships	6,793	6,412
Residential Primary Service Units ("PSU")		
Video	4,332	4,311
Internet	5,368	4,910
Voice	2,633	2,481
	12,333	11,702
Monthly Residential Revenue per Residential Customer (c)	$ 111.04	$ 109.53
Small and Medium Business PSUs		
Video	113	96
Internet	359	300
Voice	231	185
	703	581
Monthly Small and Medium Business Revenue per Customer (d)	$ 169.74	$ 179.74
Enterprise PSUs (e)	31	26

(a) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, as of March 31, 2016 and 2015, customers include approximately 27,900 and 27,700 customers, respectively, whose accounts were over 60 days, approximately 1,100 and 900 customers, respectively, whose accounts were over 90 days, and approximately 900 and 700 customers, respectively, whose accounts were over 120 days.

(b) Customer relationships include the number of customers that receive one or more levels of service, encompassing video, Internet and voice 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. Small and medium business customers are counted based on the number of customer locations. Total customer relationships excludes enterprise customer relationships.

(c) Monthly residential revenue per residential customer is calculated as total residential video, Internet and voice quarterly revenue divided by three divided by average residential customer relationships during the respective quarter.

(d) Monthly small and medium business revenue per customer is calculated as total small and medium business quarterly revenue divided by three divided by average small and medium business customer relationships during the respective quarter.

(e) Enterprise PSUs represents the aggregate number of Charter's fiber service offerings counting each separate service offering at each customer location as an individual PSU.

Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and the means by which we develop estimates therefore, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Current Report on Form 8-K as exhibit 99.1.

Results of Operations

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

	Three Months Ended March 31,			
	2016		2015	
Revenues	$ 2,530	100%	$ 2,362	100%
Costs and Expenses:				
Operating costs and expenses (exclusive of items shown separately below)	1,671	66%	1,581	67%
Depreciation and amortization	539	21%	514	22%
Other operating expenses, net	18	1%	18	1%
	2,228	88%	2,113	89%
Income from operations	302	12%	249	11%
Other Expenses:				
Interest expense, net	(200)		(242)	
Loss on derivative instruments, net	(5)		(6)	
	(205)		(248)	
Income before income taxes	97		1	
Income tax expense	—		(1)	
Consolidated net income	97		—	
Less: Noncontrolling interest	—		(10)	
Net income (loss) - CCO Holdings member	$ 97		$ (10)	

Revenues. Total revenue grew $168 million or 7% for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. Revenue growth primarily reflects increases in the number of residential Internet and triple play customers and in commercial business customers, growth in expanded basic and digital penetration, promotional and annual rate increases, and higher advanced services penetration.

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

	Three Months Ended March 31,					
	2016		2015		2016 over 2015	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	$ 1,170	46%	$ 1,129	48%	$ 41	4%
Internet	804	32%	717	30%	87	12%
Voice	135	5%	134	6%	1	1%
Residential revenue	2,109	83%	1,980	84%	129	7%
Small and medium business	202	8%	182	8%	20	11%
Enterprise	99	4%	87	4%	12	13%
Commercial revenue	301	12%	269	11%	32	12%
Advertising sales	72	3%	66	3%	6	9%
Other	48	2%	47	2%	1	3%
	$ 2,530	100%	$ 2,362	100%	$ 168	7%

Video revenues consist primarily of revenues from basic and digital video services provided to our non-commercial customers, as well as franchise fees, equipment rental and video installation revenue. Residential video customers increased by 21,000 from March 31, 2015 to March 31, 2016.

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

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Incremental video services, price adjustments and bundle revenue allocation	$ 46
Increase in average basic video customers	2
Decrease in video on demand and pay-per-view	(7)
	$ 41

Residential Internet customers grew by 458,000 customers from March 31, 2015 to March 31, 2016. The increase in Internet revenues from our residential customers is attributable to the following (dollars in millions):

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Increase in average residential Internet customers	$ 68
Service level changes, price adjustments and bundle revenue allocation	19
	$ 87

Residential voice customers grew by 152,000 customers from March 31, 2015 to March 31, 2016. The increase in voice revenues from our residential customers is attributable to the following (dollars in millions):

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Increase in average residential voice customers	$ 8
Price adjustments and bundle revenue allocation	(7)
	$ 1

Small and medium business PSUs increased 122,000 from March 31, 2015 to March 31, 2016. The increase in small and medium business commercial revenues is attributable to the following (dollars in millions):

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Increase in small and medium business customers	$ 33
Price adjustments	(13)
	$ 20

Enterprise PSUs increased 5,000 from March 31, 2015 to March 31, 2016. The increase in enterprise commercial revenues is primarily due to growth in customers.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors. Advertising sales revenues increased $6 million during the three months ended March 31, 2016 compared to the corresponding period in 2015 primarily due to an increase in political advertising of $5 million.

Other revenues consist of home shopping, late payment fees, wire maintenance fees and other miscellaneous revenues. Other revenues increased $1 million during the three months ended March 31, 2016 compared to the corresponding period in 2015.

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

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Programming	$ 37
Franchises, regulatory and connectivity	5
Costs to service customers	(2)
Marketing	11
Other	39
	$ 90

Programming costs were approximately $703 million and $666 million, representing 42% of total operating costs and expenses for both the three months ended March 31, 2016 and 2015, respectively. Programming costs consist primarily of costs paid to programmers for basic, digital, premium, video on demand, and pay-per-view programming. The increase in programming costs is primarily a result of annual contractual rate adjustments, including increases in amounts paid for retransmission consents, the introduction of new networks to Charter's video offering and higher customers, partially offset by a favorable settlement with a programmer in the first quarter of 2016. Absent the favorable settlement with a programmer and video growth, programming expenses would have increased by 6% as compared to the same quarter last year. We expect programming expenses to continue to increase due to a variety of factors, including annual increases imposed by programmers with additional selling power as a result of media consolidation, increased demands by owners of broadcast stations for payment for retransmission consent or linking carriage of other services to retransmission consent, and additional programming, particularly new sports services. We have been unable to fully pass these increases on to our customers nor do we expect to be able to do so in the future without a potential loss of customers.

The increase in marketing costs for the three months ended March 31, 2016 compared to the corresponding prior period is primarily due to heavier sales activity.

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

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Corporate costs	$ 21
Stock compensation expense	5
Advertising sales expense	4
Property tax and insurance	4
Enterprise	4
Other	1
	$ 39

The increase in corporate costs relates primarily to increases in the number of employees, resulting in part from the insourcing of information technology and engineering platforms, as well as additional bonus expense attributable to a Compensation Committee decision to treat certain 2015 expenditures as transaction-related for bonus payout purposes in 2016. Absent the increase in the 2015 bonus attainment, other expense would have increased by 15% as compared to the same quarter last year. Stock compensation expense increased primarily due to increases in headcount and the value of equity issued.

Depreciation and amortization. Depreciation and amortization expense increased by $25 million during the three months ended March 31, 2016 compared to the corresponding period in 2015 primarily representing depreciation on more recent capital expenditures, offset by certain assets becoming fully depreciated.

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

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)	
Merger and acquisitions costs	$	1
Special charges, net		2
Loss on sale of assets, net		(3)
	$	—

For more information, see Note 10 to the accompanying condensed consolidated financial statements contained in "Item 1. Financial Statements."

Interest expense, net. Net interest expense decreased by $42 million for the three months ended March 31, 2016 compared to the corresponding period in 2015 primarily as a result of a decrease of approximately $36 million of interest expense associated with the debt held in escrow to fund the transaction with Comcast which was terminated in April 2015 as well as a decrease in interest rates.

Loss on derivative instruments, net. Interest rate derivative instruments are held to manage our interest costs and reduce our exposure to increases in floating interest rates. We recorded losses of $5 million and $6 million during the three months ended March 31, 2016 and 2015, respectively, which represents the amortization of accumulated other comprehensive loss for interest rate derivative instruments no longer designated as hedges for accounting purposes and their change in fair value. For more information, see Note 7 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.4.

Income tax expense. We recognized income tax expense of $1 million for the three months ended March 31, 2015. Income tax expense was recognized primarily primarily through increases in deferred tax liabilities related to our franchises, which are characterized as indefinite lived for book financial reporting purposes, as well as to a lesser extent, through current federal and state income tax expense. Current federal and state income tax expense included $1 million for the three months ended March 31, 2015. The tax provision in future periods will vary based on current and future temporary differences, as well as future operating results. For more information, see Note 11 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.4.

Noncontrolling interest. Noncontrolling interest included the 2% accretion of the preferred membership interests in CC VIII, LLC ("CC VIII") plus approximately 18.6% of CC VIII's income, net of accretion. On December 31, 2015, the CC VIII preferred interest held by CCH I, LLC was contributed to CC VIII and subsequently canceled.

Net income (loss) - CCO Holdings member. Net loss decreased from $10 million for the three months ended March 31, 2015 to net income of $97 million for the three months ended March 31, 2016 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 accounting principles generally accepted in the United States ("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 loss 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 loss and net cash flows from operating activities, respectively, below.

Adjusted EBITDA is defined as consolidated net income (loss) plus net interest expense, income tax expense, depreciation and amortization, stock compensation expense, loss on derivative instruments, net and other operating expenses, such as merger and acquisition costs, special charges and (gain) loss on sale or retirement of assets. As such, it 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 Charter's performance and its ability to service its 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 United States 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 fees were in the amount of $102 million and $76 million for the three months ended March 31, 2016 and 2015, respectively.

	Three Months Ended March 31,	
	2016	2015
Consolidated net income	$ 97	$ —
Plus: Interest expense, net	200	242
Income tax expense	—	1
Depreciation and amortization	539	514
Stock compensation expense	24	19
Loss on derivative instruments, net	5	6
Other, net	18	18
Adjusted EBITDA	$ 883	$ 800
Net cash flows from operating activities	$ 681	$ 530
Less: Purchases of property, plant and equipment	(429)	(351)
Change in accrued expenses related to capital expenditures	(56)	(76)
Free cash flow	$ 196	$ 103

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 April 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.5 billion aggregate principal amount of 5.50% senior notes due 2026 at a price of 100.075% of the aggregate principal amount. The net proceeds, along with the net proceeds from the February 2016 issuance of CCO Holdings' 5.875% senior notes due 2024, were used to redeem CCO Holdings’ 7.000% senior notes due 2019, 7.375% senior notes due 2020, 6.500% senior notes due 2021 and pay related fees and expenses and for general corporate purposes.

In connection with the closing of the TWC Transaction, Charter Operating replaced its existing revolving facility with a new $3.0 billion senior secured revolving facility under the Credit Agreement. In connection with the closing of the Bright House Transaction, Charter Operating closed on a $2.6 billion aggregate principal amount term loan A-2 facility ("Term Loan A-2") pursuant to the terms of the Credit Agreement. Pricing on Term Loan A-2 was set at LIBOR plus 2%.

Overview of Our Contractual Obligations and Liquidity

We have significant amounts of debt. The principal amount of our debt as of March 31, 2016 was $15.5 billion, consisting of $3.3 billion of credit facility debt and $12.3 billion of senior notes. Our business requires significant cash to fund principal and interest payments on our debt. As of March 31, 2016, $77 million of our long-term debt matures in 2016, $102 million in 2017, $533 million in 2018, $627 million in 2019, $2.2 billion in 2020 and $12.0 billion thereafter. As of December 31, 2015, as shown in our annual report on Form 10-K, we had other contractual obligations, including interest on our debt, totaling $17.0 billion.

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 $196 million and $103 million for the three months ended March 31, 2016 and 2015, respectively. As of March 31, 2016, the amount available under our credit facilities was approximately $1.2 billion and cash on hand was approximately $1.3 billion. 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 or reduce the principal on our obligations including the redemption of notes as described above. The timing and terms of any refinancing transactions will be subject to market conditions. Additionally, we may, from time to time, 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 operating cash needs.

We continue to evaluate the deployment of our anticipated future free cash flow including to reduce our leverage and to invest in our business growth and other strategic opportunities, including mergers and acquisitions. As possible acquisitions, swaps or dispositions arise in our industry, we actively review them against our objectives including, among other considerations, improving the operational efficiency, clustering 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 $93 million from $103 million for the three months ended March 31, 2015 to $196 million for the three months ended March 31, 2016. The increase was due to the following.

	Three months ended March 31, 2016 compared to three months ended March 31, 2015 Increase / (Decrease)
Decrease in cash paid for interest	$ 66
Increase in capital expenditures	(78)
Increase in Adjusted EBITDA	83
Changes in working capital, excluding change in accrued interest	25
Other, net	(3)
	$ 93

Limitations on Distributions

Distributions by Charter’s subsidiaries to a parent company for payment of principal on parent company notes are restricted under indentures and credit facilities governing our indebtedness, unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary’s leverage ratio test is met at the time of such distribution. As of March 31, 2016,

there was no default under any of these indentures or credit facilities and each subsidiary met its applicable leverage ratio tests based on March 31, 2016 financial results. Such distributions would be restricted, however, if any such subsidiary fails to meet these tests at the time of the contemplated distribution. In the past, certain subsidiaries have from time to time failed to meet their leverage ratio test. There can be no assurance that they will satisfy these tests at the time of the contemplated distribution. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

In addition to the limitation on distributions under the various indentures discussed above, 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 $1.3 billion and $5 million in cash and cash equivalents as of March 31, 2016 and December 31, 2015, respectively.

Operating Activities. Net cash provided by operating activities increased $151 million during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, primarily due to an increase in Adjusted EBITDA of $83 million and a decrease in cash paid for interest of $66 million.

Investing Activities. Net cash used in investing activities was $487 million and $440 million for the three months ended March 31, 2016 and 2015, respectively. The increase in cash used is primarily due to an increase in capital expenditures.

Financing Activities. Net cash provided by financing activities was $1.1 billion for the three months ended March 31, 2016 and net cash used in financing activities was $74 million for the three months ended March 31, 2015. The increase in cash provided was primarily the result of the issuance of the CCO Holdings' 5.875% senior notes due 2024 in February 2016.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were $429 million and $351 million for the three months ended March 31, 2016 and 2015, respectively. The increase was driven by higher product development investments, incremental transition capital expenditures incurred in connection with the TWC Transaction and Bright House Transaction and the timing of support capital investments versus the prior year. See the table below for more details.

We anticipate 2016 capital expenditures to be driven by growth in residential and commercial customers along with further spend related to product development and transition-related expenditures. The actual amount of our capital expenditures in 2016 will depend on a number of factors including the pace of transition planning to service a larger customer base upon closing of the TWC Transaction and Bright House Transaction and growth rates of both our residential and commercial businesses.

Our capital expenditures are funded primarily from cash flows from operating activities and borrowings on our credit facility. In addition, our accrued liabilities related to capital expenditures decreased by $56 million and $76 million for the three months ended March 31, 2016 and 2015, respectively.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the three months ended March 31, 2016 and 2015. The disclosure is intended to provide more consistency in the reporting of capital expenditures among peer companies in the cable industry. 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 March 31,	
	2016	2015
Customer premise equipment (a)	$ 137	$ 150
Scalable infrastructure (b)	110	75
Line extensions (c)	47	39
Upgrade/rebuild (d)	41	23
Support capital (e)	94	64
Total capital expenditures (f)	$ 429	$ 351

(a) Customer premise equipment includes costs incurred at the customer residence to secure new customers and revenue generating units. It also includes customer installation costs and customer premise equipment (e.g., set-top boxes and cable modems).
(b) Scalable infrastructure includes costs not related to customer premise equipment, to secure growth of new customers and revenue generating units, or provide service enhancements (e.g., headend equipment).
(c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
(d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
(e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).
(f) Total capital expenditures for the three months ended March 31, 2016 and 2015 include the following (dollars in millions):

	Three Months Ended March 31,	
	2016	2015
Commercial services	$ 64	$ 51
Transition	$ 53	$ 14

Recently Issued Accounting Standards

See Note 16 to the accompanying consolidated financial statements included in this Current Report on Form 8-K as exhibit 99.4 for a discussion of recently issued accounting standards.

Exhibit 99.4

CCO Holdings, LLC
CCO Holdings Capital Corp.

Consolidated Financial Statements
For the three months ended March 31, 2016 and 2015

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

	March 31, 2016	December 31, 2015
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,272	$ 5
Accounts receivable, less allowance for doubtful accounts of $17 and $21, respectively	239	264
Prepaid expenses and other current assets	73	55
Total current assets	1,584	324
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of $6,919 and $6,509, respectively	8,267	8,317
Franchises	6,006	6,006
Customer relationships, net	800	856
Goodwill	1,168	1,168
Total investment in cable properties, net	16,241	16,347
LOANS RECEIVABLE - RELATED PARTY	1,008	693
OTHER NONCURRENT ASSETS	113	116
Total assets	$ 18,946	$ 17,480
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 1,453	$ 1,476
Payables to related party	322	331
Total current liabilities	1,775	1,807
LONG-TERM DEBT	15,346	13,945
LOANS PAYABLE - RELATED PARTY	341	333
DEFERRED INCOME TAXES	28	28
OTHER LONG-TERM LIABILITIES	49	45
MEMBER'S EQUITY:		
Member's equity	1,418	1,335
Accumulated other comprehensive loss	(11)	(13)
Total member's equity	1,407	1,322
Total liabilities and member's equity	$ 18,946	$ 17,480

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

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

	Three Months Ended March 31,	
	2016	**2015**
REVENUES	$ 2,530	$ 2,362
COSTS AND EXPENSES:		
Operating costs and expenses (exclusive of items shown separately below)	1,671	1,581
Depreciation and amortization	539	514
Other operating expenses, net	18	18
	2,228	2,113
Income from operations	302	249
OTHER EXPENSES:		
Interest expense, net	(200)	(242)
Loss on derivative instruments, net	(5)	(6)
	(205)	(248)
Income before income taxes	97	1
Income tax expense	—	(1)
Consolidated net income	97	—
Less: Noncontrolling interest	—	(10)
Net income (loss) - CCO Holdings member	$ 97	$ (10)

CCO HOLDINGS, LLC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in millions)
Unaudited

	Three Months Ended March 31,	
	2016	**2015**
Consolidated net income	$ 97	$ —
Net impact of interest rate derivative instruments, net of tax	2	3
Comprehensive income	$ 99	$ 3

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

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

	Three Months Ended March 31,	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	$ 97	$ —
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	539	514
Noncash interest expense	7	8
Loss on derivative instruments, net	5	6
Other, net	24	21
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	26	28
Prepaid expenses and other assets	(18)	(26)
Accounts payable, accrued liabilities and other	34	(15)
Receivables from and payables to related party, including deferred management fees	(33)	(6)
Net cash flows from operating activities	681	530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(429)	(351)
Change in accrued expenses related to capital expenditures	(56)	(76)
Other, net	(2)	(13)
Net cash flows from investing activities	(487)	(440)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	2,139	332
Repayments of long-term debt	(727)	(392)
Loans to related parties, net	(308)	(2)
Payments for debt issuance costs	(17)	—
Distributions	(14)	(12)
Net cash flows from financing activities	1,073	(74)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,267	16
CASH AND CASH EQUIVALENTS, beginning of period	5	—
CASH AND CASH EQUIVALENTS, end of period	$ 1,272	$ 16
CASH PAID FOR INTEREST	$ 190	$ 256

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

1. Organization and Basis of Presentation

Organization

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 II, LLC (“CCH II”), which is an indirect subsidiary of Charter Communications, Inc. (“Charter”) and Charter Communications Holding Company, LLC ("Charter Holdco"). The consolidated financial statements include the accounts of CCO Holdings and all of its subsidiaries where the underlying operations reside, which are collectively referred to herein as the “Company.” All significant intercompany accounts and transactions among consolidated entities have been eliminated. Charter and Charter Holdco 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 is a cable operator providing services in the United States. The Company offers to residential and commercial customers traditional cable video programming, Internet services, and voice services, as well as advanced video services such as video on demand, high definition television, and digital video recorder (“DVR”) service. The Company sells its cable video programming, Internet, voice, and advanced video services primarily on a subscription basis. The Company also sells local advertising on cable networks and provides fiber connectivity to cellular towers and office buildings.

Basis of Presentation

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

The preparation of financial statements in conformity with 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; depreciation and amortization costs; valuations and impairments of property, plant and equipment, intangibles and goodwill; income taxes; contingencies and programming expense. Actual results could differ from those estimates.

2. Mergers and Acquisitions

TWC Transaction

On May 18, 2016, Charter closed on the Agreement and Plan of Mergers (the “Merger Agreement”) with Time Warner Cable Inc. ("TWC"), CCH I, LLC (“New Charter”), a wholly owned subsidiary of Charter prior to the closing of the Merger Agreement; Nina Corporation I, Inc., Nina Company II, LLC, a wholly owned subsidiary of New Charter; and Nina Company III, LLC, a wholly owned subsidiary of New Charter, pursuant to which the parties engaged in a series of transactions that resulted in Charter and TWC becoming wholly owned subsidiaries of New Charter (the “TWC Transaction,” and together with the Bright House Transaction described below, the "Transactions"), on the terms and subject to the conditions set forth in the Merger Agreement. After giving effect to the TWC Transaction, New Charter is the new public company parent that holds the operations of the combined companies and was renamed Charter Communications, Inc. Upon consummation of the TWC Transaction, each outstanding share of TWC common stock (other than TWC stock held by Liberty Broadband Corporation ("Liberty Broadband") and Liberty Interactive Corporation (collectively, the "Liberty Parties")), was converted into the right to receive $100 in cash and shares of New Charter Class A common stock ("New Charter common stock") equivalent to 0.5409 shares of Charter Class A common stock (the "Option A Election"). Each stockholder of TWC also had the option to elect to receive for each outstanding share of TWC common stock (other than TWC stock held by the Liberty Parties) $115 in cash and shares of New Charter common stock equivalent to 0.4562

shares of Charter common stock (the "Option B Election"). Out of approximately 285 million shares of TWC common stock outstanding as of the date of election, approximately 170 million shares elected the Option A Election and approximately 3 million shares elected the Option B Election. All shares as to which no election was made at or prior to the date of election were, by default, converted into the right to receive the Option A Election. Upon consummation of the TWC Transaction, each share of TWC common stock held by the Liberty Parties was converted into New Charter common stock. The total enterprise value of TWC was approximately $85 billion, including cash, equity and TWC debt assumed.

Bright House Transaction

On May 18, 2016, Charter closed on the definitive Contribution Agreement (the "Contribution Agreement"), as amended on May 23, 2015 in connection with the execution of the Merger Agreement, with Advance/Newhouse Partnership ("A/N"), A/NPC Holdings LLC, New Charter and Charter Holdings, the Company's wholly owned subsidiary, pursuant to which Charter became the owner of the membership interests in Bright House Networks, LLC ("Bright House") and any other assets (other than certain excluded assets and liabilities and non-operating cash) primarily related to Bright House (the "Bright House Transaction"). At closing, Charter Holdings paid to A/N approximately $2 billion in cash, issued to A/N convertible preferred units of Charter Holdings with a face amount of $2.5 billion which pays a 6% coupon, approximately 31.0 million common units of Charter Holdings that are exchangeable into New Charter common stock on a one-for-one basis with a value of approximately $7 billion and one share of a new class of New Charter common stock.

Liberty Transaction and Debt Financing for the TWC Transaction and Bright House Transaction

In connection with the TWC Transaction, Charter and Liberty Broadband entered into an investment agreement, pursuant to which Liberty Broadband agreed to invest $4.3 billion in New Charter at the closing of the TWC Transaction to partially finance the cash portion of the TWC Transaction consideration. In connection with the Bright House Transaction, Liberty Broadband agreed to purchase at the closing of the Bright House Transaction $700 million of New Charter Class A common stock.

Charter financed the cash portion of the purchase price of the TWC Transaction and Bright House Transaction with additional indebtedness and cash on the companies' balance sheets. In 2015, Charter issued $15.5 billion CCO Safari II, LLC ("CCO Safari II") senior secured notes, $3.8 billion CCO Safari III, LLC ("CCO Safari III") senior secured bank loans and $2.5 billion CCOH Safari, LLC ("CCOH Safari") senior unsecured notes. The net proceeds were initially deposited into escrow accounts. Upon closing of the TWC Transaction and release of the proceeds, the CCOH Safari notes became obligations of CCO Holdings and CCO Holdings Capital Corp. and the CCO Safari II notes and CCO Safari III credit facilities became obligations of Charter Communications Operating, LLC ("Charter Operating") and Charter Communications Operating Capital Corp., subsidiaries of CCO Holdings. CCOH Safari merged into CCO Holdings and CCO Safari II and CCO Safari III merged into Charter Operating. For the three months ended March 31, 2016, interest expense incurred by CCOH Safari, CCO Safari II and CCO Safari III was approximately $257 million.

3. Franchises, Goodwill and Other Intangible Assets

As of March 31, 2016 and December 31, 2015, indefinite lived and finite-lived intangible assets are presented in the following table:

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises	$ 6,006	$ —	$ 6,006	$ 6,006	$ —	$ 6,006
Goodwill	1,168	—	1,168	1,168	—	1,168
Other intangible assets	4	—	4	4	—	4
	$ 7,178	$ —	$ 7,178	$ 7,178	$ —	$ 7,178
Finite-lived intangible assets:						
Customer relationships	$ 2,616	$ 1,816	$ 800	$ 2,616	$ 1,760	$ 856
Other intangible assets	176	86	90	173	82	91
	$ 2,792	$ 1,902	$ 890	$ 2,789	$ 1,842	$ 947

Amortization expense related to customer relationships and other intangible assets for the three months ended March 31, 2016 and 2015 was $60 million and $69 million, respectively.

The Company expects amortization expense on its finite-lived intangible assets will be as follows:

Nine months ended December 31, 2016	$ 177
2017	204
2018	169
2019	134
2020	96
Thereafter	110
	$ 890

Actual amortization expense in future periods will differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives, impairments and other relevant factors.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Accounts payable – trade	$ 121	$ 112
Accrued capital expenditures	240	296
Deferred revenue	100	96
Accrued liabilities:		
Interest	172	167
Programming costs	468	451
Franchise related fees	57	65
Compensation	118	115
Other	177	174
	$ 1,453	$ 1,476

5. Long-Term Debt

Long-term debt consists of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016		December 31, 2015	
	Principal Amount	Accreted Value	Principal Amount	Accreted Value
CCO Holdings, LLC:				
7.000% senior notes due January 15, 2019	$ 600	$ 594	$ 600	$ 594
7.375% senior notes due June 1, 2020	750	744	750	744
5.250% senior notes due March 15, 2021	500	496	500	496
6.500% senior notes due April 30, 2021	1,500	1,488	1,500	1,487
6.625% senior notes due January 31, 2022	750	740	750	740
5.250% senior notes due September 30, 2022	1,250	1,230	1,250	1,229
5.125% senior notes due February 15, 2023	1,000	991	1,000	990
5.125% senior notes due May 1, 2023	1,150	1,141	1,150	1,140
5.750% senior notes due September 1, 2023	500	495	500	495
5.750% senior notes due January 15, 2024	1,000	990	1,000	990
5.875% senior notes due April 1, 2024	1,700	1,683	—	—
5.375% senior notes due May 1, 2025	750	744	750	744
5.875% senior notes due May 1, 2027	800	794	800	794
Charter Communications Operating, LLC:				
Credit facilities	3,263	3,216	3,552	3,502
Long-Term Debt	$ 15,513	$ 15,346	$ 14,102	$ 13,945

The accreted values presented above represent the principal amount of the debt less the original issue discount at the time of sale and deferred financing costs, plus the accretion of both amounts to the balance sheet date. However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. The Company has availability under its credit facilities of approximately $1.2 billion as of March 31, 2016 and as such, debt maturing in the next twelve months is classified as long-term.

In February 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.7 billion aggregate principal amount of 5.875% senior notes due 2024 (the "2024 Notes"). The net proceeds, along with the net proceeds from the issuance of the 2026 Notes (see Note 17), were used to redeem CCO Holdings' 7.000% senior notes due 2019, 7.375% senior notes due 2020, 6.500% senior notes due 2021 and pay related fees and expenses and for general corporate purposes.

The payment obligations under the 2024 Notes are guaranteed on a senior unsecured basis by Charter, which guarantee was released upon completion of the TWC Transaction. They are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The 2024 Notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Operating credit facilities.

CCO Holdings may redeem some or all of the 2024 Notes at any time at a premium. The optional redemption price declines to 100% of the respective series' principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2019 through 2022.

In addition, at any time prior to April 1, 2019, CCO Holdings may redeem up to 40% of the aggregate principal amount of the 2024 Notes at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met. In the event of specified change of control events, CCO Holdings must offer to purchase the outstanding CCO Holdings notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

6. Loans Receivable (Payable) - Related Party

Loans receivable - related party as of March 31, 2016 consists of loans from the Company to CCOH Safari II, LLC, CCOH Safari, CCO Safari II and CCO Safari III of $99 million, $105 million, $719 million and $85 million, respectively. Loans payable-related party as of March 31, 2016 consists of loans from Charter Holdco and CCH II to the Company of $49 million and $292 million, respectively.

Loans receivable - related party as of December 31, 2015 consists of loans from the Company to CCOH Safari II, LLC, CCOH Safari, CCO Safari II and CCO Safari III of $96 million, $34 million $508 million and $55 million, respectively. Loans payable-related party as of December 31, 2015 consists of loans from Charter Holdco and CCH II to the Company of $48 million and $285 million, respectively.

7. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company manages its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate derivative instruments, the Company agrees to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts. The Company does not hold or issue derivative instruments for speculative trading purposes.

The effect of interest rate derivatives on the Company's condensed consolidated balance sheets is presented in the table below:

	March 31, 2016	December 31, 2015
Accrued interest	$ 2	$ 3
Other long-term liabilities	$ 14	$ 10
Accumulated other comprehensive loss	$ (11)	$ (13)

The Company holds interest rate derivative instruments not designated as hedges which are marked to fair value, with the impact recorded as a gain or loss on derivative instruments, net in the Company's condensed consolidated statements of operations. While these interest rate derivative instruments are not designated as cash flow hedges for accounting purposes, management continues

to believe such instruments are closely correlated with the respective debt, thus managing associated risk. These interest rate derivative instruments were de-designated in 2013 and the balance that remains in accumulated other comprehensive loss for these interest rate derivative instruments is being amortized over the respective lives of the contracts and recorded as a loss within loss on derivative instruments, net in the Company's condensed consolidated statements of operations. The estimated net amount of existing losses that are reported in accumulated other comprehensive loss as of March 31, 2016 that is expected to be reclassified into earnings within the next twelve months is approximately $7 million.

The effects of interest rate derivative instruments on the Company’s condensed consolidated statements of operations is presented in the table below.

	Three Months Ended March 31,	
	2016	**2015**
Loss on derivative instruments, net:		
Change in fair value of interest rate derivative instruments not designated as cash flow hedges	$ (3)	$ (3)
Loss reclassified from accumulated other comprehensive loss into earnings as a result of cash flow hedge discontinuance	(2)	(3)
	$ (5)	$ (6)

As of March 31, 2016 and December 31, 2015, the Company had $1.1 billion in notional amounts of interest rate derivative instruments outstanding. In December 2016, $250 million of currently effective swaps expire and therefore the notional amount of currently effective interest rate swaps will decrease. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged were determined by reference to the notional amount and the other terms of the contracts.

8. Fair Value Measurements

The accounting guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of March 31, 2016 and December 31, 2015 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented in the accompanying condensed consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

The carrying amounts of cash and cash equivalents, receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

The interest rate derivative instruments are valued using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating’s or counterparties’ credit risk). The weighted average pay rate for the Company’s currently effective interest rate derivative instruments was 1.61% at March 31, 2016 and December 31, 2015 (exclusive of applicable spreads).

The Company's financial instruments that are accounted for at fair value on a recurring basis are presented in the table below.

	March 31, 2016			December 31, 2015		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Liabilities						
Interest rate derivatives	$ —	$ 16	$ —	$ —	$ 13	$ —

A summary of the carrying value and fair value of the Company’s debt at March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016		December 31, 2015	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Debt				
Senior notes	$ 12,130	$ 12,570	$ 10,443	$ 10,718
Credit facilities	$ 3,216	$ 3,241	$ 3,502	$ 3,500

The estimated fair value of the Company’s senior notes at March 31, 2016 and December 31, 2015 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.

Nonfinancial Assets and Liabilities

The Company’s nonfinancial assets such as franchises, property, plant, and equipment, and other intangible assets are not measured at fair value on a recurring basis; however they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded during the three months ended March 31, 2016 and 2015.

9. Operating Costs and Expenses

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

	Three Months Ended March 31,	
	2016	**2015**
Programming	$ 703	$ 666
Franchise, regulatory and connectivity	112	107
Costs to service customers	421	423
Marketing	162	151
Transition costs	21	21
Other	252	213
	$ 1,671	$ 1,581

Programming costs consist primarily of costs paid to programmers for basic, premium, digital, video on demand, and pay-per-view programming. Franchise, regulatory and connectivity costs represent payments to franchise and regulatory authorities and costs directly related to providing video, Internet and voice services. Costs to service customers include costs related to field operations, network operations and customer care for the Company's residential and small and medium business customers including internal and third party labor for installations, service and repairs, maintenance, billing and collection, occupancy and vehicle

costs. Marketing costs represents the costs of marketing to our current and potential commercial and residential customers including labor costs. Transition costs represent incremental costs incurred to increase the scale of the Company's business as a result of the TWC Transaction and Bright House Transaction. See Note 2 for additional information. Other includes bad debt expense, corporate overhead, advertising sales expenses, costs associated with the Company's enterprise business customers, property tax and insurance and stock compensation expense, among others.

10. Other Operating Expenses, Net

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

	Three Months Ended March 31,	
	2016	2015
Merger and acquisition costs	$ 14	$ 13
Special charges, net	4	2
Loss on sale of assets, net	—	3
	$ 18	$ 18

Merger and acquisition costs

Merger and acquisition costs represents costs incurred in connection with merger and acquisition transactions, such as advisory, legal and accounting fees, among others.

Special charges, net

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

Loss on sale of assets, net

Loss on sale of assets, net, represents the net loss recognized on the sales and disposals of fixed assets and cable systems.

11. Income Taxes

CCO Holdings is a single member limited liability company not subject to income tax. CCO Holdings holds all operations through indirect subsidiaries. The majority of these indirect subsidiaries are limited liability companies that are not subject to income tax. Certain indirect subsidiaries are taxed as corporations, subject to federal and state tax. The Company does not have a formal tax sharing agreement between the indirect parent company, Charter, and its subsidiaries that file as part of Charter's consolidated tax return. CCO Holdings' tax provision reflects the tax provision of the entities required to file separate returns.

For the three months ended March 31, 2016 and 2015, the Company recorded zero and $1 million of income tax expense, respectively. Income tax benefit (expense) is recognized primarily through decreases (increases) in deferred tax liabilities, as well as through current federal and state income tax expense.

In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be "more likely than not" of being sustained upon examination, based on their technical merits. There is considerable judgment involved in making such a determination. The Company did not have any unrecognized tax benefits as of March 31, 2016 and December 31, 2015.

No tax years for Charter, the Company's indirect parent company, for income tax purposes, are currently under examination by the IRS. Tax years ending 2012 through 2015 remain subject to examination and assessment. Years prior to 2012 remain open solely for purposes of examination of Charter's loss and credit carryforwards.

12. Related Party Transactions

On May 23, 2015, in connection with the execution of the Merger Agreement and the amendment of the Contribution Agreement, Charter entered into the Amended and Restated Stockholders Agreement with Liberty Broadband, A/N and New Charter (the "Stockholders Agreement"). The Stockholders Agreement replaced Charter's existing stockholders agreement with Liberty Broadband, dated September 29, 2014, and superseded the amended and restated stockholders agreement among Charter, New Charter, Liberty Broadband and A/N, dated March 31, 2015.

Under the terms of the Stockholders Agreement, the number of New Charter directors is fixed at 13, and includes New Charter's chief executive officer. Upon the closing of the Bright House Transaction, two designees selected by A/N and three designees selected by Liberty Broadband became members of the board of directors of New Charter. The remaining eight directors (other than the chief executive officer, who became chairman of the board) are independent directors and were selected by the nominating committee of the New Charter board by the approval of both a majority of the nominating committee and a majority of the directors that were not appointed by either A/N or Liberty Broadband. Each of A/N and Liberty Broadband nominated at least one director to each of the committees of the Charter board of directors, subject to applicable stock exchange listing rules and certain specified voting or equity ownership thresholds for each of A/N and Liberty Broadband, and provided that the nominating and compensation committees has at least a majority of directors independent from A/N, Liberty Broadband and New Charter (referred to as the "unaffiliated directors"). The nominating committee is comprised of three unaffiliated directors, and one designee of each of A/N and Liberty Broadband. A/N and Liberty Broadband also has certain other committee designation and other governance rights. Mr. Thomas Rutledge, the Company's Chief Executive Officer ("CEO"), was offered the positions of CEO and chairman of New Charter.

The Company is aware that Dr. John Malone, a member of Charter's board of directors, may be deemed to have a 36.8% voting interest in Liberty Interactive Corp. ("Liberty Interactive") and is Chairman of the board of directors, an executive officer position, of Liberty Interactive. Liberty Interactive owns 38.0% of the common stock of HSN, Inc. ("HSN") and has the right to elect 20% of the board members of HSN. Liberty Interactive wholly owns QVC, Inc ("QVC"). The Company has programming relationships with HSN and QVC which pre-date the transaction with Liberty Media. For the each of three months ended March 31, 2016 and 2015, the Company recorded payments in aggregate of approximately $4 million and $3 million, respectively, from HSN and QVC as part of channel carriage fees and revenue sharing arrangements for home shopping sales made to customers in the Company's footprint.

Dr. Malone also serves on the board of directors of Discovery Communications, Inc., ("Discovery") and the Company is aware that Dr. Malone owns 4.9% in the aggregate of the common stock of Discovery and has a 28.6% voting interest in Discovery for the election of directors. In addition, Dr. Malone owns approximately 10.8% in the aggregate of the common stock of Starz and has 47.2% of the voting power. Mr. Gregory Maffei, a member of Charter's board of directors, is a non-executive Chairman of the board of Starz. The Company purchases programming from both Discovery and Starz pursuant to agreements entered into prior to Dr. Malone and Mr. Maffei joining Charter's board of directors. Based on publicly available information, the Company does not believe that either Discovery or Starz would currently be considered related parties. The amounts paid in aggregate to Discovery and Starz represent less than 3% of total operating costs and expenses for the three months ended March 31, 2016 and 2015.

13. Contingencies

In 2014, following an announcement by Comcast Corporation ("Comcast") and TWC of their intent to merge, Breffni Barrett and others filed suit in the Supreme Court of the State of New York for the County of New York against Comcast, TWC and their respective officers and directors. Later five similar class actions were consolidated with this matter (the "NY Actions"). The NY Actions were settled in July 2014, however, such settlement was terminated following the termination of the Comcast and TWC merger in April 2015. In May 2015, Charter and TWC announced their intent to merge. Subsequently, the parties in the NY Actions filed a Second Consolidated Class Action Complaint (the "Second Amended Complaint"), removing Comcast and Tango Acquisition Sub, Inc. as defendants and naming TWC, the members of the TWC board of directors, Charter and the merger subsidiaries as defendants. The Second Amended Complaint generally alleges, among other things, that the members of the TWC board of directors breached their fiduciary duties to TWC stockholders during the Charter merger negotiations and by entering into the merger agreement and approving the mergers, and that Charter and its subsidiaries aided and abetted such breaches of fiduciary duties. The complaint sought, among other relief, injunctive relief enjoining the stockholder vote on the mergers, unspecified declaratory and equitable relief, compensatory damages in an unspecified amount, and costs and attorneys' fees.

In September 2015, the parties entered into a memorandum of understanding (“MOU”) to settle the action. Pursuant to the MOU, the defendants issued certain supplemental disclosures relating to the mergers on a Form 8-K, and plaintiffs agreed to release with prejudice all claims that could have been asserted against defendants in connection with the mergers. The settlement is conditioned on, among other things, consummation of the transactions between TWC and Charter, and must be approved by the New York Supreme Court. In the event that the New York Supreme Court does not approve the settlement, the defendants intend to vigorously defend against any further litigation.

In August 2015, a purported stockholder of Charter filed a lawsuit in the Delaware Court of Chancery, on behalf of a putative class of Charter stockholders, challenging the transactions between Charter, TWC, A/N, and Liberty Broadband announced by Charter on May 26, 2015 (collectively, the “Transactions”). The lawsuit names as defendants Liberty Broadband, Charter, the board of directors of Charter, and New Charter. Plaintiff alleged that the Transactions improperly benefit Liberty Broadband at the expense of other Charter shareholders, and that Charter issued a false and misleading proxy statement in connection with the Transactions. Plaintiff requested, among other things, that the Delaware Court of Chancery enjoin the September 21, 2015 special meeting of Charter stockholders at which Charter stockholders were asked to vote on the Transactions until the defendants disclosed certain information relating to Charter and the Transactions. The disclosures demanded by the plaintiff included (i) certain unlevered free cash flow projections for Charter and (ii) a Form of Proxy and Right of First Refusal Agreement (“Proxy”) by and among Liberty Broadband, A/N, Charter and New Charter, which was referenced in the description of the Second Amended and Restated Stockholders Agreement, dated May 23, 2015, among Charter, New Charter, Liberty Broadband and A/N. On September 9, 2015, Charter issued supplemental disclosures containing unlevered free cash flow projections for Charter. In return, the plaintiff agreed its disclosure claims were moot and withdrew its application to enjoin the Charter stockholder vote on the Transactions. Charter has not yet responded to this suit but intends to deny any liability, believes that it has substantial defenses, and intends to vigorously defend this suit.

The Company and its parent companies are defendants or co-defendants in several lawsuits involving alleged infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases. In the event that a court ultimately determines that the Company and its parent companies infringe on any intellectual property rights, 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 patents at issue. While the Company Company and its parent companies believe the lawsuits are without merit and intend to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate a range of possible loss.

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

14. Stock Compensation Plans

Charter’s 2009 Stock Incentive Plan provides 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 2009 Stock Incentive Plan.

Charter granted the following equity awards for the periods presented.

	Three Months Ended March 31,	
	2016	2015
Stock options	972,800	1,238,900
Restricted stock	—	—
Restricted stock units	274,700	145,500

Stock options granted prior to 2014 generally vest annually over three or four years from either the grant date or delayed vesting commencement dates. Stock options generally expire ten years from the grant date. Restricted stock vests annually over a one to four-year period beginning from the date of grant. Certain stock options and restricted stock vest based on achievement of stock price hurdles. Restricted stock units have no voting rights, and restricted stock units granted prior to 2014 vest ratably over three or four years from either the grant date or delayed vesting commencement dates. Beginning in 2014, stock options and restricted stock units granted cliff vest over three years.

As of March 31, 2016, total unrecognized compensation remaining to be recognized in future periods totaled $119 million for stock options, $0.3 million for restricted stock and $70 million for restricted stock units and the weighted average period over which they are expected to be recognized is 2 years for stock options, 1 month for restricted stock and 2 years for restricted stock units.

The Company recorded $24 million and $19 million of stock compensation expense for the three months ended March 31, 2016 and 2015, respectively, which is included in operating costs and expenses.

15. Consolidating Schedules

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Affiliates Whose Securities Collateralize an Issue Registered or Being Registered.* This information is not intended to present the financial position, results of operations and cash flows of the individual companies or groups of companies in accordance with generally accepted accounting principles.

The CCO Holdings notes are obligations of CCO Holdings. However, the CCO Holdings notes are also jointly, severally, fully and unconditionally guaranteed on an unsecured senior basis by Charter. Such guarantee was released upon completion of the TWC Transaction.

The Charter Operating and Restricted Subsidiaries column is presented as a requirement pursuant to the terms of Charter Operating's Amended and Restated Credit Agreement dated April 11, 2012 (the "Credit Agreement"). The Unrestricted Subsidiary column consists of CCO Safari which is a Non-Recourse Subsidiary under the Credit Agreement and that held the Term G Loans. The Term G Loans were also repaid in April 2015 upon the termination of the transaction with Comcast.

Condensed consolidating financial statements as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 follow.

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Balance Sheets
As of March 31, 2016

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	CCO Holdings Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 1,211	$ 61	$ —	$ 1,272
Accounts receivable, net	—	239	—	239
Receivables from related party	6	—	(6)	—
Prepaid expenses and other current assets	—	73	—	73
Total current assets	1,217	373	(6)	1,584
INVESTMENT IN CABLE PROPERTIES:				
Property, plant and equipment, net	—	8,267	—	8,267
Franchises	—	6,006	—	6,006
Customer relationships, net	—	800	—	800
Goodwill	—	1,168	—	1,168
Total investment in cable properties, net	—	16,241	—	16,241
INVESTMENT IN SUBSIDIARIES	11,320	—	(11,320)	—
LOANS RECEIVABLE – RELATED PARTY	1,172	804	(968)	1,008
OTHER NONCURRENT ASSETS	—	113	—	113
Total assets	$ 13,709	$ 17,531	$ (12,294)	$ 18,946
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	$ 172	$ 1,281	$ —	$ 1,453
Payables to related party	—	328	(6)	322
Total current liabilities	172	1,609	(6)	1,775
LONG-TERM DEBT	12,130	3,216	—	15,346
LOANS PAYABLE – RELATED PARTY	—	1,309	(968)	341
DEFERRED INCOME TAXES	—	28	—	28
OTHER LONG-TERM LIABILITIES	—	49	—	49
MEMBER'S EQUITY	1,407	11,320	(11,320)	1,407
Total liabilities and member's equity	$ 13,709	$ 17,531	$ (12,294)	$ 18,946

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Balance Sheets
As of December 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	CCO Holdings Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ —	$ 5	$ —	$ 5
Accounts receivable, net	—	264	—	264
Receivables from related party	14	—	(14)	—
Prepaid expenses and other current assets	—	55	—	55
Total current assets	14	324	(14)	324
INVESTMENT IN CABLE PROPERTIES:				
Property, plant and equipment, net	—	8,317	—	8,317
Franchises	—	6,006	—	6,006
Customer relationships, net	—	856	—	856
Goodwill	—	1,168	—	1,168
Total investment in cable properties, net	—	16,347	—	16,347
INVESTMENT IN SUBSIDIARIES	11,303	—	(11,303)	—
LOANS RECEIVABLE – RELATED PARTY	613	563	(483)	693
OTHER NONCURRENT ASSETS	—	116	—	116
Total assets	$ 11,930	$ 17,350	$ (11,800)	$ 17,480
LIABILITIES AND MEMBER'S EQUITY				
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	$ 165	$ 1,311	$ —	$ 1,476
Payables to related party	—	345	(14)	331
Total current liabilities	165	1,656	(14)	1,807
LONG-TERM DEBT	10,443	3,502	—	13,945
LOANS PAYABLE – RELATED PARTY	—	816	(483)	333
DEFERRED INCOME TAXES	—	28	—	28
OTHER LONG-TERM LIABILITIES	—	45	—	45
MEMBER'S EQUITY	1,322	11,303	(11,303)	1,322
Total liabilities and member's equity	$ 11,930	$ 17,350	$ (11,800)	$ 17,480

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Operations
For the three months ended March 31, 2016

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	CCO Holdings Consolidated
REVENUES	$ —	$ 2,530	$ —	$ 2,530
COSTS AND EXPENSES:				
Operating costs and expenses (exclusive of items shown separately below)	—	1,671	—	1,671
Depreciation and amortization	—	539	—	539
Other operating expenses, net	—	18	—	18
	—	2,228	—	2,228
Income from operations	—	302	—	302
OTHER INCOME (EXPENSES):				
Interest expense, net	(165)	(35)	—	(200)
Loss on derivative instruments, net	—	(5)	—	(5)
Equity in income of subsidiaries	262	—	(262)	—
	97	(40)	(262)	(205)
Income before income taxes	97	262	(262)	97
INCOME TAX EXPENSE	—	—	—	—
Net income	$ 97	$ 262	$ (262)	$ 97

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Operations
For the three months ended March 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
REVENUES	$ —	$ 2,362	$ —	$ —	$ 2,362
COSTS AND EXPENSES:					
Operating costs and expenses (exclusive of items shown separately below)	—	1,581	—	—	1,581
Depreciation and amortization	—	514	—	—	514
Other operating expenses, net	—	18	—	—	18
	—	2,113	—	—	2,113
Income from operations	—	249	—	—	249
OTHER INCOME (EXPENSES):					
Interest expense, net	(166)	(40)	(36)	—	(242)
Loss on derivative instruments, net	—	(6)	—	—	(6)
Equity in income (loss) of subsidiaries	156	(36)	—	(120)	—
	(10)	(82)	(36)	(120)	(248)
Income (loss) before income taxes	(10)	167	(36)	(120)	1
INCOME TAX EXPENSE	—	(1)	—	—	(1)
Consolidated net income (loss)	(10)	166	(36)	(120)	—
Less: Noncontrolling interest	—	(10)	—	—	(10)
Net income (loss)	$ (10)	$ 156	$ (36)	$ (120)	$ (10)

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2016

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	CCO Holdings Consolidated
Net income	$ 97	$ 262	$ (262)	$ 97
Net impact of interest rate derivative instruments, net of tax	2	2	(2)	2
Comprehensive income	$ 99	$ 264	$ (264)	$ 99

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
Consolidated net income (loss)	$ (10)	$ 166	$ (36)	$ (120)	$ —
Net impact of interest rate derivative instruments, net of tax	3	3	—	(3)	3
Comprehensive income (loss)	$ (7)	$ 169	$ (36)	$ (123)	$ 3

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Cash Flows
For the three months ended March 31, 2016

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	CCO Holdings Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 97	$ 262	$ (262)	$ 97
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	—	539	—	539
Noncash interest expense	4	3	—	7
Loss on derivative instruments, net	—	5	—	5
Equity in income of subsidiaries	(262)	—	262	—
Other, net	—	24	—	24
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable	—	26	—	26
Prepaid expenses and other assets	—	(18)	—	(18)
Accounts payable, accrued liabilities and other	9	25	—	34
Receivables from and payables to related party	(6)	(27)	—	(33)
Net cash flows from operating activities	(158)	839	—	681
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	—	(429)	—	(429)
Change in accrued expenses related to capital expenditures	—	(56)	—	(56)
Distributions from subsidiaries	246	—	(246)	—
Other, net	—	(2)	—	(2)
Net cash flows from investing activities	246	(487)	(246)	(487)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	1,700	439	—	2,139
Repayments of long-term debt	—	(727)	—	(727)
Loans to related parties, net	(546)	238	—	(308)
Payments for debt issuance costs	(17)	—	—	(17)
Distributions to parent	(14)	(246)	246	(14)
Net cash flows from financing activities	1,123	(296)	246	1,073
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,211	56	—	1,267
CASH AND CASH EQUIVALENTS, beginning of period	—	5	—	5
CASH AND CASH EQUIVALENTS, end of period	$ 1,211	$ 61	$ —	$ 1,272

CCO Holdings, LLC and Subsidiaries
Condensed Consolidating Statements of Cash Flows
For the three months ended March 31, 2015

	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	CCO Holdings Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:					
Consolidated net income (loss)	$ (10)	$ 166	$ (36)	$ (120)	$ —
Adjustments to reconcile consolidated net income (loss) to net cash flows from operating activities:					
Depreciation and amortization	—	514	—	—	514
Noncash interest expense	4	4	—	—	8
Loss on derivative instruments, net	—	6	—	—	6
Equity in (income) loss of subsidiaries	(156)	36	—	120	—
Other, net	—	21	—	—	21
Changes in operating assets and liabilities, net of effects from acquisitions:					
Accounts receivable	—	28	—	—	28
Prepaid expenses and other assets	—	(26)	—	—	(26)
Accounts payable, accrued liabilities and other	(23)	8	—	—	(15)
Receivables from and payables to related party	(3)	(3)	—	—	(6)
Net cash flows from operating activities	(188)	754	(36)	—	530
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(351)	—	—	(351)
Change in accrued expenses related to capital expenditures	—	(76)	—	—	(76)
Contribution to subsidiary	—	(36)	—	36	—
Distributions from subsidiaries	202	—	—	(202)	—
Other, net	—	(13)	—	—	(13)
Net cash flows from investing activities	202	(476)	—	(166)	(440)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Borrowings of long-term debt	—	332	—	—	332
Repayments of long-term debt	—	(392)	—	—	(392)
Loans to related parties, net	(2)	—	—	—	(2)
Contributions from parent	—	—	36	(36)	—
Distributions to parent	(12)	(202)	—	202	(12)
Net cash flows from financing activities	(14)	(262)	36	166	(74)
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	16	—	—	16
CASH AND CASH EQUIVALENTS, beginning of period	—	—	—	—	—
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 16	$ —	$ —	$ 16

16. Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers, which steps are to (1) identify the contract(s) with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. More specifically, revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is currently in the process of evaluating the impact that the adoption of ASU 2014-09 will have on its consolidated financial statements and the selected method of transition to the new standard.

In April 2015, the FASB issued ASU No. 2015-05, *Customer's Accounting for Fees Paid in a Cloud Computing Arrangement* ("ASU 2015-05"), which provides guidance in determining whether fees for purchasing cloud computing services (or hosted software solutions) are considered internal-use software or should be considered a service contract. The cloud computing agreement that includes a software license should be accounted for in the same manner as internal-use software if customer has contractual right to take possession of the software during the hosting period without significant penalty and it is feasible to either run the software on customer's hardware or contract with another vendor to host the software. Arrangements that don't meet the requirements for internal-use software should be accounted for as a service contract. ASU 2015-05 was effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company). The adoption of ASU 2015-05 did not have a material impact on the Company's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”), which requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. Lessees are allowed to account for short-term leases (i.e., leases with a term of 12 months or less) off-balance sheet, consistent with current operating lease accounting. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. ASU 2016-02 will be effective for interim and annual periods beginning after December 15, 2018 (January 1, 2019 for the Company). Early adoption is permitted. The new standard requires a modified retrospective transition through a cumulative-effect adjustment as of the beginning of the earliest period presented in the financial statements. The Company is currently in the process of evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”), which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments. The new standard (1) requires all excess tax benefits and deficiencies to be recognized as income tax expense or benefit in the income statement in the period in which they occur regardless of whether the benefit reduces taxes payable in the current period, (2) requires classification of excess tax benefits cash flows as an operating activity, (3) allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur and (4) causes the threshold under which employee share-based awards partially settled in cash can qualify for equity classification to increase to the maximum statutory tax rates in the applicable jurisdiction. ASU 2016-09 will be effective for interim and annual periods after December 15, 2016 (January 1, 2017 for the Company). Early adoption of the standard is permitted but requires adoption of all provisions included in the amendment in the same period. The new standard generally requires a modified retrospective transition through a cumulative-effect adjustment as of the beginning of the period of adoption, with certain provisions requiring either a prospective or retrospective transition. The Company is currently in the process of evaluating the impact that the adoption of ASU 2016-09 will have on its consolidated financial statements.

17. Subsequent Events

In April 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued $1.5 billion aggregate principal amount of 5.50% senior notes due 2026 (the "2026 Notes") at a price of 100.075% of the aggregate principal amount. The net proceeds, along with the net proceeds from the issuance of the 2024 Notes (see Note 5), were used to redeem CCO Holdings'

7.000% senior notes due 2019, 7.375% senior notes due 2020, 6.500% senior notes due 2021 and pay related fees and expenses and for general corporate purposes.

In connection with the closing of the TWC Transaction, Charter Operating replaced its existing revolving facility with a new $3.0 billion senior secured revolving facility under the Credit Agreement. In connection with the closing of the Bright House Transaction, Charter Operating closed on a $2.6 billion aggregate principal amount term loan A-2 facility ("Term Loan A-2") pursuant to the terms of the Credit Agreement. Pricing on Term Loan A-2 was set at LIBOR plus 2%.