

CHARTER COMMUNICATIONS INC /MO/

Form 424B3

September 13, 2006

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**EXCHANGE OFFER PROSPECTUS**

**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-136508**

**CCHC, LLC, CCH II, LLC and CCH II Capital Corp.  
Offer to Exchange up to \$450,000,000 Principal Amount Outstanding of  
Charter Communications, Inc. s  
5.875% Convertible Senior Notes due 2009  
(CUSIP Nos. 16117MAE7 and 16117MAD9)**

**The Exchange Consideration offered per \$1,000 principal amount of Charter Communications, Inc. s ( Charter ) 5.875% convertible senior notes due 2009 (the Convertible Notes ) validly tendered for exchange and not validly withdrawn on or prior to the Expiration Date (as defined below) consists of:**

**\$417.75 in cash,**

**100 shares of Charter s Class A Common Stock, par value \$0.001 (the Class A Common Stock ) and**

**\$325.00 principal amount of 10.25% Senior Notes due 2010 issued by CCH II (the CCH II Notes ), as an add-on to its currently outstanding series.**

**This Exchange Offer expired at 11:59 p.m., New York City time, on September 8, 2006 (the Expiration Date ). Holders of Convertible Notes (as defined below) must tender their Convertible Notes for exchange on or prior to the Expiration Date to receive the Exchange Consideration (as defined below).**

CCHC, LLC ( CCHC ) and CCH II, LLC and CCH II Capital Corp. (collectively, CCH II and, together with CCHC, the Offerors ) hereby offer up to \$187,987,500 in cash, 45,000,000 shares of Class A Common Stock and \$146,250,000 principal amount of CCH II Notes to holders (the Holders ) of up to \$450,000,000 of Charter s \$862,500,000 principal amount outstanding Convertible Notes who elect to exchange their Convertible Notes upon the terms and subject to the conditions set forth in this Exchange Offer Prospectus (this Exchange Offer Prospectus ) and in the accompanying Letter of Transmittal (the Letter of Transmittal and together with this Exchange Offer Prospectus, the Exchange Offer ). The Convertible Notes are not listed on any national securities exchange but are eligible for trading on the PORTAL Market.

The Exchange Offer is not conditioned on a minimum amount of Convertible Notes being tendered. The Offerors will not accept for exchange more than \$450,000,000 principal amount of Convertible Notes (the Maximum Amount ). As a result, if more than the Maximum Amount of Convertible Notes is validly tendered and not validly withdrawn, the Offerors will accept Convertible Notes from each Holder pro rata, based on the total principal amount of Convertible Notes validly tendered and not validly withdrawn.

The CCH II Notes being offered as part of the Exchange Consideration will be issued under a temporary CUSIP number until the next interest payment date, which is expected to be September 15, 2006, at which time it is expected that they will be mandatorily merged into the existing CUSIP number of approximately \$1.6 billion outstanding principal amount of CCH II Notes. The CCH II Notes are not listed on any national securities exchange but are eligible for trading on the PORTAL Market.

The Class A Common Stock is traded on the Nasdaq Global Market under the symbol CHTR.

In addition to the Exchange Consideration, we will pay accrued interest on the Convertible Notes from and after the last interest payment date (which was May 16, 2006) up to, but not including, the Settlement Date.

The Settlement Date in respect of any Convertible Notes that are validly tendered for exchange and not validly withdrawn is expected to be not later than the fourth day following the Expiration Date.

**Exchange of the Convertible Notes and an investment in our Class A Common Stock and CCH II Notes involves risks. See Recent Events on page 1 and Risk Factors on page 23 for a discussion of issues that you should consider with respect to the Exchange Offer.**

You must make your own decision whether to exchange any Convertible Notes pursuant to the Exchange Offer, and, if you wish to exchange Convertible Notes, the principal amount of Convertible Notes to tender. In addition, you must make your own decision as to whether to unwind any hedged positions you hold with respect to your Convertible Notes. Neither Charter, CCHC, CCH II, their subsidiaries nor their respective Boards of Directors make any

recommendation as to whether Holders should exchange their Convertible Notes or unwind any hedged positions with respect to the Convertible Notes.

**Neither this transaction nor the securities to be issued upon exchange of the Convertible Notes have been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the fairness or merits of this transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense.**

*The Dealer Managers for the Exchange Offer are:*

**Citigroup**

**Banc of America Securities LLC**

The Date of this Exchange Offer Prospectus is September 13, 2006.

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*Unless otherwise stated, the discussion in this Exchange Offer Prospectus of our business and operations includes the business of Charter Communications, Inc. ( Charter ) and its direct and indirect subsidiaries. Unless otherwise stated or the context otherwise requires, the terms we, us and our refer to Charter and its direct and indirect subsidiaries on a consolidated basis.*

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**IMPORTANT**

Convertible Notes tendered for exchange may be validly withdrawn at any time up until 11:59 p.m., New York City time, on the Expiration Date. In the event of a termination of the Exchange Offer, the Convertible Notes tendered for exchange pursuant to the Exchange Offer will be promptly returned to the tendering Holders. Likewise, any Convertible Notes not accepted for exchange because the Maximum Amount has been exceeded will be promptly returned to the tendering Holders.

Convertible Notes tendered for exchange, along with completed Letters of Transmittal and any other required documents should be directed to the Exchange Agent (as defined below). Any requests for assistance in connection with the Exchange Offer or for additional copies of this Exchange Offer Prospectus or related materials should be directed to the Information Agent (as defined below). Any additional questions regarding the Exchange Offer should be directed to either of the Dealer Managers (as defined below). Contact information for the Information Agent, the Exchange Agent and the Dealer Managers is set forth on the back cover of this Exchange Offer Prospectus. Neither we nor any of the Dealer Managers, the Trustee (as defined below), the Information Agent or the Exchange Agent make any recommendation as to whether or not Holders should tender their Convertible Notes for exchange pursuant to the Exchange Offer.

The Information Agent for the Exchange Offer is Global Bondholder Services Corporation (the Information Agent). The Exchange Agent for the Exchange Offer is Global Bondholder Services Corporation (the Exchange Agent). Citigroup and Banc of America Securities LLC (the Dealer Managers) are acting as dealer managers in connection with the Exchange Offer.

Subject to the terms and conditions set forth in the Exchange Offer, the Exchange Consideration to which a tendering Holder is entitled pursuant to the Exchange Offer will be paid on the Settlement Date. Under no circumstances will any interest be payable because of any delay in the transmission of the Exchange Consideration to Holders by the Exchange Agent.

**Notwithstanding any other provision of the Exchange Offer, the Offerors' obligation to pay the Exchange Consideration for Convertible Notes validly tendered for exchange and not validly withdrawn pursuant to the Exchange Offer is subject to, and conditioned upon, the satisfaction or waiver of, the conditions described below under Description of the Exchange Offer Conditions to the Exchange Offer.**

**The Offerors reserve the right, in their sole discretion, to waive any one or more of the conditions to the Exchange Offer at any time. See Description of the Exchange Offer Conditions to the Exchange Offer.**

**The Offerors reserve the right to extend the Exchange Offer, if necessary, so that the Expiration Date occurs upon or shortly after the satisfaction of the conditions to the Exchange Offer.**

Subject to applicable securities laws and the terms set forth in this Exchange Offer, the Offerors reserve the right:

to waive any and all conditions to the Exchange Offer;

to extend the Exchange Offer;

to terminate the Exchange Offer, but only if any condition to the Exchange Offer is not satisfied (see Description of the Exchange Offer Conditions to the Exchange Offer); or

otherwise to amend the Exchange Offer in any respect; however, the Offerors do not currently intend to change the amount of Class A Common Stock offered to more than 134 shares or less than 67 shares per \$1,000 principal amount of Convertible Notes.

In accordance with applicable securities laws, if a material change occurs in the information published, sent or given to Holders, the Offerors will promptly disclose the change in a manner reasonably calculated to inform Holders of the change.

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In the event that the Exchange Offer is withdrawn or otherwise not completed, the Exchange Consideration will not be paid or become payable to Holders of the Convertible Notes who have validly tendered their Convertible Notes for exchange in connection with the Exchange Offer and the Convertible Notes tendered for exchange pursuant to the Exchange Offer will be promptly returned to the tendering Holders.

Any Holder who desires to tender Convertible Notes pursuant to the Exchange Offer and who holds physical certificates evidencing such Convertible Notes must complete and sign a Letter of Transmittal in accordance with the instructions therein, have the signature thereon guaranteed (if required by Instruction 4 of the Letter of Transmittal) and send or deliver such manually signed Letter of Transmittal (or a manually signed facsimile thereof), together with certificates evidencing such Convertible Notes being tendered and any other required documents to the Exchange Agent at its address set forth on the back cover of this Exchange Offer Prospectus. Only Holders of Convertible Notes are entitled to tender Convertible Notes for exchange.

Beneficial owners of Convertible Notes that are held of record by a broker, dealer, commercial bank, trust company or other nominee must instruct such nominee to tender the Convertible Notes for exchange on the beneficial owner's behalf. A letter of instructions is included in the materials provided along with this Exchange Offer Prospectus, which may be used by a beneficial owner in this process to effect the tender of Convertible Notes for exchange. See Description of the Exchange Offer Procedure for Tendering Convertible Notes.

The Depository Trust Company ( DTC ) has authorized DTC participants that hold Convertible Notes on behalf of beneficial owners of Convertible Notes through DTC to tender their Convertible Notes for exchange as if they were Holders. To tender their Convertible Notes for exchange, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program ( ATOP ), for which the transaction will be eligible, and follow the procedure for book-entry transfer set forth in Description of the Exchange Offer Procedure for Tendering Convertible Notes.

Converting Holders will not be obligated to pay brokerage fees or commissions to the Dealer Managers, the Exchange Agent, the Information Agent, the Trustee or the Offerors.

Any requests for assistance in connection with the Exchange Offer or for additional copies of this Exchange Offer Prospectus or related materials should be directed to the Information Agent. Any additional questions regarding the Exchange Offer should be directed to either of the Dealer Managers. Contact information for the Information Agent and the Dealer Managers is set forth on the back cover of this Exchange Offer Prospectus. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees through which they hold the Convertible Notes with questions and requests for assistance.

**This Exchange Offer Prospectus and the Letter of Transmittal contain important information that should be read before any decision is made with respect to a exchange of Convertible Notes.**

**The delivery of this Exchange Offer shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or in the affairs of Charter or any of its subsidiaries or affiliates since the date hereof.**

**This Exchange Offer does not constitute an offer to sell or exchange or a solicitation of an offer to buy or exchange securities in any jurisdiction where it is unlawful to make such an offer or solicitation.**

**No one has been authorized to give any information or to make any representations with respect to the matters described in this Exchange Offer Prospectus, other than those contained in this Exchange Offer Prospectus. If given or made, such information or representation may not be relied upon as having been authorized by us.**

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Exchange Offer Prospectus includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Many of the forward-looking statements contained in this Exchange Offer Prospectus may be identified by the use of forward-looking words such as believe, expect, anticipate, should, planned, will intend, estimated, aim, on track and potential, among others. Important factors that could cause actual results to materially from the forward-looking statements we make in this Exchange Offer Prospectus are set forth in this Exchange Offer Prospectus and in other reports or documents that we file from time to time with the SEC and include, but are not limited to:

the availability, in general, of funds to meet interest payment obligations under our debt and to fund our operations and necessary capital expenditures, either through cash flows from operating activities, further borrowings or other sources and, in particular, our ability to be able to provide under applicable debt instruments and applicable law such funds (by dividend, investment or otherwise) to the applicable obligor of such debt;

our ability to comply with all covenants in our indentures and credit facilities, any violation of which would result in a violation of the applicable facility or indenture and could trigger a default of other obligations under cross-default provisions;

our ability to pay or refinance debt prior to or when it becomes due and/or to take advantage of market opportunities and market windows to refinance that debt through new issuances, exchange offers or otherwise, including restructuring our balance sheet and leverage position;

our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services and to maintain and grow a stable customer base, particularly in the face of increasingly aggressive competition from other service providers;

our ability to obtain programming at reasonable prices or to pass programming cost increases on to our customers;

general business conditions, economic uncertainty or slowdown; and

the effects of governmental regulation, including but not limited to local franchise authorities, on our business.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement.



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**SUMMARY**

*The following summary is provided solely for the convenience of the Holders of the Convertible Notes. This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Exchange Offer Prospectus, the Letter of Transmittal and any amendments or supplements hereto or thereto. Holders of the Convertible Notes are urged to read this Exchange Offer Prospectus in its entirety. Each of the capitalized terms used in this summary and not defined herein has the meaning set forth elsewhere in this Exchange Offer Prospectus.*

*CCHC, LLC ( CCHC ) is an indirect subsidiary of Charter Communications, Inc. ( Charter ). CCHC is a holding company with no operations of its own. CCH II, LLC is a wholly-owned indirect subsidiary of CCHC. CCH II, LLC is a holding company with no operations of its own. CCH II Capital Corp. (together with CCH II, LLC, CCH II ) is a wholly-owned subsidiary of CCH II, LLC. CCH II Capital Corp. is a company with no operations of its own and no subsidiaries. For a chart showing our ownership structure, see page 3.*

**The Company**

We are a broadband communications company operating in the United States, with approximately 5.81 million customers at June 30, 2006, pro forma for the asset sales discussed below. Through our broadband network of coaxial and fiber optic cable, we offer our customers traditional cable video programming (analog and digital, which we refer to as video service), high-speed Internet access, advanced broadband cable services (such as video on demand ( VOD ), high definition television service, and interactive television) and, in some of our markets, telephone service. See Business Products and Services for further description of these terms, including customers.

At June 30, 2006, pro forma for the asset sales discussed below, we served approximately 5.52 million analog video customers, of which approximately 2.73 million were also digital video customers. We also served approximately 2.26 million high-speed Internet customers (including approximately 266,700 who received only high-speed Internet services). We also provided telephone service to approximately 257,600 customers (including approximately 24,100 who received telephone service only).

Our principal executive offices are located at Charter Plaza, 12405 Powerscourt Drive, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555 and we have a website accessible at [www.charter.com](http://www.charter.com). The information posted or linked on this website is not part of the Exchange Offer or this Exchange Offer Prospectus and you should rely solely on the information contained in this Exchange Offer Prospectus and the related documents to which we refer herein when deciding whether or not to tender your Convertible Notes.

The Offerors are offering to pay the Exchange Consideration with respect to up to \$450,000,000 of the Convertible Notes tendered for exchange upon the terms and subject to the conditions set forth in this Exchange Offer Prospectus and the related Letter of Transmittal. The Exchange Offer and the payment of the Exchange Consideration are conditioned upon, among other things, the satisfaction of certain conditions. See Description of the Exchange Offer Conditions to the Exchange Offer.

**Recent Events**

*Results of the Exchange Offer.* The Exchange Offer expired at 11:59 p.m., Eastern Time, on September 8, 2006. As of the expiration of the Exchange Offer, \$499.9 million aggregate principal amount of Convertible Notes were validly tendered. The Offerors accepted \$450.0 million of the Convertible Notes tendered for exchange, representing approximately 52.2% of the total principal amount of Convertible Notes outstanding.

Since the amount of Convertible Notes tendered exceeded the maximum amount of Convertible Notes that the Offerors would accept, the Offerors pro rated the amount of Convertible Notes accepted from participating Holders as described in this Exchange Offer Prospectus. The Offerors accepted 90.0% of

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the amount tendered by each holder. Following the consummation of the Convertible Exchange Offer, \$412.5 million of Convertible Notes will remain outstanding.

On the Settlement Date, which the Offerors expect to be September 14, 2006, Holders of accepted Convertible Notes will receive the following consideration per \$1,000 principal amount of Convertible Notes accepted:

\$417.75 in cash,

100 shares of Class A Common Stock,

\$325.00 principal amount of CCH II Notes, and

an additional \$19.26 in cash for accrued interest from the last interest payment date up to, but not including the Settlement Date.

*Contribution of CC VIII, LLC Interests to CCH I, LLC.* As part of the Private Exchange Offers (as defined below), CCHC will contribute its 70% interest (the CC VIII Interest ) in the Class A preferred equity interests of CC VIII, LLC ( CC VIII ), a majority-owned indirect subsidiary of Charter Communications Operating, LLC ( Charter Operating ), to CCH I, LLC ( CCH I ). The CC VIII Interest will be pledged as security for all CCH I notes, including those that may be issued in the Private Exchange Offers described below. The CC VIII preferred interests are entitled to a 2% accreting priority return on the priority capital. The CC VIII Interest represents approximately 13% of the total equity interests in CC VIII at June 30, 2006. CC VIII owns systems with approximately 934,000 analog video customers at June 30, 2006. The CC VIII Interests are being pledged as security for the CCH I notes in order to provide an additional asset supporting the CCH I notes.

*Charter Communications Holdings, LLC ( Charter Holdings ) Exchange Offers.* Concurrently with the Exchange Offer, CCH II and CCH I commenced private offers (the Private Exchange Offers ) in which certain holders of certain of Charter Holdings outstanding notes were offered the right to exchange those notes for up to \$250 million principal amount of 10.25% Senior Notes due 2013 of CCH II ( CCH II 2013 notes ) and up to \$625 million principal amount of 11% Senior Secured Notes due 2015 of CCH I ( CCH I notes ). The CCH I notes to be issued in the Private Exchange Offers will be of the same class as the currently outstanding \$3.525 billion principal amount of CCH I notes. Charter Holdings will unconditionally guarantee the CCH II 2013 notes. Charter Holdings guarantees the currently outstanding CCH I notes and will guarantee the CCH I notes to be issued in the Private Exchange Offers. As noted above, the CC VIII Interest to be held by CCH I will be pledged as security for any CCH I notes to be issued in the Private Exchange Offers and all outstanding CCH I notes. The CCH I notes currently outstanding are, and the CCH I Notes to be issued in the Private Exchange Offers also will be secured by a pledge of CCH I s equity interests in CCH II.

As of 5:00 PM New York City time on September 12, 2006, approximately \$791.3 million in aggregate principal amount of Charter Holdings outstanding notes had been validly tendered, consisting of approximately \$307.9 million in aggregate principal amount of notes with maturities in 2009 and 2010 (the 2009-2010 notes ) and approximately \$483.4 million in aggregate principal amount of notes with maturities in 2011 and 2012 (the 2011-2012 notes ). Based upon the amount tendered and subject to consummation of the Private Exchange Offers \$250.0 million aggregate principal amount of CCH II 2013 notes and approximately \$456.6 million in aggregate principal amount of CCH I notes will be issued. Approximately \$468.4 million aggregate principal amount of 2009-2010 notes and approximately \$400.0 million aggregate principal amount of 2011-2012 notes will remain outstanding.

The Exchange Offer and the Private Exchange Offers are independent, however they are both being conducted at the present time based on our current ability to incur indebtedness and the current trading prices of the subject securities in each offer. In addition, neither consummation of the Exchange Offer nor the Private Exchange Offers is conditioned upon consummation of the other offer.

Charter Investment, Inc., a wholly-owned corporation of Mr. Paul G. Allen, Charter s Chairman and controlling stockholder, holds approximately \$56 million of Charter Holdings notes that are the subject of



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the Private Exchange Offers. Mr. Allen has agreed to cause this entity to tender these notes in the Private Exchange Offers. We are not aware that any of our other officers, directors or affiliates own the Charter Holdings notes that are the subject of the Private Exchange Offers.

*Asset Sales.* Earlier in 2006, we signed three separate definitive agreements to sell certain cable television systems serving a total of approximately 356,000 analog video customers in (1) West Virginia and Virginia to Cebridge Connections, Inc. ( Cebridge ), (2) Illinois and Kentucky to Telecommunications Management, LLC, doing business as New Wave Communications ( New Wave ) and (3) Nevada, Colorado, New Mexico and Utah to Orange Broadband Holding Company, LLC ( Orange ) for a total of approximately \$971 million. The sale of the systems to Cebridge and New Wave closed on July 1, 2006, and the sale of the systems to Orange is scheduled to close in the third quarter of 2006. Proceeds from the sales to Cebridge and New Wave that closed on July 1, 2006 were used to reduce the amount outstanding on our revolving credit facility to zero, without reducing commitments, and the remainder to fund our business. Proceeds from the sale to Orange are expected to be used for general corporate purposes, including to fund the cash consideration to be paid in the Exchange Offer. Because the West Virginia and Virginia systems meet the criteria for presentation as discontinued operations, on August 10, 2006, Charter and CCH II each filed current reports on Form 8-K reflecting revenues and expenses related to the West Virginia and Virginia systems for each of the three years ended December 31, 2005 as discontinued operations.

**Purpose of the Exchange Offer**

The purpose of the Exchange Offer is to exchange up to \$450,000,000 of Charter s outstanding Convertible Notes to extend maturities and reduce our overall indebtedness.

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**Organizational Structure**

The chart below sets forth our organizational structure as of June 30, 2006 and that of our direct and indirect subsidiaries after giving effect to the contribution of the CC VIII Interest to CCH I. This chart does not include all of our affiliates and subsidiaries and, in some cases, we have combined separate entities for presentation purposes. The equity ownership, voting percentages and indebtedness amounts shown below are approximations as of June 30, 2006 after giving effect to the contribution of the CC VIII Interest to CCH I and do not give effect to any exercise, conversion or exchange of then outstanding options, preferred stock, convertible notes and other convertible or exchangeable securities. Indebtedness amounts shown below are accreted values for financial reporting purposes as of June 30, 2006. See Description of Other Indebtedness, which also includes the principal amount of the indebtedness described below.

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- (1) Charter acts as the sole manager of Charter Holdco and its direct and indirect limited liability company subsidiaries, including CCHC and CCH II.
- (2) Without giving effect to the Exchange Offer. Concurrently with the Exchange Offer, CCH II and CCH I have commenced the Private Exchange Offers.
- (3) Held by Charter Investment, Inc. ( CII ) and Vulcan Cable III Inc., each of which is 100% owned by Paul G. Allen, Charter's Chairman and controlling shareholder. They are exchangeable at any time on a one-for-one basis for shares of Class A Common Stock.
- (4) The percentages reflect the issuance of the 116.9 million shares of Class A Common Stock issued in 2005 and February 2006 and the corresponding issuance of an equal number of mirror membership units by Charter Holdco to Charter. However, for accounting purposes, Charter's common equity interest in Charter Holdco is 48%, and Paul G. Allen's ownership of Charter Holdco is 52%. These percentages exclude the 116.9 million mirror membership units issued to Charter due to the required return of the issued mirror units upon return of the shares offered pursuant to the share lending agreement.
- (5) Represents an exchangeable accreting note issued by CCHC related to the settlement of the CC VIII dispute. See Certain Relationships and Related Party Transactions Transactions Arising Out of Our Organizational Structure and Mr. Allen's Investment in Charter and Its Subsidiaries Equity Put Rights CC VIII .
- (6) Without giving effect to the Private Exchange Offers or the Exchange Offer. In the Private Exchange Offers, CCH I is offering up to \$675 million of the CCH I notes.
- (7) Without giving effect to the Private Exchange Offers or the Exchange Offer. In the Private Exchange Offers, CCH II is expected to offer up to \$200 million of the CCH II 2013 notes. In the Exchange Offer, CCH II is offering up to \$146 million of CCH II Notes.
- (8) Giving pro forma effect to the asset sales described under Recent Events Asset Sales, the aggregate principal amount of loans under Charter Operating's senior credit facilities is \$5.0 billion.
- (9) This subsidiary guarantees the Charter Operating senior credit facilities and senior second lien notes, which guarantee is secured by substantially all assets of this subsidiary.

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**The Exchange Offer**

|   |  |
|---|--|
| Exchange Offer                            | The Offerors are offering to pay the Exchange Consideration to Holders of up to \$450,000,000 aggregate principal amount of the Convertible Notes who elect to exchange their Convertible Notes upon the terms and subject to the conditions of the Exchange Offer.  |
| Offerors                                  | CCHC and CCH II are the entities making the Exchange Offer. See Organizational Structure.  |
| Exchange Consideration                    | <p>The Exchange Consideration offered per \$1,000 principal amount of Convertible Notes validly tendered for exchange and not validly withdrawn on or prior to the Expiration Date consists of:</p> <p style="padding-left: 40px;">\$417.75 in cash,</p> <p style="padding-left: 40px;">100 shares of Class A Common Stock, and</p> <p style="padding-left: 40px;">\$325.00 principal amount of CCH II Notes.</p> <p>Subject to applicable securities laws and the terms set forth in the Exchange Offer Prospectus, the Offerors reserve the right to amend the Exchange Offer in any respect; however, the Offerors do not currently intend to change the amount of Class A Common Stock offered to more than 134 shares or less than 67 shares per \$1,000 principal amount of Convertible Notes.</p> <p>CCH II Notes will be issued only in minimum denominations of \$1,000 and integral multiples of \$1,000. See Description of the Exchange Offer.</p> |
| No Minimum Condition                      | The Exchange Offer is not conditioned on a minimum principal amount of Convertible Notes being tendered.   |
| Maximum Amount                            | The Offerors will not accept for exchange more than the Maximum Amount. As a result, if more than the Maximum Amount of Convertible Notes is validly tendered and not validly withdrawn, the Offerors will accept Convertible Notes from each Holder pro rata based on the total principal amount of Convertible Notes validly tendered and not validly withdrawn.   |
| Accrued Interest on the Convertible Notes | In addition to the Exchange Consideration, the Offerors will pay accrued interest on the Convertible Notes from and after the last interest payment date (which was May 16, 2006) up to, but not including, the Settlement Date.   |
| Consequences of Failure to Exchange       | For a description of certain risks of continuing to own Convertible Notes after the Settlement Date because such Holder elects not to tender Convertible Notes or Convertible Notes tendered are not accepted (as a result of the Maximum Amount or otherwise) see Risk Factors Risks to Continuing Holders of Convertible Notes After the Settlement Date. In particular, you should note that as part of the Private Exchange Offers CCHC will contribute the CC VIII Interest to CCH I. The CC VIII Interest will be pledged as security for all CCH I notes, including those to be issued in the Private Exchange  |





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Offers. Any claim Holders of the Convertible Notes have against those assets will become subordinate to claims of the holders of CCH I notes, as well as the creditors of CCHC, Charter Holdings and CIH.

|                                  |   |
|----------------------------------|---|
| Expiration Date                  | September 8, 2006.  |
| Settlement Date                  | The Settlement Date in respect of any Convertible Notes that are validly tendered for exchange prior to 11:59 p.m., New York City time, on the Expiration Date is expected to be not later than the fourth day following the Expiration Date.   |
| Accounting Treatment             | Charter will consider the fair value of consideration to be issued versus the book value of Convertible Notes tendered and will record the resulting anticipated gain on the transaction on our consolidated statement of operations in the period the transaction closes. CCH II will record the fair value of CCH II Notes issued in long-term debt and will record the fair value of the Convertible Notes received by CCH II as a reduction of member's equity of CCH II. See Unaudited Pro Forma Consolidated Financials.  |
| How to Tender Convertible Notes  | See Description of the Exchange Offer Procedure for Tendering Convertible Notes. For further information, call the Information Agent or the Exchange Agent at the respective telephone numbers set forth on the back cover of this Exchange Offer Prospectus or consult your broker, dealer, commercial bank, trust company or other nominee for assistance.  |
| Withdrawal and Revocation Rights | Convertible Notes may be validly withdrawn at any time up until 11:59 p.m., New York City time, on the Expiration Date. In the event of a termination of the Exchange Offer, which can only occur if a condition to the Exchange Offer is not satisfied, the Convertible Notes tendered pursuant to the Exchange Offer will be promptly returned to the tendering Holders. In addition, even after the Expiration Date, if the Offerors have not accepted for payment any validly tendered Convertible Notes, such Convertible Notes may be withdrawn 60 days after commencement of the Exchange Offer. |
| Purpose of the Exchange Offer    | The purpose of the Exchange Offer is to exchange up to \$450,000,000 of Charter's outstanding Convertible Notes to extend maturities and reduce our overall indebtedness.   |
| Background of the Exchange Offer | This Exchange Offer and the Private Exchange Offer are being conducted at the present time based on our current ability to incur indebtedness under the financial covenants contained in our various debt instruments and the current trading prices of the subject securities in each offer. See Background of the Exchange Offer.   |

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Certain Conditions Precedent to the Exchange Offer      The Offerors' obligation to pay the Exchange Consideration in respect of Convertible Notes validly tendered for exchange pursuant to the Exchange Offer is conditioned upon the satisfaction of certain conditions including effectiveness of the registration statement. See Description of the Exchange Offer Conditions to the Exchange Offer.

Optional Settlement Procedure      As described under Description of Capital Stock and Membership Units Share Lending Agreement below, as of June 30, 2006, Charter has loaned to Citigroup Global Markets Limited ( CGML ) 116.9 million shares of Class A Common Stock to facilitate the placement of the Convertible Notes. To the extent you tender Convertible Notes in the Exchange Offer, and you have entered into a share loan agreement with CGML pursuant to which you have, as of the Acceptance Date (as defined below) of the Exchange Offer, an open borrow position thereunder, you may, at your option, elect the settlement of Class A Common Stock to be issued by Charter as part of the Exchange Consideration through the settlement procedure described below. Any such election may be made:

(i) if you hold your Convertible Notes in book-entry form through DTC, by instructing your nominee to make such an election on your behalf in accordance with DTC procedures; or

(ii) otherwise, by making such an election in the Letter of Transmittal and delivery of such Letter of Transmittal in accordance with the procedures described under Procedures for Tendering Convertible Notes below.

If you validly make such an election as described above, any Class A Common Stock you are entitled to receive as a component of the Exchange Consideration will be issued by Charter to CGML, or an affiliate, and used, to the extent you have, as of the date we accept your Convertible Notes pursuant to the Exchange Offer (the Acceptance Date ) an outstanding obligation to return shares of our Class A Common Stock under the share loan agreement, to satisfy a corresponding portion of such return obligation to CGML. Such share deliveries will be deemed to occur on the Acceptance Date and will be used, on such date, to satisfy your return obligation to CGML. Although it has no obligation to do so, we anticipate that CGML will contemporaneously return such shares to Charter under the Share Lending Agreement on such date. In lieu of actual issuances of shares by Charter to CGML or an affiliate, and return of those shares to CGML under our share loan agreement, CGML and Charter may agree to deem your obligation to deliver those shares to CGML and CGML's obligation to deliver those shares to Charter to be mutually satisfied as of the Acceptance Date.

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|  |   |
|--|---|
| Certain U.S. Federal Income Tax Consequences | For a summary of the material U.S. federal income tax consequences of the Exchange Offer, see Certain U.S. Federal Income Tax Consequences.   |
| Use of Proceeds                              | Neither the Offerors, Charter nor any of their subsidiaries will receive any proceeds from the Exchange Offer.  |
| Brokerage Commissions                        | No brokerage commissions are payable by Holders of the Convertible Notes to the Dealer Managers, the Information Agent, the Offerors, the Trustee or the Exchange Agent.  |
| Dealer Managers                              | Citigroup and Banc of America Securities LLC are the Dealer Managers for the Exchange Offer. Their respective addresses and telephone numbers are set forth on the back cover of this Exchange Offer Prospectus.  |
| Information Agent                            | Global Bondholder Services Corporation is the Information Agent for the Exchange Offer. Its address and telephone number are set forth on the back cover of this Exchange Offer Prospectus.   |
| Exchange Agent                               | Global Bondholder Services Corporation is the Exchange Agent for the Exchange Offer. Its address and telephone number are set forth on the back cover of this Exchange Offer Prospectus.  |
| Regulatory Approvals                         | The Offerors are not aware of any other material regulatory approvals necessary to complete the Exchange Offer, other than the obligation to file a Schedule TO with the SEC and otherwise comply with applicable securities laws.  |
| No Appraisal Rights                          | No appraisal rights are available to the Holders in connection with the Exchange Offer.   |
| Further Information                          | Any requests for assistance in connection with the Exchange Offer or for additional copies of this Exchange Offer Prospectus or related materials should be directed to the Information Agent. Any questions regarding the Exchange Offer should be directed to either of the Dealer Managers. Contact information for the Information Agent and the Dealer Managers is set forth on the back cover of this Exchange Offer Prospectus. Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominees through which they hold the Convertible Notes with questions and requests for assistance. |

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**The CCH II Notes**

|                             |   |
|-----------------------------|---|
| Issuers                     | CCH II, LLC and CCH II Capital Corp.  |
| Maturity                    | September 15, 2010.   |
| Interest                    | Interest will accrue from and including the Settlement Date and is payable in cash semi-annually, in arrears, on March 15 and September 15 of each year.  |
| Interest Rate               | The per annum interest rate on the CCH II Notes equals 10.25%.  |
| CCH II Notes Offered/ CUSIP | The CCH II Notes offered hereby will be pari passu with, of the same class as, will vote on any matter submitted to bondholders with and otherwise be substantially identical in all respects to approximately \$2.1 billion principal amount of currently outstanding CCH II Notes. However, the currently outstanding CCH II Notes trade under two CUSIP numbers, which are not fungible. The CCH II Notes being offered as part of the Exchange Consideration will be issued under a temporary CUSIP number until the next interest payment date, which is expected to be September 15, 2006 at which time it is expected that they will be mandatorily merged into the existing CUSIP number of approximately \$1.6 billion outstanding principal amount of CCH II Notes.   |
| Ranking                     | The CCH II Notes are the senior unsecured obligations of CCH II and rank pari passu to all of CCH II's existing and future unsecured senior indebtedness, including approximately \$2.1 billion aggregate principal amount of CCH II notes that are outstanding and up to \$200 million of CCH II 2013 notes that are being offered in the Private Exchange Offers. In addition, the CCH II Notes are structured to be effectively senior to any indebtedness of any parent of CCH II. However, the CCH II Notes are effectively subordinated to all existing and future obligations of CCH II's subsidiaries. As of June 30, 2006, CCH II had stand-alone indebtedness and other obligations outstanding of \$2.1 billion, and its consolidated subsidiaries had approximately \$11.3 billion of indebtedness and other liabilities outstanding on their consolidated balance sheet. See Capitalization. |
| Optional Redemption         | CCH II may redeem, at its option, the CCH II Notes in whole or in part from time to time as described in the section Description of the CCH II Notes Optional redemption.   |
| Change of Control           | Upon the occurrence of a Change of Control (as defined herein under Description of the CCH II Notes), each holder of the CCH II Notes will have the right to require CCH II to repurchase all or any part of that holder's CCH II Notes at a repurchase price equal to 101% of the aggregate principal amount of the CCH II Notes repurchased plus accrued and unpaid interest thereon, if any, to the date of purchase. There can be no assurance that CCH II will have sufficient funds available at the time of any Change of Control to make any required debt repayment (including repurchases of the CCH II   |

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Notes). See Description of the CCH II Notes Repurchase at the Option of Holders Change of Control.

Restrictive Covenants

The indenture under which the CCH II Notes will be issued, which we refer to as the CCH II indenture, restricts the ability of CCH II and CCH II's restricted subsidiaries to: (1) incur indebtedness; (2) create liens; (3) pay dividends or make distributions in respect of capital stock and other restricted payments; (4) make investments; (5) sell assets; (6) create restrictions on the ability of restricted subsidiaries to make certain payments; (7) enter into transactions with affiliates; or (8) consolidate, merge or sell all or substantially all assets. However, such covenants are subject to a number of important qualifications and exceptions as described under Description of the CCH II Notes Certain Covenants, including provisions allowing CCH II and its restricted subsidiaries, as long as CCH II's leverage ratio is not greater than 5.5 to 1.0, to incur additional indebtedness and make investments. CCH II is also permitted under these covenants to provide funds to its parent companies, to repay intercompany debt and to pay interest on and, subject to meeting its leverage ratio test, to retire or repurchase their debt obligations.

Events of Default

For a discussion of events that will permit acceleration of the payment of the principal of and accrued interest on the CCH II Notes, see Description of the CCH II Notes Events of Default and Remedies.

**Differences between CCH II Notes and Convertible Notes**

Restrictive Covenants

The indenture under which the CCH II Notes will be issued includes a number of covenants restricting the actions of CCH II and CCH II's restricted subsidiaries. See Description of the CCH II Notes Certain Covenants. The indenture under which the Convertible Notes were issued does not include such covenants, with the exception of a covenant relating to fundamental changes. See Description of the Convertible Notes Consolidation, Merger and Sale of Assets.

Conversion Rights

Holder of Convertible Notes may convert their Convertible Notes into shares of Charter's Class A Common Stock. See Description of the Convertible Notes Organizational Structure. Holders of the CCH II Notes have no such conversion rights.

Interest Rate

The per annum interest rate on the CCH II Notes equals 10.25%. The per annum interest rate on the Convertible Notes is 5.875%.

Maturity

The maturity date of the CCH II Notes is September 15, 2010. The maturity date of the Convertible Notes is November 16, 2009.

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**Summary Consolidated Financial Data**

Charter is a holding company whose principal assets are a controlling common equity interest in Charter Holdco and mirror notes that are payable by Charter Holdco to Charter which have the same principal amount and terms as those of Charter's convertible senior notes. Charter Holdco is a holding company whose primary assets are equity interests in our cable operating subsidiaries and intercompany loan receivables. Charter consolidates Charter Holdco as a variable interest entity under Financial Accounting Standards Board (FASB) Interpretation (FIN) 46(R) *Consolidation of Variable Interest Entities*. Charter Holdco's limited liability agreement provides that so long as Charter's Class B common stock retains its special voting rights, Charter will maintain 100% voting interest in Charter Holdco. Voting control gives Charter full authority and control over the operations of Charter Holdco.

CCH II, LLC is a holding company whose primary assets are equity interests in our cable operating subsidiaries. CCH II, LLC was formed in March 2003 and is a direct subsidiary of CCH I, which is an indirect subsidiary of Charter Holdings. Charter Holdings is an indirect subsidiary of Charter.

*Historical Financial Data.* The following tables present summary financial and other data for Charter and CCH II and their subsidiaries and has been derived from the audited consolidated financial statements of Charter and CCH II and their subsidiaries as of December 31, 2005 and 2004 and for the three years ended December 31, 2005 and the unaudited consolidated financial statements of Charter and CCH II and their subsidiaries as of June 30, 2006 and for the six months ended June 30, 2006 and 2005. The consolidated financial statements of Charter and CCH II and their subsidiaries as of December 31, 2005 and 2004, and for the three years ended December 31, 2005 have been audited by KPMG LLP, an independent registered public accounting firm.

The following information should be read in conjunction with Selected Historical Consolidated Financial Data, Capitalization, Management's Discussion and Analysis of Financial Condition and Results of Operations of Charter, Management's Discussion and Analysis of Financial Condition and Results of Operations of CCH II, LLC and the historical consolidated financial statements and related notes of Charter and CCH II included elsewhere in this Exchange Offer Prospectus.

**Table of Contents****Charter Communications, Inc.**

**Year Ended December 31,**  
**Six Months Ended  
June 30,**

**2003                      2004                      2005                      2005                      2006**

**(Dollars in millions)**

**Statement of Operations****Data:**

## Revenues:

|                       |    |              |    |              |    |              |    |              |    |              |
|-----------------------|----|--------------|----|--------------|----|--------------|----|--------------|----|--------------|
| Video                 | \$ | 3,306        | \$ | 3,217        | \$ | 3,248        | \$ | 1,623        | \$ | 1,684        |
| High-speed Internet   |    | 535          |    | 712          |    | 875          |    | 425          |    | 506          |
| Telephone             |    | 14           |    | 18           |    | 36           |    | 14           |    | 49           |
| Advertising sales     |    | 254          |    | 279          |    | 284          |    | 135          |    | 147          |
| Commercial            |    | 196          |    | 227          |    | 266          |    | 128          |    | 149          |
| Other                 |    | 311          |    | 307          |    | 324          |    | 156          |    | 168          |
| <b>Total revenues</b> |    | <b>4,616</b> |    | <b>4,760</b> |    | <b>5,033</b> |    | <b>2,481</b> |    | <b>2,703</b> |

## Costs and Expenses:

|   |  |              |  |              |  |              |  |              |  |              |
|---|--|--------------|--|--------------|--|--------------|--|--------------|--|--------------|
| Operating (excluding depreciation and amortization) |  | 1,873        |  | 1,994        |  | 2,203        |  | 1,081        |  | 1,215        |
| Selling, general and administrative                 |  | 909          |  | 965          |  | 1,012        |  | 483          |  | 551          |
| Depreciation and amortization                       |  | 1,396        |  | 1,433        |  | 1,443        |  | 730          |  | 690          |
| Impairment of franchises                            |  |              |  | 2,297        |  |              |  |              |  |              |
| Asset impairment charges                            |  |              |  |              |  | 39           |  | 39           |  | 99           |
| Other operating (income) expenses, net              |  | (46)         |  | 13           |  | 32           |  | 6            |  | 10           |
| <b>Total costs and expenses</b>                     |  | <b>4,132</b> |  | <b>6,702</b> |  | <b>4,729</b> |  | <b>2,339</b> |  | <b>2,565</b> |

|   |  |         |  |         |  |         |  |       |  |       |
|---|--|---------|--|---------|--|---------|--|-------|--|-------|
| Operating income (loss) from continuing operations        |  | 484     |  | (1,942) |  | 304     |  | 142   |  | 138   |
| Interest expense, net                                     |  | (1,557) |  | (1,670) |  | (1,789) |  | (871) |  | (943) |
| Gain (loss) on extinguishment of debt and preferred stock |  | 267     |  | (31)    |  | 521     |  | 8     |  | (27)  |
| Other income, net   |  | 49      |  | 49      |  | 72      |  | 47    |  | 18    |

|   |  |       |  |         |  |       |  |       |  |       |
|---|--|-------|--|---------|--|-------|--|-------|--|-------|
| Loss from continuing operations before minority interest, income taxes and cumulative effect of accounting change |  | (757) |  | (3,594) |  | (892) |  | (674) |  | (814) |
|---|--|-------|--|---------|--|-------|--|-------|--|-------|

|   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| Minority interest   | 394         | 19          | 1           | (6)         | (1)         |
| Loss from continuing operations before income taxes and cumulative effect of accounting change                    | (363)       | (3,575)     | (891)       | (680)       | (815)       |
| Income tax benefit (expense)  | 122         | 134         | (112)       | (56)        | (60)        |
| Loss from continuing operations before cumulative effect of accounting change                                     | (241)       | (3,441)     | (1,003)     | (736)       | (875)       |
| Income (loss) from discontinued operations, net of tax  | 3           | (135)       | 36          | 29          | 34          |
| Loss before cumulative effect of accounting change  | (238)       | (3,576)     | (967)       | (707)       | (841)       |
| Cumulative effect of accounting change, net of tax  |             | (765)       |             |             |             |
| Net loss  | (238)       | (4,341)     | (967)       | (707)       | (841)       |
| Dividends on preferred stock-redeemable   | (4)         | (4)         | (3)         | (2)         |             |
| Net loss applicable to common stock   | \$ (242)    | \$ (4,345)  | \$ (970)    | \$ (709)    | \$ (841)    |
| <b>Loss per common share, basic and diluted:</b>  |             |             |             |             |             |
| Loss from continuing operations before cumulative effect of accounting change per common share, basic and diluted | \$ (0.83)   | \$ (11.47)  | \$ (3.24)   | \$ (2.43)   | \$ (2.76)   |
| Net loss  | \$ (0.82)   | \$ (14.47)  | \$ (3.13)   | \$ (2.34)   | \$ (2.65)   |
| Weighted-average common shares outstanding, basic and diluted   | 294,597,519 | 300,291,877 | 310,159,047 | 303,465,474 | 317,531,492 |



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|  | Year Ended December 31, |           |           | Six Months Ended<br>June 30, |           |
|--|-------------------------|-----------|-----------|------------------------------|-----------|
|  | 2003                    | 2004      | 2005      | 2005                         | 2006      |
| <b>Other Financial Data:</b>                     |                         |           |           |                              |           |
| Capital expenditures                             | \$ 854                  | \$ 924    | \$ 1,088  | \$ 542                       | \$ 539    |
| Deficiency of earnings to cover fixed charges(a) | 725                     | 3,698     | 853       | 655                          | 776       |
| <b>Operating Data:</b>                           |                         |           |           |                              |           |
| (end of period)(b):                              |                         |           |           |                              |           |
| Analog video customers                           | 6,431,300               | 5,991,500 | 5,884,500 | 5,943,100                    | 5,876,100 |
| Digital video customers                          | 2,671,900               | 2,674,700 | 2,796,600 | 2,685,600                    | 2,889,000 |
| Residential high-speed Internet customers        | 1,565,600               | 1,884,400 | 2,196,400 | 2,022,200                    | 2,375,100 |
| Telephone customers                              | 24,900                  | 45,400    | 121,500   | 67,800                       | 257,600   |

**Table of Contents****CCH II, LLC**

|  | Year Ended December 31, |                   |                 | Six Months Ended<br>June 30, |                 |
|--|-------------------------|-------------------|-----------------|------------------------------|-----------------|
|  | 2003                    | 2004              | 2005            | 2005                         | 2006            |
| (Dollars in millions)  |                         |                   |                 |                              |                 |
| <b>Statement of Operations Data:</b>   |                         |                   |                 |                              |                 |
| Revenues:  |                         |                   |                 |                              |                 |
| Video  | \$ 3,306                | \$ 3,217          | \$ 3,248        | \$ 1,623                     | \$ 1,684        |
| High-speed Internet  | 535                     | 712               | 875             | 425                          | 506             |
| Telephone  | 14                      | 18                | 36              | 14                           | 49              |
| Advertising sales  | 254                     | 279               | 284             | 135                          | 147             |
| Commercial   | 196                     | 227               | 266             | 128                          | 149             |
| Other  | 311                     | 307               | 324             | 156                          | 168             |
| <b>Total revenues</b>  | <b>4,616</b>            | <b>4,760</b>      | <b>5,033</b>    | <b>2,481</b>                 | <b>2,703</b>    |
| Costs and Expenses:  |                         |                   |                 |                              |                 |
| Operating (excluding depreciation and amortization)  | 1,873                   | 1,994             | 2,203           | 1,081                        | 1,215           |
| Selling, general and administrative  | 909                     | 965               | 1,012           | 483                          | 551             |
| Depreciation and amortization  | 1,396                   | 1,433             | 1,443           | 730                          | 690             |
| Impairment of franchises   |                         | 2,297             |                 |                              |                 |
| Asset impairment charges   |                         |                   | 39              | 39                           | 99              |
| Other operating (income) expenses, net   | (46)                    | 13                | 32              | 6                            | 10              |
| <b>Total costs and expenses</b>  | <b>4,132</b>            | <b>6,702</b>      | <b>4,729</b>    | <b>2,339</b>                 | <b>2,565</b>    |
| Operating income (loss) from continuing operations   | 484                     | (1,942)           | 304             | 142                          | 138             |
| Interest expense, net  | (545)                   | (726)             | (858)           | (408)                        | (488)           |
| Other income (expense), net  | 27                      | 71                | 99              | 35                           | (19)            |
| Loss from continuing operations before income taxes and cumulative effect of accounting change | (34)                    | (2,597)           | (455)           | (231)                        | (369)           |
| Income tax benefit (expense)   | (13)                    | 35                | (9)             | (8)                          | (4)             |
| Loss from continuing operations before cumulative effect of accounting change                  | (47)                    | (2,562)           | (464)           | (239)                        | (373)           |
| Income (loss) from discontinued operations, net of tax   | 32                      | (104)             | 39              | 19                           | 38              |
| Loss before cumulative effect of accounting change   | (15)                    | (2,666)           | (425)           | (220)                        | (335)           |
| Cumulative effect of accounting change, net of tax   |                         | (840)             |                 |                              |                 |
| <b>Net loss</b>  | <b>\$ (15)</b>          | <b>\$ (3,506)</b> | <b>\$ (425)</b> | <b>\$ (220)</b>              | <b>\$ (335)</b> |

|  | Year Ended December 31, |           |           | Six Months Ended June 30, |           |
|--|-------------------------|-----------|-----------|---------------------------|-----------|
|  | 2003                    | 2004      | 2005      | 2005                      | 2006      |
| <b>Other Financial Data:</b>                     |                         |           |           |                           |           |
| Capital expenditures                             | \$ 804                  | \$ 893    | \$ 1,088  | \$ 542                    | \$ 539    |
| Ratio of earnings to cover fixed charges         | 1.05                    | NA        | NA        | NA                        | NA        |
| Deficiency of earnings to cover fixed charges(a) | NA                      | 2,721     | 449       | 206                       | 321       |
| <b>Operating Data:</b>                           |                         |           |           |                           |           |
| (end of period)(b):                              |                         |           |           |                           |           |
| Analog video customers                           | 6,431,300               | 5,991,500 | 5,884,500 | 5,943,100                 | 5,876,100 |
| Digital video customers                          | 2,671,900               | 2,674,700 | 2,796,600 | 2,685,600                 | 2,889,000 |
| Residential high-speed Internet customers        | 1,565,600               | 1,884,400 | 2,196,400 | 2,022,200                 | 2,375,100 |
| Telephone customers                              | 24,900                  | 45,400    | 121,500   | 67,800                    | 257,600   |

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*As Adjusted and Pro Forma Financial Data.* The as adjusted data set forth below represent our unaudited consolidated financial statements after giving effect to the following transactions as if they occurred on January 1, 2005 for the statement of operations data and other financial data and as of the last day of the respective period for the operating and balance sheet data:

(1) the redemption in March, 2005 of all (approximately \$113 million principal amount) of CC V Holdings, LLC's outstanding 11.875% senior discount notes due 2008 with cash on hand;

(2) the issuance and sale of \$300 million of 8<sup>3</sup>/<sub>4</sub>% CCO Holdings senior notes in August, 2005 and the use of a portion of such proceeds to pay financing costs and accrued interest in the September, 2005 exchange transaction referenced below;

(3) the exchange in September, 2005 of approximately \$3.4 billion principal amount of Charter Holdings' notes scheduled to mature in 2009 and 2010 for CCH I notes and the exchange of approximately \$3.4 billion principal amount of Charter Holdings' notes scheduled to mature in 2011 and 2012 for CIH notes and CCH I notes;

(4) the issuance and sale of \$450 million principal amount of CCH II Notes in January, 2006 and the use of such proceeds to pay down credit facilities;

(5) the refinancing of the Charter Operating credit facilities in April, 2006 and the related reductions in interest rate margins on the term loan;

(6) the acquisition of certain assets in January, 2006 for approximately \$42 million;

(7) the completed and scheduled disposition of certain assets for total proceeds of \$971 million and the temporary use of such proceeds to reduce amounts outstanding under our revolving credit facility to zero; and

(8) the Private Exchange Offers Pro Forma Adjustments (defined in the section entitled Unaudited Pro Forma Consolidated Financials below).

The pro forma data set forth below represent our unaudited pro forma consolidated financial statements after giving effect to the as adjusted transactions described above and the Exchange Offer Pro Forma Adjustments (defined in the section entitled Unaudited Pro Forma Consolidated Financials below) as if they occurred on January 1, 2005 for the statement of operations data and other financial data and as of the last day of the respective period for the operating and balance sheet data.

The following information should be read in conjunction with Selected Historical Consolidated Financial Data, Capitalization, Unaudited Pro Forma Consolidated Financials, Management's Discussion and Analysis of Financial Condition and Results of Operations of Charter and Management's Discussion Analysis of Financial Condition and Results of Operations of CCH II, LLC and the historical consolidated financial statements and related notes of Charter and CCH II included elsewhere in this Exchange Offer Prospectus.

The pro forma data are based on information available to us as of the date of this Exchange Offer Prospectus and certain assumptions that we believe are reasonable under the circumstances. The financial data required allocation of certain revenues and expenses and such information has been presented for comparative purposes and is not intended to provide any indication of what our actual financial position, including actual cash balances and revolver borrowings, or results of operations would have been had the transactions described above been completed on the dates indicated or to project our results of operations for any future date.

**Table of Contents****Charter Communications, Inc.****Year Ended December 31,****Six Months Ended June 30,****2005  
As Adjusted****2005  
Pro Forma****2005  
As Adjusted****2005  
Pro Forma****2006  
As Adjusted****2006  
Pro Forma****(Dollars in millions)****Statement of  
Operations****Data:**

## Revenues:

|                           |    |       |    |       |    |       |    |       |    |       |    |       |
|---------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|-------|
| Video                     | \$ | 3,195 | \$ | 3,195 | \$ | 1,596 | \$ | 1,596 | \$ | 1,655 | \$ | 1,655 |
| High-speed<br>Internet    |    | 868   |    | 868   |    | 422   |    | 422   |    | 499   |    | 499   |
| Telephone                 |    | 41    |    | 41    |    | 17    |    | 17    |    | 49    |    | 49    |
| Advertising<br>sales      |    | 280   |    | 280   |    | 133   |    | 133   |    | 145   |    | 145   |
| Commercial                |    | 260   |    | 260   |    | 125   |    | 125   |    | 145   |    | 145   |
| Other                     |    | 319   |    | 319   |    | 153   |    | 153   |    | 165   |    | 165   |
| <b>Total<br/>revenues</b> |    | 4,963 |    | 4,963 |    | 2,446 |    | 2,446 |    | 2,658 |    | 2,658 |

Costs and  
Expenses:

|   |  |       |  |       |  |       |  |       |  |       |  |       |
|---|--|-------|--|-------|--|-------|--|-------|--|-------|--|-------|
| Operating<br>(excluding<br>depreciation<br>and<br>amortization) |  | 2,172 |  | 2,172 |  | 1,066 |  | 1,066 |  | 1,191 |  | 1,191 |
| Selling,<br>general and<br>administrative                       |  | 1,003 |  | 1,003 |  | 476   |  | 476   |  | 544   |  | 544   |
| Depreciation<br>and<br>amortization                             |  | 1,432 |  | 1,432 |  | 730   |  | 730   |  | 685   |  | 685   |
| Other<br>operating<br>expenses, net                             |  | 32    |  | 32    |  | 6     |  | 6     |  | 10    |  | 10    |
| <b>Total costs<br/>and<br/>expenses</b>                         |  | 4,639 |  | 4,639 |  | 2,278 |  | 2,278 |  | 2,430 |  | 2,430 |

Operating  
income (loss)  
from continuing  
operations

324

324

168

168

228

228

|   |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Interest expense, net   | (1,707)     | (1,687)     | (833)       | (823)       | (906)       | (896)       |
| Other income, net   | 109         | 109         | 54          | 54          | 17          | 17          |
| Loss from continuing operations before income taxes                 | (1,274)     | (1,254)     | (611)       | (601)       | (661)       | (651)       |
| Income tax expense  | (110)       | (110)       | (55)        | (55)        | (79)        | (79)        |
| Loss from continuing operations                                     | \$ (1,384)  | \$ (1,364)  | \$ (666)    | \$ (656)    | \$ (740)    | \$ (730)    |
| Loss from continuing operations per common share, basic and diluted | \$ (4.47)   | \$ (3.87)   | \$ (2.20)   | \$ (1.90)   | \$ (2.33)   | \$ (2.02)   |
| Weighted-average common shares outstanding, basic and diluted       | 310,159,047 | 353,284,047 | 303,465,474 | 346,590,474 | 317,531,492 | 360,656,492 |

|  | Year Ended December 31, |                   |                        | Six Months Ended June 30, |                        |                   |
|--|-------------------------|-------------------|------------------------|---------------------------|------------------------|-------------------|
|  | 2005<br>As<br>Adjusted  | 2005<br>Pro Forma | 2005<br>As<br>Adjusted | 2005<br>Pro Forma         | 2006<br>As<br>Adjusted | 2006<br>Pro Forma |
| <b>Other Financial Data:</b>                     |                         |                   |                        |                           |                        |                   |
| Capital expenditures                             | \$ 1,051                | \$ 1,051          | \$ 524                 | \$ 524                    | \$ 524                 | \$ 524            |
| Deficiency of earnings to cover fixed charges(a) | 1,275                   | 1,255             | 605                    | 595                       | 660                    | 650               |
| <b>Operating Data:</b>                           |                         |                   |                        |                           |                        |                   |
| (end of period)(b):                              |                         |                   |                        |                           |                        |                   |
| Analog video customers                           | 5,542,100               | 5,542,100         | 5,570,000              | 5,570,000                 | 5,520,100              | 5,520,100         |
| Digital video customers                          | 2,650,500               | 2,650,500         | 2,532,300              | 2,532,300                 | 2,730,000              | 2,730,000         |
|  | 2,106,000               | 2,106,000         | 1,937,000              | 1,937,000                 | 2,264,200              | 2,264,200         |

Residential high-speed  
Internet customers

|                     |         |         |        |        |         |         |
|---------------------|---------|---------|--------|--------|---------|---------|
| Telephone customers | 136,000 | 136,000 | 82,600 | 82,600 | 257,600 | 257,600 |
|---------------------|---------|---------|--------|--------|---------|---------|

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| <b>As of June 30, 2006</b>   |                    |                  |
|------------------------------|--------------------|------------------|
|                              | <b>As Adjusted</b> | <b>Pro Forma</b> |
| <b>(Dollars in millions)</b> |                    |                  |
| <b>Balance Sheet Data:</b>   |                    |                  |
| (end of period):             |                    |                  |
| Cash and cash equivalents    | \$ 175             | \$               |
| Total assets                 | 15,496             | 15,310           |
| Long-term debt               | 18,935             | 18,668           |
| Note payable-related party   | 53                 | 53               |
| Minority interest(c)         | 189                | 189              |
| Shareholders deficit         | (5,444)            | (5,359)          |

- (a) Earnings include net loss plus fixed charges. Fixed charges consist of interest expense and an estimated interest component of rent expense.
- (b) See Business Products and Services for definitions of the terms contained in this section.
- (c) Minority interest represents preferred membership interests in CC VIII. This preferred interest arises from approximately \$630 million of preferred membership units issued by CC VIII in connection with an acquisition in February 2000 and was the subject of a dispute between Charter and Mr. Allen, Charter's Chairman and controlling shareholder that was settled October 31, 2005. See Certain Relationships and Related Party Transactions Transactions Arising Out of Our Organizational Structure and Mr. Allen's Investment in Charter and Its Subsidiaries Equity Put Rights CC VIII.



**Table of Contents****CCH II, LLC****Year Ended  
December 31,****Six Months Ended June 30,**

|  | <b>2005<br/>As<br/>Adjusted</b> | <b>2005<br/>Pro<br/>Forma</b> | <b>2005<br/>As<br/>Adjusted</b> | <b>2005<br/>Pro<br/>Forma</b> | <b>2006<br/>As<br/>Adjusted</b> | <b>2006<br/>Pro<br/>Forma</b> |
|--|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
|--|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|

**(Dollars in millions)****Statement of Operations Data:**

## Revenues:

|                       |              |              |              |              |              |              |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Video                 | \$ 3,195     | \$ 3,195     | \$ 1,596     | \$ 1,596     | \$ 1,655     | \$ 1,655     |
| High-speed Internet   | 868          | 868          | 422          | 422          | 499          | 499          |
| Telephone             | 41           | 41           | 17           | 17           | 49           | 49           |
| Advertising sales     | 280          | 280          | 133          | 133          | 145          | 145          |
| Commercial            | 260          | 260          | 125          | 125          | 145          | 145          |
| Other                 | 319          | 319          | 153          | 153          | 165          | 165          |
| <b>Total revenues</b> | <b>4,963</b> | <b>4,963</b> | <b>2,446</b> | <b>2,446</b> | <b>2,658</b> | <b>2,658</b> |

## Costs and Expenses:

|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating (excluding depreciation and amortization) | 2,172        | 2,172        | 1,066        | 1,066        | 1,191        | 1,191        |
| Selling, general and administrative                 | 1,003        | 1,003        | 476          | 476          | 544          | 544          |
| Depreciation and amortization                       | 1,432        | 1,432        | 730          | 730          | 685          | 685          |
| Other operating expenses, net                       | 32           | 32           | 6            | 6            | 10           | 10           |
| <b>Total costs and expenses</b>                     | <b>4,639</b> | <b>4,639</b> | <b>2,278</b> | <b>2,278</b> | <b>2,430</b> | <b>2,430</b> |

## Income (loss) from continuing operations

|                       |       |       |       |       |       |       |
|-----------------------|-------|-------|-------|-------|-------|-------|
| Interest expense, net | (847) | (862) | (412) | (419) | (465) | (472) |
| Other income, net     | 104   | 104   | 40    | 40    | 8     | 8     |

## Loss from continuing operations before income taxes and cumulative effect of accounting change

|                    |     |     |     |     |     |     |
|--------------------|-----|-----|-----|-----|-----|-----|
| Income tax expense | (9) | (9) | (8) | (8) | (4) | (4) |
|--------------------|-----|-----|-----|-----|-----|-----|

## Loss from continuing operations before cumulative effect of accounting change

|  |          |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|----------|
|  | \$ (428) | \$ (443) | \$ (212) | \$ (219) | \$ (233) | \$ (240) |
|--|----------|----------|----------|----------|----------|----------|

|  | Year Ended<br>December 31, |                   | Six Months Ended June 30, |                   |                        |                   |
|--|----------------------------|-------------------|---------------------------|-------------------|------------------------|-------------------|
|  | 2005<br>As<br>Adjusted     | 2005<br>Pro Forma | 2005<br>As<br>Adjusted    | 2005<br>Pro Forma | 2006<br>As<br>Adjusted | 2006<br>Pro Forma |
| <b>Other Financial Data:</b>                     |                            |                   |                           |                   |                        |                   |
| Capital expenditures                             | \$ 1,051                   | \$ 1,051          | \$ 524                    | \$ 524            | \$ 524                 | \$ 524            |
| Deficiency of earnings to cover fixed charges(a) | 452                        | 467               | 198                       | 205               | 219                    | 226               |
| <b>Operating Data:</b>                           |                            |                   |                           |                   |                        |                   |
| (end of period)(b):                              |                            |                   |                           |                   |                        |                   |
| Analog video customers                           | 5,542,100                  | 5,542,100         | 5,570,000                 | 5,570,000         | 5,520,100              | 5,520,100         |
| Digital video customers                          | 2,650,500                  | 2,650,500         | 2,532,300                 | 2,532,300         | 2,730,000              | 2,730,000         |
| Residential high-speed Internet customers        | 2,106,000                  | 2,106,000         | 1,937,000                 | 1,937,000         | 2,264,200              | 2,264,200         |
| Telephone customers                              | 136,000                    | 136,000           | 82,600                    | 82,600            | 257,600                | 257,600           |

## As of June 30, 2006

As Adjusted      Pro Forma

(Dollars in millions)

| <b>Balance Sheet Data:</b>  |    |        |
|-----------------------------|----|--------|
| (end of period):            |    |        |
| Cash and cash equivalents   | \$ | 168    |
| Total assets                |    | 15,219 |
| Long-term debt              |    | 10,462 |
| Loans payable-related party |    | 109    |
| Minority interest(c)        |    | 631    |
| Member s equity             |    | 2,621  |
|                             | \$ | 15,056 |
|                             |    | 10,619 |
|                             |    | 109    |
|                             |    | 631    |
|                             |    | 2,301  |

(a) Earnings include net loss plus fixed charges. Fixed charges consist of interest expense and an estimated interest component of rent expense.

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- (b) See Business Products and Services for definitions of the terms contained in this section.
- (c) Minority interest represents preferred membership interests in CC VIII. This preferred interest arises from approximately \$630 million of preferred membership units issued by CC VIII in connection with an acquisition in February 2000 and was the subject of a dispute between Charter and Mr. Allen, Charter's Chairman and controlling shareholder that was settled October 31, 2005. See Certain Relationships and Related Party Transactions Transactions Arising Out of Our Organizational Structure and Mr. Allen's Investment in Charter and Its Subsidiaries Equity Put Rights CC VIII.

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**Charter Communications, Inc. and Subsidiaries**  
**Ratio of Earnings to Fixed Charges Calculation**  
(in millions)

|  | Year Ended December 31, |            |          |            |          | Six Months Ended June 30, |          |
|--|-------------------------|------------|----------|------------|----------|---------------------------|----------|
|  | 2001                    | 2002       | 2003     | 2004       | 2005     | 2005                      | 2006     |
| <b>Earnings</b>  |                         |            |          |            |          |                           |          |
| Loss before Minority Interest, Income Taxes and Cumulative Effect of Accounting Change | \$ (2,630)              | \$ (5,944) | \$ (725) | \$ (3,698) | \$ (853) | \$ (655)                  | \$ (776) |
| Fixed Charges  | 1,316                   | 1,510      | 1,564    | 1,677      | 1,796    | 874                       | 946      |
| Total Earnings   | \$ (1,314)              | \$ (4,434) | \$ 839   | \$ (2,021) | \$ 943   | \$ 219                    | \$ 170   |
| <b>Fixed Charges</b>   |                         |            |          |            |          |                           |          |
| Interest Expense   | \$ 1,045                | \$ 1,149   | \$ 1,186 | \$ 1,406   | \$ 1,567 | \$ 817                    | \$ 920   |
| Amortization of Debt Costs   | 265                     | 354        | 371      | 264        | 222      | 54                        | 23       |
| Interest Element of Rentals  | 6                       | 7          | 7        | 7          | 7        | 3                         | 3        |
| Total Fixed Charges  | \$ 1,316                | \$ 1,510   | \$ 1,564 | \$ 1,677   | \$ 1,796 | \$ 874                    | \$ 946   |

## Ratio of Earnings to Fixed Charges(1)

- (1) Earnings for the years ended December 31, 2001, 2002, 2003, 2004 and 2005 and the six months ended June 30, 2005 and 2006 were insufficient to cover fixed charges by \$2,630, \$5,944, \$725, \$3,698, \$853, \$655 and \$776, respectively. As a result of such deficiencies, the ratios are not presented above.

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**CCH II, LLC and Subsidiaries**  
**Ratio of Earnings to Fixed Charges Calculation**  
(in millions)

|  | Year Ended December 31, |            |        |            |          | Six Months Ended June 30, |          |
|--|-------------------------|------------|--------|------------|----------|---------------------------|----------|
|  | 2001                    | 2002       | 2003   | 2004       | 2005     | 2005                      | 2006     |
| <b>Earnings</b>  |                         |            |        |            |          |                           |          |
| Loss before Minority Interest, Income Taxes and Cumulative Effect of Accounting Change | \$ (1,838)              | \$ (4,946) | \$ 27  | \$ (2,721) | \$ (449) | \$ (206)                  | \$ (321) |
| Fixed Charges  | 531                     | 519        | 552    | 733        | 865      | 411                       | 491      |
| Total Earnings   | \$ (1,307)              | \$ (4,427) | \$ 579 | \$ (1,988) | \$ 416   | \$ 205                    | \$ 170   |
| <b>Fixed Charges</b>   |                         |            |        |            |          |                           |          |
| Interest Expense   | \$ 517                  | \$ 502     | \$ 532 | \$ 702     | \$ 829   | \$ 394                    | \$ 474   |
| Amortization of Debt Costs   | 8                       | 10         | 13     | 24         | 29       | 14                        | 14       |
| Interest Element of Rentals  | 6                       | 7          | 7      | 7          | 7        | 3                         | 3        |
| Total Fixed Charges  | \$ 531                  | \$ 519     | \$ 552 | \$ 733     | \$ 865   | \$ 411                    | \$ 491   |
| Ratio of Earnings to Fixed Charges(1)  |                         |            |        |            |          |                           | 1.05     |

(1) Earnings for the years ended December 31, 2001, 2002, 2004 and 2005 and the six months ended June 30, 2005 and 2006 were insufficient to cover fixed charges by \$1,838, \$4,946, \$2,721, \$449, \$206 and \$321, respectively. As a result of such deficiencies, the ratios are not presented above.

**Book Value per Common Share**

The book value per share of Class A Common Stock as of June 30, 2006 was \$(13.14). Pro forma for the Exchange Offer, the book value per share of Class A Common Stock as of June 30, 2006 was \$(11.13).

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**RISK FACTORS**

*Your decision whether to tender your Convertible Notes pursuant to the Exchange Offer, and to acquire the Exchange Consideration, including the Class A Common Stock and CCH II Notes, involves risk. You should be aware of, and carefully consider, the following risk factors, along with all of the other information provided or referred to in this Exchange Offer Prospectus, before deciding whether to tender your Convertible Notes pursuant to the Exchange Offer.*

**Risks to Continuing Holders of Convertible Notes After the Settlement Date**

*The following risks specifically apply to the extent a Holder continues to own Convertible Notes after the Settlement Date because such Holder elects not to tender Convertible Notes or because Convertible Notes tendered are not accepted for exchange (as a result of the Maximum Amount or otherwise). There are additional risks attendant to being an investor in our equity and debt securities that you should review, whether or not you elect to tender your Convertible Notes. These risks are described elsewhere in this Risk Factors section under the headings Risks Related to Our and Our Subsidiaries Significant Indebtedness, Risks Related to Our Business, Risks Related to Mr. Allen's Controlling Position and Risks Related to Regulatory and Legislative Matters .*

**The preferred equity interests of CC VIII currently held by CCHC will be contributed to CCH I and pledged as security for all outstanding CCH I notes, including those to be issued in the Private Exchange Offers, and any claims that Holders of the Convertible Notes have against those assets will become subordinated to claims of the holders of CCH I notes, as well as the creditors of CCHC, Charter Holdings and CIH.**

In addition to its equity interests in Charter Holdings, CCHC currently holds a direct interest in certain Class A preferred equity of CC VIII, LLC, an indirect subsidiary of Charter Operating representing 70% of all outstanding Class A preferred units in CC VIII. As part of the Private Exchange Offers, CCHC will contribute its preferred equity interest in CC VIII to CCH I. This interest in CC VIII will be pledged as security for all outstanding CCH I notes, including those to be issued in the Private Exchange Offers. As a result, any claim that Holders of the Convertible Notes have against those CC VIII assets will become subordinated to claims of the holders of CCH I notes, as well as creditors of certain of Charter's subsidiaries, including CCHC, Charter Holdings and CIH. The subordination of the claims of the Holders of Convertible Notes not exchanged against the CC VIII preferred equity interests could materially and adversely affect the value of any Convertible Notes not exchanged and, in the event of a bankruptcy, liquidation or insolvency of Charter, the extent of a Holder's recovery. CC VIII owns systems with approximately 934,000 analog video customers at June 30, 2006. CC VIII has guaranteed, on a secured basis, the credit facility and senior second lien notes of Charter Operating.

**If the Offerors consummate the Exchange Offer, claims with respect to any Convertible Notes not exchanged will be structurally subordinated to claims with respect to the CCH II Notes.**

The Convertible Notes are obligations of Charter and the CCH II Notes will be issued by, and obligations of, its indirect subsidiary CCH II. All of our consolidated operations are conducted through indirect subsidiaries of CCH II. To the extent that the Exchange Offer is consummated, holders of the CCH II Notes will have direct claims against the assets of CCH II and, in the event of a bankruptcy, liquidation or insolvency of CCH II, will be entitled to payment before any funds are available to creditors of Charter, including the Holders of Convertible Notes not exchanged. The structural subordination and unsecured nature of the claims of the Holders of Convertible Notes not exchanged could materially and adversely affect the value of such Convertible Notes and, in the event of a bankruptcy, liquidation or insolvency of Charter or any of its subsidiaries, the extent of such Holder's recovery.

**Table of Contents****Restrictions in Charter's subsidiaries' debt instruments and under applicable law limit those subsidiaries' ability to provide funds to Charter to pay principal of and interest on the Convertible Notes**

Charter's subsidiaries' ability to make distributions to Charter is subject to their compliance with the terms of their credit facilities and indentures and restrictions under applicable law. Under the Delaware limited liability company act, Charter's subsidiaries may only pay dividends to Charter if they have surplus as defined in the act. Under fraudulent transfer laws, our subsidiaries may not pay dividends to us if they are insolvent or are rendered insolvent thereby. There can be no assurance that these subsidiaries will be permitted to make distributions in the future in compliance with these restrictions in the amounts needed to service the Convertible Notes. See Risks Related to Our and Our Subsidiaries' Significant Indebtedness. Because of our holding company structure, our outstanding notes are structurally subordinated in right of payment to all liabilities of our subsidiaries. Restrictions in our subsidiaries' debt instruments and under applicable law limit their ability to provide funds to us.

**Liquidity of the market for non-tendered Convertible Notes likely will be decreased, and the market prices for any Convertible Notes not exchanged may therefore be reduced.**

If the Exchange Offer is consummated, the aggregate principal amount of outstanding Convertible Notes will be reduced, which will likely adversely affect the liquidity of any Convertible Notes not exchanged. An issue of securities with a small outstanding principal amount available for trading, or float, generally commands a lower price than does a comparable issue of securities with a greater float. Therefore, the market price for Convertible Notes that are not exchanged may be adversely affected. The reduced float also may tend to make the trading prices of any Convertible Notes that are not exchanged more volatile. The market prices for any Convertible Notes not exchanged may also be negatively affected by their structural subordination to new notes.

**If shares of our Class A common stock are returned to us under our Share Lending Agreement with an affiliate of Citigroup, the liquidity of our Class A Common Stock will likely be affected, which may affect the market value of the Convertible Notes.**

As described under Description of Capital Stock and Membership Units' Share Lending Agreement below, we have loaned to Citigroup Global Markets Limited (CGML) 116.9 million shares of our Class A common stock to facilitate the placement of the Convertible Notes. CGML, or its affiliates, have sold such loaned shares short in a series of registered offerings and concurrently entered into swap transactions or share lending agreements with Holders of Convertible Notes. Because it is likely that Holders of Convertible Notes who tender their Convertible Notes in the Exchange Offer will terminate all or a portion of the swap transactions or share lending agreements upon tender of their Convertible Notes, we expect CGML to return shares of our Class A common stock to us under the Share Lending Agreement. In addition, as described under Description of the Exchange Offer' Optional Settlement Procedure, we are offering holders the election to use shares to be issued by us as part of the Exchange Consideration, to the extent such holder has, as of the Settlement Date of the Exchange Offer, an open borrow position with CGML under a share lending agreement, to close such borrow position with CGML. Although it has no obligation to do, we expect that CGML will return such shares to us under the Share Lending Agreement.

Any such shares we receive from CGML pursuant to the Share Lending Agreement will be retired and no longer outstanding for corporate law purposes, which will likely adversely affect the liquidity of our Class A common stock and, accordingly, the market prices for non-tendered Convertible Notes.

**We do not intend to distribute Convertible Notes received in the Exchange Offer to Charter for cancellation. As a result, the exchanged Convertible Notes will remain outstanding and held by CCHC, which will be entitled to the benefit of the U.S. government securities held in escrow for the payment of interest and principal to the same extent as Holders of Convertible Notes not exchanged.**

With some of the proceeds from the initial sale of the Convertible Notes, we purchased and pledged to the trustee under the indenture for the Convertible Notes as security for the benefit of the Holders,

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approximately \$144 million of U.S. government securities. These securities were pledged to provide for the payment of the first six scheduled interest payments due on the original principal amount of the Convertible Notes. So that CCHC will receive any benefit from these U.S. government securities on the same pro rata basis as any Holders of Convertible Notes not exchanged, we intend that, following the closing of the Exchange Offer, CCHC will hold the Convertible Notes accepted for exchange. As a result, Holders of Convertible Notes not exchanged will not be entitled to any increase in the pro rata share of these pledged U.S. government securities. However, there can be no assurance that the cash received by CCHC as interest on the Convertible Notes will be available to pay either principal or interest on any Convertible Notes not exchanged. See Description of the Convertible Notes.

**We cannot assure you that, if the Offerors consummate the Exchange Offer, existing ratings for the Convertible Notes will be maintained.**

We cannot assure you that, as a result of the Exchange Offer, the rating agencies, including Standard & Poor's Ratings Service, Moody's Investors Service and Fitch Ratings, will not downgrade or negatively comment upon the ratings for Convertible Notes.

**Risks to Tendering Holders of Convertible Notes**

*The following risks specifically apply to the extent a Holder elects to tender Convertible Notes pursuant to the Exchange Offer and such Convertible Notes are accepted for Exchange and should be considered, along with the other risk factors. There are additional risks attendant to being an investor in our equity and debt securities that you should review, whether or not you elect to tender your Convertible Notes. These risks are described elsewhere in this Risk Factors section under the headings Risks Related to Our and Our Subsidiaries Significant Indebtedness, Risks Related to Our Business, Risks Related to Mr. Allen's Controlling Position and Risks Related to Regulatory and Legislative Matters.*

**Claims with respect to the Class A Common Stock issued as part of the Exchange Consideration, as equity, will be junior to claims with respect to the non-tendered Convertible Notes.**

A significant portion of the Exchange Consideration is in the form of Class A Common Stock. The Class A Common Stock is the most junior security outstanding of any Charter entity. As result, any claims with respect to the Class A Common Stock against the assets of Charter will be junior to claims with respect to the non-tendered Convertible Notes, and in the event of a bankruptcy, liquidation or insolvency of Charter, the Convertible Notes will be entitled to payment before any funds are available to holders of the Class A Common Stock. This could materially and adversely affect the value of the Class A Common Stock and, in the event of a bankruptcy, liquidation or insolvency of Charter, the extent of recovery by a holder of the Class A Common Stock.

**During the pendency of this Exchange Offer, it is likely that the market prices of the Class A Common Stock will be volatile.**