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2005 SEP 29 A 10:54

AZ CORP COMMISSION
DOCUMENT CONTROL

September 29, 2005

Hand-Delivered

Mr. Adam LeBrecht
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Charter Fiberlink AZ – CCVII, LLC; Docket No. T-04260A-04-0383

Dear Mr. LeBrecht:

In response to your recent inquiries regarding proposed tariffs and updated information, I am enclosing the following documents.

1. A revised tariff showing rates in addition to ICB for private line services. We would consider the rates in the tariff to be both the maximum rates and offered rate. ICB rates would be provided under Section 3.12.
2. Charter's local exchange and interexchange tariffs from Missouri showing service descriptions and rates for various local exchange and long distance service offerings. Prior to launching residential local exchange and long distance service offerings in Arizona, Charter would expect to file similar tariffs containing full descriptions of the rates, terms and conditions of its services. Please note, however, that the attached tariffs are merely pro forma examples. These Arizona tariffs would be similar in form and substance (taking into account particularities with respect to Arizona) as those filed in Missouri. Moreover, the rates may be adjusted based on the particular circumstances in Arizona -- as well as changes in the industry -- at the time the final tariffs are filed.
3. Updated infrastructure for Charter Fiberlink regarding: (i) a list of states in which Charter or its affiliates have applied for authority to provide, or have been approved to provide, intrastate telecommunications services (this information supplements Section A-18 of the application) and (ii) updated list of officers (this information supplements Attachment A to the application).

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Mr. Adam LeBrecht
September 29, 2005
Page 2

4. The most recent SEC Form 10-Q filing (dated June 30, 2005) for Charter Fiberlink's parent (this information supplements Attachment D to the application).

If you have any questions about the foregoing, please do not hesitate to contact me.

Sincerely,



Michael W. Patten

MWP:mi
Enclosures

cc: Docket Control
Administrative Law Judge Wolfe

EXHIBIT 1

Charter Fiberlink AZ - CCVII, LLC

**12405 POWERSCOURT DRIVE
ST. LOUIS, MISSOURI 63131-3674**

COMPETITIVE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES TARIFF

This tariff contains the description, regulations and rates for the furnishing of services and facilities for telecommunications services provided by Charter Fiberlink AZ - CCVII, LLC with principal offices at Charter Fiberlink AZ - CCVII, LLC, 12405 Powerscourt Drive, St. Louis, Missouri 63131-3674. This tariff applies for service furnished within the State of Arizona. This tariff is on file with the Arizona Corporation Commission and copies may be inspected during normal business hours.

Issued: _____

Effective: _____

**By: Carrie L. Cox
Director of Legal and Regulatory Affairs
Charter Fiberlink AZ - CCVII, LLC
12405 Powerscourt Drive
St. Louis, Missouri 63131-3674**

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date indicated below.

<u>Sheet</u>	<u>Revision</u>	<u>Sheet</u>	<u>Revision</u>
1	Original	17	Original
2	Original	18	Original
3	Original	19	Original
4	Original	20	Original
5	Original	21	Original
6	Original	22	Original
7	Original	23	Original
8	Original	24	Original
9	Original	25	Original
10	Original	26	Original
11	Original	27	Original
12	Original	28	Original
13	Original		
14	Original		
15	Original		
16	Original		

* = New/Revised this issue

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SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (D) Delete or Discontinue
- (I) Change Resulting in an Increase to a Customer's Bill
- (M) Moved from Another Tariff Location
- (N) New
- (R) Change Resulting in a Reduction to a Customer's Bill
- (T) Change in Text or Regulation but no Change in Rate or Charge

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TARIFF FORMAT

- A. **Sheet Numbering** - Page numbers appear in the upper right corner of the sheet. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between existing pages with whole numbers, a decimal is added. For example, a new page added between pages 34 and 35 would be page 34.1.
- B. **Sheet Revision Numbering** - Revision numbers also appear in the upper right corner of the page. These numbers are used to determine the most current page version on file with the Commission. For example, 4th Revised Page 34 cancels the 3rd Revised Page 34. Consult the check sheet for the page currently in effect.
- C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2
 - 2.1
 - 2.1.1
 - 2.1.1.A
 - 2.1.1.A.1
 - 2.1.1.A.1.(a)
 - 2.1.1.A.1.(a).I
 - 2.1.1.A.1.(a).I.(i)
 - 2.1.1.A.1.(a).I.(i).(1)
- D. **Check Sheet** - When a tariff is filed with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the tariff pages, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates and terms and conditions of service applicable to the furnishing of intrastate local exchange telecommunications services by Charter Fiberlink AZ - CCVII, LLC ("Company") to Customers within the State of Arizona.

Issued: _____

Effective: _____

**By: Carrie L. Cox
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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

1.1 Definitions

Busy Hour - The two consecutive half hours during which the greatest volume of traffic is handled.

Call - A completed connection between the Calling and Called parties.

Calling Station - The telephone number from which a Call originates.

Called Station - The telephone number called.

Carrier Customer - A carrier that orders exchange access or retail services from the Company.

Commission - The Arizona Corporation Commission.

Company or Carrier - Charter Fiberlink AZ - CCVII, LLC, unless specifically stated otherwise.

Customer - A person, firm, corporation, partnership or other entity, in whose name the telephone number of the Calling Station is registered with the underlying local exchange company. The Customer is responsible for payment of charges to the Company and compliance with all terms and conditions of this tariff.

Day - The period of time from 8:00 a.m. to (but not including) 5:00 p.m., Monday through Friday, as measured by local time at the location from which the Call is originated.

Disconnect - To render inoperable or to disable circuitry thus preventing outgoing and incoming communications service.

DS1 - Digital Signal, level 1. Capable of transmitting data at 1.544 Mbps.

DS3 - Digital Signal, level 3. Capable of transmitting data at 44.736 Mbps.

Evening - The period of time from 5:00 p.m. to (but not including) 11:00 p.m., Sunday through Friday and any time during a Holiday, as measured by local time at the location from which the Call is originated.

Gbps - One thousand million bits per second.

Incomplete - Any Call where voice transmission between the Calling and Called station is not established.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

1.1 Definitions (Cont'd)

Holiday - For the purposes of this tariff recognized holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Mbps – One million bits per second.

Message - A completed telephone call by a Customer or User.

Normal Business Hours – The hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding holidays.

OC3 – Optical Carrier, level 3. A SONET channel capable of transmitting data at 155.52 Mbps.

OC12 – Optical Carrier, level 12. A SONET channel capable of transmitting data at 622.08 Mbps.

OC48 – Optical Carrier, level 48. A SONET channel capable of transmitting data at 2.488 Gbps.

Premises – The space occupied by an individual Customer in a building, in adjoining buildings occupied entirely by that Customer, or on contiguous property occupied by the Customer separated only by a public thoroughfare, a railroad right of way, or a natural barrier.

Rate – Money, charge, fee or other recurring assessment billed to Customers for services or equipment.

State – Arizona.

Terminal Equipment - Telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically, or inductively to the telecommunication system.

User or End User – Customer or any authorized person or entity that utilizes the Company's services.

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SECTION 1 – TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

1.2 Abbreviations

CLEC – Competitive Local Exchange Carrier

CO – Central Office

CPE – Customer Premises Equipment

DS1 – Digital Signal, Level 1

DS3 – Digital Signal, Level 3

ILEC – Incumbent Local Exchange Carrier

NPA – Numbering Plan Area (Area Code)

OC3 – Optical Carrier, Level 3

OC12 – Optical Carrier, Level 12

OC48 – Optical Carrier, Level 48

PBX – Private Branch Exchange

PIC – Primary or Preferred Interexchange Carrier

POP – Point of Presence

V&H - Vertical and Horizontal Coordinates

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

- 2.1.1 The Company provides telecommunications services to business and carrier Customers.
- 2.1.2 The Company installs, operates and maintains the communications services provided herein in accordance with the terms and conditions set forth in this tariff. When authorized by the Customer, the Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities to allow connection of a Customer's location to the Company's network. The Customer shall be responsible for all charges due for such service arrangements.
- 2.1.3 The Company's services are provided on a monthly basis, unless otherwise stated in this tariff. Services are available twenty-four (24) hours per day, seven (7) days per week.

2.2 Limitations of Service

- 2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.
- 2.2.2 Service is furnished to the User for any lawful purpose. Service shall not be used for any unlawful purpose, nor used in such a manner as to interfere unreasonably with the use of service by any other Users.
- 2.2.3 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 The Company's services may be denied for nonpayment of charges or for other violations of the terms and conditions set forth in this tariff.
- 2.2.5 The use of the Company's services to make Calls which might reasonably be expected to frighten, abuse, torment, or harass another is prohibited.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.2 Limitations of Service (Cont'd)

- 2.2.6 Service temporarily may be refused or limited because of system capacity limitations.
- 2.2.7 Service is subject to transmission limitations caused by natural (including atmospheric, geographic or topographic) or artificial conditions adversely affecting transmission.
- 2.2.8 Service to any or all Customers may be temporarily interrupted or curtailed due to equipment modifications, upgrades, relocations, repairs and similar activities necessary for proper or improved operations.
- 2.2.9 The Company reserves the right to discontinue furnishing service where the Customer is using the service in violation of the law or the provisions of this tariff.

2.3 Limitations of Liability

- 2.3.1 Because the Company has no control of communications content transmitted over its system, and because of the possibility of errors incident to the provision and use of its service, service furnished by the Company is subject to the terms, conditions and limitations herein specified.
- 2.3.2 The Company is not liable to Users for interruptions in service except as set forth in Section 2.5 of this tariff.
- 2.3.3 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited, unless otherwise ordered by the Commission, to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Limitations of Liability (Cont'd)

- 2.3.4 The Company shall not be liable for and the User shall indemnify and hold the Company harmless against any claims for loss or damages involving:
- 2.3.4.A Any act or omission of: (i) the User; or (ii) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company;
 - 2.3.4.B Interruptions or delays in transmission, or errors or defects in transmission, or failure to transmit when caused by or as a result of acts of God, fire, flood or other catastrophes, war, riots, national emergencies, government or military authorities, strikes, lock-outs, work stoppages or other labor difficulties, or causes beyond the Company's control;
 - 2.3.4.C Any unlawful or unauthorized use of the Company's facilities and services;
 - 2.3.4.D Libel, slander or infringement of copyright arising directly or indirectly from content transmitted over facilities provided by the Company;
 - 2.3.4.E Infringement of patents arising from combining apparatus and systems of the User with facilities provided by the Company;
 - 2.3.4.F Claims arising out of any act or omission of the User in connection with service provided by the Company.
 - 2.3.4.G Breach in the privacy or security of communications transmitted over the Company's facilities;

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.3 Limitations of Liability (Cont'd)

2.3.4 (Cont'd)

2.3.4.H Changes in any of the facilities, operations or procedures of the Company that: (1) render any equipment, facilities or services provided or utilized by the User obsolete; (2) require modification or alteration of such equipment, facilities or services; or (3) otherwise affect use or performance of such equipment, facilities or services except where reasonable notice is required by the Company and is not provided to the Customer.

2.3.4.I Defacement of or damage to the Customer's Premises or personal property resulting from the furnishing of services or equipment on such Premises or the installation or removal thereof, unless such defacement is caused by negligence or the willful misconduct of the Company's agents or employees.

2.3.4.J Any wrongful act of a Company employee where such act is not authorized by the Company and is not within the scope of the employee's responsibilities for the Company;

2.3.4.K Any noncompleted calls due to network busy conditions; and

2.3.4.L Any calls not actually attempted to be completed during any period that service is unavailable.

2.3.5 The User shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against claims set forth in Section 2.3.4.

2.3.6 The Company assumes no responsibility for the availability or performance of any facilities under the control of other entities that are used to provide service to the User, even if the Company has acted as the User's agent in arranging for such facilities or services.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**2.3 Limitations of Liability (Cont'd)**

- 2.3.7 Any claim against the Company shall be deemed waived unless presented in writing to the Company within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.3.8 With respect to the services provided pursuant to this tariff, the Company makes no representations or warranties, express or implied, either in fact or by operation of law, statutory or otherwise, including, but not limited to, warranties of title or implied warranties of merchantability or fitness for a particular purpose, except those expressly set forth in this tariff. The Company does not authorize anyone to make a warranty or representation of any kind on its behalf and the User should not rely on any such statement.
- 2.3.9 Any liability of the Company for loss or damages arising out of mistakes, omissions, interruptions, delays, errors or defects in the service, the transmission of the service, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service shall in no event exceed an amount equivalent to the proportionate fixed monthly charge to the Customer for service, during the period of time in which such mistakes, omissions, interruptions, delays, errors or defects in the service, its transmission or failure or defect in facilities furnished by the Company occurred.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders, complying with tariff regulations and ensuring that Users comply with tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements of any governmental entity relating to services provided by the Company to the Customer or made available by the Customer to another User. The Customer also is responsible for the payment of charges for all Calls originated at the Customer's numbers which are not collect, third party, calling card, or credit card Calls.

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St. Louis, Missouri 63131-3674**

SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Customer (Cont'd)

- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- 2.4.3 If required for the provisioning of the Company's services, the Customer must provide the Company, free of charge, with any necessary equipment space, supporting structure, conduit and electrical power.
- 2.4.4 The Customer is responsible for arranging access to its Premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.
- 2.4.5 The Customer must pay the Company for replacement or repair of damage to the Company's equipment or facilities caused by negligent or improper use on the part of the Customer, Users, or others.
- 2.4.6 The Customer must indemnify the Company for the theft of any Company equipment or facilities installed at the Customer's Premises.
- 2.4.7 The Customer agrees, except where the events, incidents or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct, to release, indemnify and hold harmless the Company against any and all loss, claims, demands, suits or other action or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, or for any loss of or damage to any property, whether owned by the Customer or others. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in its defense against such actions.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**2.5 Allowances for Interruptions in Service****2.5.1 General**

- 2.5.1.A A service is interrupted when it becomes unusable to the User, *e.g.*, the User is unable to transmit or receive communications due to the failure of a component furnished by the Company under this tariff.
- 2.5.1.B An interruption period begins when the User reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- 2.5.1.C If the User reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service facility or circuit considered by the Company to be impaired.

2.5.2 Application of Credits for Interrupted Services

- 2.5.2.A At the Customer's request, a credit allowance for a continuous interruption of service for more than twenty-four (24) hours will be made in an amount to be determined by the Company on a case-by-case basis.
- 2.5.2.B Any such interruption will be measured from the time it is reported to or detected by the Company, whichever occurs first.
- 2.5.2.C In the event the User is affected by such interruption for a period of less than twenty-four (24) hours, no adjustment will be made. No adjustments will be earned by accumulating non-continuous periods of interruption.
- 2.5.2.D When an interruption exceeds twenty-four (24) hours, the length of the interruption will be measured in twenty-four (24) hour days. A fraction of a day consisting of less than twelve (12) hours will not be credited and a period of twelve (12) hours or more will be considered an additional day.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.5 Allowances for Interruptions in Service (Cont'd)

2.5.3 Limitations on Allowances

2.5.3.A No credit allowance will be made for any interruption of service:

- 2.5.3.A.1 due to the negligence of, or noncompliance with the provisions of this tariff by, any person or entity other than the Company, including but not limited to the Customer or other entities or carriers connected to the service of the Company;
- 2.5.3.A.2 due to the failure of power, equipment, systems or services not provided by the Company;
- 2.5.3.A.3 due to circumstances or causes beyond the control of the Company;
- 2.5.3.A.4 during any period in which the Company is not given full and free access to the Customer's or Company's facilities and equipment for the purpose of investigating and correcting the interruption;
- 2.5.3.A.5 during any period in which the User continues to use the service on an impaired basis;
- 2.5.3.A.6 during any period in which the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- 2.5.3.A.7 that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- 2.5.3.A.8 that was not reported to the Company within thirty (30) days of the date that service was affected.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.6 Termination of Service

- 2.6.1 A Customer may terminate service, with or without cause, by giving the Company notice either verbally or in writing. If the Company has a term contract, early termination charges may apply. The Company may terminate service with cause by giving the Customer five (5) business days' written notice. The Company may terminate service without notice in the event of the Customer maintaining and/or operating its own equipment in a manner that may cause imminent harm to the Company's equipment.

- 2.6.2 The Customer is responsible for all charges incurred to the Calling Station regardless of which party terminates the service. The Customer shall reimburse the Company for all costs, expenses and fees (including reasonable attorneys' fees and costs) incurred by the Company in collecting such charges.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)**2.7 Payment of Charges**

- 2.7.1 The Customer is responsible for payment of all charges for service furnished to the User.
- 2.7.2 The Company reserves the right to assess late payment charges for Customers whose account(s) carries principal owing from the prior billing period. Any charges not paid in full by the due date indicated on the billing statement may be subject to a late fee of 1.5% per month.
- 2.7.3 Recurring monthly charges may be invoiced one month in advance. Invoicing cycles are approximately 30 days in length.
- 2.7.4 Customers must notify the Company either verbally or in writing of any disputed charges within thirty (30) days of the billing date, otherwise all charges on the invoice will be deemed accepted. All charges remain due and payable at the due date, although a Customer is not required to pay disputed charges while the Company conducts its investigation into the matter.

2.8 Deposits

The Company may, in some instances, require deposits from Customers. Any such cash deposit received by the Company will bear simple interest at a rate of 7% per annum. Deposits will not exceed two and a half times (2.5x) the estimated monthly charge for service.

2.9. Advance Payments

The Company may require advance payments from Customers for the following services:

- (1) The construction of facilities and furnishing of special equipment; or
- (2) Temporary service for short-term use.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.10 Contested Charges

All bills are presumed accurate, and shall be binding on the Customer unless objection is received by the Company no more than thirty (30) days after such bills are rendered. In the event that a billing dispute between the Customer and the Company for service furnished to the Customer cannot be settled with mutual satisfaction, the Customer may take the following course of action:

2.10.1 First, the Customer may request, and the Company will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnection.)

2.10.2 Second, if there is still a disagreement about the disputed amount after investigation and review by the Company, the Customer may file an appropriate complaint with the Arizona Corporation Commission. The address of the Commission is:

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927
602-542-3477

2.11 Taxes

State and local sales, use and similar taxes or regulatory fees and assessments are billed as separate items and are not included in the quoted rates for service.

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.12 Contract Service Arrangements

At the option of the Company, services may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and the Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features.

2.13 Special Construction

At its option, the Company may provide Customers, upon request, special construction of facilities or services on an individual case basis ("ICB") at rates other than as set forth herein. Special construction or ICB is construction undertaken:

- 2.13.1 where facilities are not presently available, and there is no other provision hereunder for the facilities to be constructed;
- 2.13.2 where facilities other than those which the Company provides are requested by the Customer;

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SECTION 2 - RULES AND REGULATIONS (Cont'd)

2.13 Special Construction (Cont'd)

- 2.13.3 where facilities are requested by the Customer over a route other than that which the Company serves;
- 2.13.4 when services are requested in a quantity greater than that which the Company would normally provide to a Customer;
- 2.13.5 when services are requested by a Customer on an expedited basis;
- 2.13.6 when services or facilities are requested on a temporary basis until such services or permanent facilities are available.

The charges for special construction or ICB (i) are subject to individual negotiation between the Company and the Customer, (ii) will be based upon the Company's actually incurred labor, material and other costs, and (iii) may include without limitation recurring, non-recurring, and early termination charges.

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12405 Powerscourt Drive
St. Louis, Missouri 63131-3674

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Timing of Calls

- 3.1.1 The Customer's monthly usage charges for the Company's services are based upon the total number of minutes the Customer uses and the service options to which the Customer subscribes. Chargeable time begins at the time a connection is established (*i.e.* when two-way communications is possible), and ends when a party terminates the connection.
- 3.1.2 No charges apply if a connection is not completed.
- 3.1.3 For billing purposes, all Calls are rounded up to the nearest minute and billed in increments of one minute. The minimum Call duration is 1 minute for a connected Call.
- 3.1.4 Where applicable, charges will be rounded up to the nearest penny.
- 3.1.5 Usage begins when a connection is established (*i.e.* when two-way communication is possible). A Call is terminated when the calling or called party terminates the connection.

3.2 Start of Billing

For billing purposes, the start of service is the day following acceptance by the Customer of the Company's service or equipment. The end of service date is the last day after receipt by the Company of notification of cancellation as described in Section 2.6.1 of this tariff.

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Effective: _____

By: **Carrie L. Cox**
Director of Legal and Regulatory Affairs
Charter Fiberlink AZ - CCVII, LLC
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SECTION 3 - DESCRIPTION OF SERVICE (Cont'd)

3.3 Calculation of Distance

3.3.1 Where applicable, usage charges for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the Call.

3.3.2 Where applicable, the airline mileage between rate centers is determined by applying a formula to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in their NPA-NXX V&H Coordinates Tape and Bell's NECA Tariff No. 4.

3.4 Minimum Call Completion Rate

The Customer can expect a call completion rate of at least 97% per 100 Calls attempted during peak use periods for all services.

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Effective: _____

By: Carrie L. Cox
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SECTION 3 - DESCRIPTION OF SERVICE (Cont'd)

3.5 Service Offerings

The Company offers local exchange telecommunications services. The Customer's total monthly use of the Company's service is charged at the applicable rates per minute set forth herein, in addition to any monthly service charges. None of the service offerings are time-of-day sensitive.

3.5.1 Leased Line Service

A leased line is a private, dedicated point-to-point connection between a Company POP and another point on the Company's fiber-optic network specified by the Customer. Leased line service is provided to Customers on a statewide basis, based upon the location of the Company's facilities, with transmission speeds of either DS1 (1.5444 Mbps), DS3 (44.736 Mbps), OC3 (155.52 Mbps), OC12 (622.08 Mbps) and OC48 (2,488.32 Mbps). A local access line may be necessary to connect the Customer network or premise with the Company POP. This local access line may be provided to the Customer by the Customer's local exchange carrier.

3.6 Miscellaneous Services

3.6.1 Order Change

An Order Change is a change in the Customer's service requested subsequent to installation.

3.6.2 Bad Check Charge

If payment for Service is made by a check, draft, or similar instrument (collectively "Check") that is returned to the Company unpaid by a bank or another financial institution for any reason, the Company will bill the Customer a returned check charge. In addition, the Customer may be required to replace the returned Check with a payment in cash or equivalent to cash, such as cashier's check, certified check or money order.

3.6.3 Reconnection

Reconnection charges occur where service to an existing Customer has been discontinued for proper cause, and the Customer desires to resume service with the Company. Where a Customer desires reconnection, the Customer will be charged a fee to cover the cost to the Company of restoring service to the Customer.

Issued: _____

Effective: _____

**By: Carrie L. Cox
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SECTION 4 - RATES AND CHARGES**4.1 Leased Line Service**

4.1.1 Nonrecurring Charges

Transmission

<u>Speed</u>	<u>Installation</u>
DS1	\$ 300.00
DS3	\$ 750.00
OC3	\$1500.00
OC12	\$6000.00

Note: The foregoing rates represent a one time installation charge associated with the Service.

4.1.2 Recurring Charges

4.1.2.A Circuit Termination Charges

Circuit Termination Charges are based upon the length of the circuit ordered by the Customer, as follows.

<u>Service Category</u>	<u>0-66 Miles</u>	<u>67-99 Miles</u>	<u>>99 Miles</u>
DS1	\$ 182.07	\$ 273.11	\$ 364.14
DS3	\$1,543.88	\$ 2,315.82	\$ 3,087.75
OC3	\$2,448.23	\$ 3,672.34	\$ 4,896.46
OC12	\$7,336.56	\$11,004.85	\$14,673.13

4.1.2.B Circuit Mileage Charges

Circuit Mileage Charges are calculated on a per mile basis based upon the length of the circuit ordered by the Customer, subject to a minimum circuit length of fifteen (15) miles, as follows.

<u>Service Category</u>	<u>0-66 Miles</u>	<u>67-99 Miles</u>	<u>>99 Miles</u>
DS1	\$ 2.56	\$ 2.56	\$ 2.56
DS3	\$ 17.98	\$ 17.98	\$ 17.98
OC3	\$ 30.55	\$ 30.55	\$ 30.55
OC12	\$ 82.87	\$ 82.87	\$ 82.87

Issued: _____

Effective: _____

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SECTION 4 - RATES AND CHARGES (Cont'd)**4.2 Promotions**

From time to time, the Company may offer services or waive or vary service rates for promotional, market research or other similar business purposes. The Company will provide thirty (30) days prior notice to the Commission of all promotional offerings.

4.3 Bad Check Charge

If payment for Service is made by a check, draft, or similar instrument (collectively "Check") that is returned to the Company unpaid by a bank or another financial institution for any reason, the Company will bill the Customer twenty-five dollars (\$25.00). In addition, the Customer may be required to replace the returned Check with a payment in cash or equivalent to cash, such as a cashier's check, certified check or money order.

4.4 Order Charge

An Order Charge is a charge of forty dollars (\$40.00) for a change in the customer's service requested subsequent to installation.

4.5 Reconnect Charge

If service has been discontinued for proper cause, the Company will charge a fee of twenty-five dollars (\$25.00) to defray the cost of restoring service to the Customer.

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Issued: _____

Effective: _____

By: Carrie L. Cox
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Issued: _____

Effective: _____

By: Carrie L. Cox
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EXHIBIT 2

Charter Fiberlink – Missouri, LLC

Intrastate Interexchange Tariff

P.S.C. MO – No. 4

This tariff applies to the resold and facilities-based **Intrastate Interexchange Telecommunications Services** furnished by Charter Fiberlink-Missouri, LLC (“Telephone Company” or “Charter Telephone”) between one or more points in the State of Missouri. This tariff applies to residential customers.

This tariff is on file with the Public Service Commission of Missouri, and copies may be inspected, during normal business hours, at the Telephone Company’s principal place of business, 12405 Powerscourt Drive, St. Louis, MO 63131. This tariff complies with Missouri Public Service Commission rules and Missouri statutes applicable to the Company.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

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Issued by: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink Missouri, LLC

Issue Date: July 13, 2004

Effective Date: July 27, 2004

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink MA-CCO, LLC

Issue Date: July 12, 2004

Effective Date: July 26, 2004

1.1. Listing of Waivers

During the Certification process, Charter Fiberlink – Missouri, LLC, requested and received waivers of certain MO PSC statutes and Commission rules for the provision of interexchange telecommunications services:

Statutes

392.210.2	Uniform system of accounts
392.240(1)	Just & Reasonable Rates
392.270	Ascertain Property Values
392.280	Depreciation accounts
392.290	Issuance of securities
392.300.2	Acquisition of stock
392.310	Issuance of stock and debt
392.320	Stock dividend payment
392.330	Issuance of securities, debts and notes
392.340	Reorganization (s)

Commission Rules

4 CSR 240-10.020	Depreciation fund income
4 CSR 240-3.545(2)(C)	Rate schedules should be posted at central office
4 CSR 240-30.040	Uniform system of accounts
4 CSR 240-33.030	Inform customers of lowest price

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

1.2. Explanation of Symbols/Tariff Format

The following symbols are used herein to identify schedule and text changes:

- (D) Discontinued Rate, Treatment or Regulation
- (I) Increased Rate, New Treatment (Increase)
- (M) Move of Text - No Rate Change
- (N) New Rate, Treatment or Regulation
- (R) Reduced Rate, Treatment or Regulation
- (T) Change in Text - No Rate Change
- (Z) Correction of Text – No Rate Change

The initial issuance of the Interexchange Tariff will be designated as "Original Page XX" in the header of each page. Thereafter, any revisions filed to the Interexchange Tariff will be designated using the above symbols to indicate the area of text being changed and the page will be revised to reflect "Xth Revised Page XX".

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

1.3. Definitions and Terms

Glossary of Definitions and Terms:

Account - Either a Customer's physical location or individual Service represented by a unique account number within the Billing Hierarchy. Multiple Services each with a unique account number may be part of one physical location.

Alternative Local Exchange Carrier ("ALEC") or Competitive Local Exchange Carrier ("CLEC") - means any entity or person providing local exchange services in competition with an ILEC or LEC.

Authorization Code - A multi-digit code that enables a Customer to access the Telephone Company's network and enables the Telephone Company to identify the Customer's use for proper billing. Also called a Personal Identification Code or PIN.

Authorized User - A person, firm, or corporation, who is authorized by the Customer to be connected to the Service of the Customer.

Business Hours - The phrase "business hours" means the time after 7:00 A.M. and before 10:00 P.M., Monday through Friday; after 8:00 A.M. and before 5:00 P.M., Saturday (excluding holidays).

Called Station - The terminating point of a call (*i.e.*, the called number).

Calling Station - The originating point of a call (*i.e.*, the calling number).

Calling Area - A specific geographic area so designated for the purpose of applying a specified rate structure.

Carrier - The term "Carrier" means Charter Telephone or the Telephone Company.

Central Office - A Local Exchange Carrier's office where a Customer's lines are terminated for the purpose of offering local telephone service and to connect with interexchange carriers.

Competitive Local Exchange Carrier ("CLEC") or Alternative Local Exchange Carrier ("ALEC") - means any entity or person providing local exchange services in competition with an ILEC or LEC.

Commission - Missouri Public Service Commission ("MO PSC").

Customer - The person, firm, company, corporation, or other entity, having a communications requirement of its own that is responsible for the payment of charges and for compliance with this Tariff. See "End User".

Customer-Provided Equipment - Telecommunications equipment provided by a Customer used to originate calls using Charter Telephone's service located at the originating location.

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: October 15, 2003

Effective Date: November 14, 2003

**Charter Fiberlink – Missouri, LLC
Intrastate Interexchange Tariff**

**1st Revised Page 5
Replaces Original Page 5**

Delinquent or Delinquency - An account for which payment has not been made in full on or before the last day for timely payment.

Digital Transmission - Information transmitted in the form of digitally encoded signals.

End User - The ultimate user of the telecommunications services and who orders service and is responsible for payment of charges due in compliance with the Company's price list regulations. See "Customer".

Exchange Area - A geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified area where individual telephone exchange companies hold themselves out to provide communications services.

Facility (or Facilities) - Any item or items of communications plant or equipment used to provide or connect to the Telephone Company Services.

FCC - Federal Communications Commission.

Incumbent Local Exchange Carrier ("ILEC") or Local Exchange Carrier ("LEC") - is any local exchange carrier that was as of February 8, 1996 deemed to be a member of the Exchange Carrier Association as set forth in 47 C.F.R. 69.601(b) of the FCC's regulations.

Incomplete Call - Any call where voice transmission between the calling party and the called station is not established (i.e., busy, no answer, etc.).

Interexchange Carrier (IXC) - A common carrier that provides long distance domestic and international communication services to the public.

International - Refers to communication between U.S. and another country.

(N)

Interstate - Refers to communication between states within the Continental U.S.

Intrastate - Refers to communication within a single state.

Local Access Transport Area ("LATA") - The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in *United States v. Western Electric Co., Inc.*, 552 F. Supp. 131 (D.D.C. 1982), within which a local exchange company provides communication services.

(M)

Local Exchange Company (LEC) - A company that furnishes local exchange telephone services.

Local Exchange Service - is an arrangement which connects the residential End User's location to the LEC's network switching center, thereby allowing End User to transmit and receive local calls within the End User's local calling area, or mandatory expanded area service (EAS) area, as defined by State commissions or, if not defined by State commission, then defined in the LEC's State Tariffs.

Location - A physical premise to or from which the Telephone Company provides Service.

MRC - The monthly reoccurring charge.

NXX - The designation for the first three digits of a local telephone number where N represents 2-9 and X represents 0-9.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: February 26, 2004

Effective Date: March 26, 2004

**Charter Fiberlink – Missouri, LLC
Intrastate Interexchange Tariff**

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Replaces Original Page 6**

(M)

NPA - An area code, otherwise called numbering plan area.

Other Common Carrier - The term "other common carrier" denotes a specialized or other type of common carrier authorized by the Federal Communications Commission to provide domestic or international communications services.

Premises - A building or buildings on contiguous property (except railroad rights-of-way, etc.).

Primary Interexchange Carrier (PIC) -The interexchange carrier to which a switched access line is presubscribed.

Regular Billing - A standard bill sent in the normal monthly the Telephone Company billing cycle. This billing consists of one bill for each account assigned to the Customer with explanatory detail showing the derivation of the charges.

Residential Service -The phrase "residential service" means telecommunication services used primarily as non-business service.

Services - The Telephone Company's regulated common carrier communications services provided under this Tariff.

Subscriber - The term "Customer" is synonymous with the term "subscriber".

Switch - The term "switch" denotes an electronic device that is used to provide circuit sharing, routing, and control.

Telephone Company – The term "Telephone Company" means Charter Fiberlink-Missouri, LLC.

Timely Payment - A payment on a Customer's account made on or before the due date.

Underlying Carrier - A provider of interstate and intralATA telecommunications services from whom the Telephone Company acquires services that it resells to Customers.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: February 26, 2004

Effective Date: March 26, 2004

2.1. Rules and Regulations

The Telephone Company undertakes to provide intrastate interexchange telecommunications services within the State of Missouri on the terms and conditions and at the rates and charges specified herein.

The Telephone Company installs, operates and maintains the communication Services provided hereunder in accordance with the terms and conditions set forth under this Tariff. It may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer to allow connection of a Customer's location to the Telephone Company's network. The Customer shall be responsible for all charges due for such service arrangements.

The Telephone Company's Services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

2.1.1 Use of Service

Services provided under this Tariff may be used only for the transmission of communications in a manner consistent with the terms of this Tariff and regulations of the Federal Communications Commission.

Services provided under this Tariff shall not be used for unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used in violation of the law.

2.1.2 Limitations

Service is offered subject to the availability of the necessary facilities or equipment, or both facilities and equipment, and subject to the provisions of this Tariff. The obligation of the Telephone Company to provide Service is dependent upon its ability to procure, construct, and maintain facilities that are required to meet the Customer's order for Service. The Telephone Company will make all reasonable efforts to secure the necessary facilities.

The Telephone Company reserves the right to limit or to allocate the use of existing facilities, or to additional facilities offered by the Telephone Company, when necessary because of lack of facilities, relevant resources, or due to causes beyond the Telephone Company's control. In addition, the Telephone Company reserves the right to discontinue Service when the Customer is using the Service in violation of law or the provisions of this Tariff.

The Telephone Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission nor for failure to establish connections.

The Telephone Company reserves the right to refuse service to Customers due to insufficient or invalid charging information.

The Telephone Company may block calls that are made to certain cities or central office exchanges, or use certain Authorization Codes as the Telephone Company, in its sole discretion,

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Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

deems reasonably necessary to prevent unlawful or fraudulent use of Service.

The Telephone Company will use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Telephone Company may substitute, change, or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer. The Telephone Company shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, the Telephone Company will give the Customers who may be affected reasonable notice thereof as circumstances will permit, and will prosecute the work with reasonable diligence, and if practicable at time that will cause the least inconvenience. When the Telephone Company is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of Customer's service.

2.2 Liabilities of The Telephone Company

The Telephone Company's liability for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in the installation, provision, termination, maintenance, repair, or restoration occurring in the course of furnishing service, channels, or other facilities, and not caused by the negligence of the subscribers, commences upon activation of service. In no event does the Telephone Company's liability exceed an amount equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays, errors or defects occur.

When the facilities of other carriers are used in establishing connections to points not reached by the Telephone Company's facilities, the Telephone Company is not liable for any act or omission of the other carrier(s). The Customer will indemnify and save harmless the Telephone Company from any third-party claims for such damages referred to in this Section 2.2.

In no event will the Telephone Company be responsible for consequential damages or lost profits suffered by a Customer as a result of interrupted or unsatisfactory service. The Telephone Company will not be liable for claims or damages resulting from or caused by: (i) Customer's fault, negligence or failure to perform Customer's responsibilities; (ii) claims against Customer by another party; (iii) any act or omission of any other party; or (iv) equipment or service furnished by a third party.

The Telephone Company does not guarantee or make any warranty with respect to any equipment provided by it or leased on the Customer's behalf where such equipment is used in locations containing an atmosphere which is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer shall indemnify and hold the Telephone Company harmless from any and all loss, claims, demands, suits or other actions, or any liabilities whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury or death of any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of such equipment so used.

The Telephone Company is not liable for any defacement of, or damage to, the premises of a Customer resulting from the furnishing of services or the attachment of equipment, instruments, apparatus, and associated wiring furnished by the Telephone Company on such Customer's premises or by the installation or removal thereof, when such defacement or damage is not the

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Charter Fiberlink – Missouri, LLC**

result of the Telephone Company negligence. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Telephone Company without written authorization. The Customer will indemnify and save harmless the Telephone Company from any claims of the owner of the Customer's premises or other third party claims for such damages.

The Telephone Company and Customer shall be excused from performance under this Tariff and under the application for service for any period, and to the extent that the party is prevented from performing any service pursuant hereto, in whole or in part, as a result of delays caused by the other party or an Act of God, governmental agency, war, civil disturbance, court order, lockouts or work stoppages or other labor difficulties, third party nonperformance (including the failure of performance for reasons beyond the control of common carriers, interexchange carriers, local exchange carriers, suppliers and subcontractors), or other cause beyond its reasonable control, including failures or fluctuations in electrical equipment, and such nonperformance shall not be deemed a violation of this Tariff or of the application for service or grounds for termination of service. Both parties retain all rights of recourse against any third parties for any failures which may create a force majeure condition for the other party.

The Telephone Company is not liable for any damages, including toll usage charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. This unauthorized use of the Customer's facilities includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through Customer-provided equipment that are transmitted or carried on the Telephone Company network.

Where there is a connection via Customer-provided terminal equipment or Customer-provided communications systems, the point of demarcation shall be defined as the Telephone Company facility that provides interconnection. The Telephone Company shall not be held liable for Customer-provided access media or equipment. Any maintenance service or equipment arrangements shall be addressed on an individual case basis.

The Telephone Company will not be responsible if any changes in its service cause hardware or software not provided by the Telephone Company to become obsolete, require modification or alternation, or otherwise affect the performance of such hardware or software.

The Company shall use reasonable efforts to make services available by the estimated service date. The Company shall not be liable for any damages whatsoever resulting from delays in meeting the estimated service date due to delays resulting from normal installation procedures. Such delays shall include, but not be limited to delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals, delays in actual construction work being done by our vendor(s), and any delays due to any LEC where the Company is relying solely upon such LEC to meet such estimated due date which is beyond the Company's control.

With respect to the services, materials and equipment provided hereunder, the Telephone Company makes no promises, agreements, understandings, representations or warranties, expressed or implied, and hereby expressly disclaims all warranties, expressed or implied, not stated in this Tariff, and in particular disclaims all warranties of merchantability and fitness for a particular purpose.

Issued By: **Carrie L. Cox, Director Legal and Regulatory Affairs**
Charter Fiberlink – Missouri, LLC

Issue Date: October 15, 2003

Effective Date: November 14, 2003

2.3 Responsibilities of The Customer

The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Telephone Company, except upon the written consent of the Telephone Company. The equipment the Telephone Company provides or installs at the Customer premises for use in connection with the service the Telephone Company offers shall not be used for any purpose other than for which it was provided.

The Customer shall ensure that the equipment and/or system is properly interfaced with the Telephone Company's facilities or service. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Telephone Company will permit such equipment to be connected with its channels without the use of protective interface devices.

The Customer shall be responsible for securing its telephone equipment against being used to place fraudulent calls using the Telephone Company's service. The Customer shall be responsible for payment of all applicable charges for services provided by the Telephone Company and charged to the Customer's accounts, even where those calls are originated by fraudulent means either from Customer's premises or from remote locations.

The Telephone Company shall be indemnified and held harmless by the Customer against claims of libel, slander, or the infringement of copyright, or for the unauthorized use of any trademark, trade name, or service mark, arising from the material transmitted over the Telephone Company's service, against claims for infringement of patents arising from, combining with, or using in connection with, service, the Telephone Company's apparatus and systems of the Customer; against all other claims arising out of any act or omission of the member in connection with the Telephone Company's service. The Customer shall be liable for:

- (a) Loss due to theft, fire, flood, or other destruction of the Telephone Company's equipment or facilities on Customer's premises.
- (b) Reimbursing the Telephone Company for damages to facilities or equipment caused by the negligence or willful acts of the Customer's officers, employees, agents or contractors.

Charges incurred with interconnect or local operating companies for service or service calls made to the Customer's premises or on the Customer's leased or owned telephonic equipment unless the Telephone Company specifically authorizes said visit or repairs in advance of the occurrence and the Telephone Company agrees in advance to accept the liability for said repairs or visit.

Payment for all the Telephone Company service charges incurred through usage or direct action on the part of the Customer.

The Customer may be required to verify in writing that it is duly authorized to order service at all locations designated by the Customer for service, and assumes financial responsibility for all locations designated by the Customer to receive the Telephone Company's services. If the verification (i.e., a letter of authorization) cannot be produced within five (5) calendar days of the request, the presubscription of the Customer's locations are considered unauthorized.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

The Customer shall not use the Telephone Company name, logo or trademark in any promotional materials, contracts, Tariffs, service bills, etc., without expressed written authorization from the Telephone Company. The Customer shall not use the Telephone Company name, logo or trademark in any pre-sale activities. The Customer is prohibited from using the Telephone Company's name or trademark on any of the Customer's products or services.

Customer may not assign or transfer any of its rights or services ordered without the prior written consent of the Telephone Company. The Telephone Company may assign any service orders to its parent company or any affiliate. The Telephone Company will notify Customers of any such assignment.

2.4. Payment of Charges

The Customer is responsible for the payment of all charges for facilities and services furnished by the Telephone Company to the Customer, and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or shared with other persons.

For billing of monthly charges, service is considered to be established upon the confirmation of third party verification processes.

Usage charges will be billed monthly in arrears. Customer will be billed for all usage accrued beginning immediately upon access to the service. Customers will be billed for usage occurring during their specific 30-day billing cycle, which for purposes of computing charges shall be considered a month. The rates charged to a Customer will be the rates in effect on the first day of the Customer's billing cycle.

Monthly charges for all access service components, provided hereunder, are billed in advance of service and reflect the rates in effect as of the date of the invoice. A Customer's first invoice may contain charges from previous periods for service provided from the date of installation through the current invoice period.

Bills are due and payable as specified on the bill. Bills may be paid by mail or in person at the business office of the Telephone Company or an agency authorized to receive such payment. (The Telephone Company will provide a copy of the original/official bill, upon the request of the Customer, in Braille or no less than twenty-four (24) point bold-faced type print or both). All charges for service are payable only in United States currency. Payment may be made by cash, check, money order, cashier's check, or certain major credit cards. Customers shall have twenty-one (21) days from the date of the bill to pay the charges stated before charges are considered delinquent.

If any portion of the payment is not received by the Telephone Company, or if any portion of the payment is received by the Telephone Company in funds that are not immediately available, within thirty (30) days after the date of rendition, then a late payment penalty may be assessed. The penalty for late payments shall be a 1.5% charge on the amount of the bill past due.

Any disputed charge may be brought to the Telephone Company's attention by verbal or written notification. In the case of a billing dispute between the Customer and the Telephone Company that cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, or the service may be subject to disconnection.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

The Customer may request an in-depth investigation into the disputed amount and a review by a manager of the Telephone Company. During the period that the disputed amount is under investigation, the Telephone Company shall not pursue any collection procedures or assess late fees with regard to the disputed amount. The Customer shall be required to pay the undisputed part of the bill, and if not paid, the Telephone Company may discontinue service. In the event the dispute is not resolved, the Telephone Company shall inform the customer that the customer has the option to pursue the matter with the Public Utility Commission.

The Customer is responsible to pay the Telephone Company for all toll calls or other third party charges resulting from the origination of calls to points outside the local exchange and for charges or calls billed to the Customer's number.

The Telephone Company may assess up to a twenty dollar (\$20) charge for each returned check or credit card chargeback.

If service is suspended/disconnected by the Telephone Company in accordance with the provisions of the Tariff and later restored, restoration of service will be subject to all applicable reconnection charges.

When circumstances prevent customers from paying their invoices in full, the Telephone Company may make special accommodations to assist customers by setting up a regular payment plan. Payment plans are only set up at the request of the customer. Payment plans are intended to function as a short-term solution and will be reviewed and approved on an individual case basis.

2.5. Disconnection of Service by Customer

By giving notice, Customer may disconnect service at any time following its minimum service requirement(s). The reoccurring monthly service charge, plus associated taxes, shall be pro-rated for the actual number of days in which service has been provided, with non-used portion being refunded to the Customer.

2.6. Cancellation for Cause

The Telephone Company may discontinue service or cancel an application for service, pursuant to applicable Commission rules, without incurring any liability for any of the following reasons:

- (a) Nonpayment of a delinquent bill for non-disputed regulated telecommunications services within a period;
- (b) Violation of or noncompliance with any provision of law, or of the tariffs or terms and conditions of service of the Telephone Company filed with and approved by the Commission;
- (c) Refusal to permit the Telephone Company reasonable access to its telecommunications facilities for recovery, maintenance, and inspection thereof;
- (d) Interconnection of a device, line, or channel to the Telephone Company's facilities or equipment contrary to the Telephone Company's terms and conditions of service on file with and approved by the Commission;
- (e) Use of telephone service in such manner as to interfere with reasonable service to other end users.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Service may be discontinued during normal business hours on or after the date specified in the notice of discontinuance. Service shall not be discontinued on a day when the offices of the Telephone Company are not available to facilitate reconnection of service or on a day immediately preceding such a day.

At least twenty-four (24) hours preceding a suspension, the Telephone Company shall make reasonable efforts to contact the Customer to advise him of the proposed discontinuance and what steps must be taken to avoid it.

Service shall not be disconnected unless written notice shall be sent or delivered to the Customer at least ten (10) days prior to the date of the proposed discontinuance.

2.7. Notice and Communication

All notices and other communications required to be given pursuant to this Tariff shall be made in writing to Charter Fiberlink-Missouri, LLC, Attention: Legal Department- Director Legal and Regulatory Affairs, 12405 Powerscourt Drive, St. Louis, Missouri 63131-3674. Notices and other communications of either party, and all bills mailed by the Telephone Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

The Telephone Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.8. Taxes, Surcharges and Utility Fees

Customer is responsible for the payment of all federal, state and local taxes, surcharges, utility fees, or other similar fees (i.e., gross receipts tax, sales tax, municipal utilities tax, 911 surcharge or fees, universal service contributions) that may be levied by a governing body or bodies in conjunction with or as result of the service furnished under this Tariff. These charges will appear as separate line items on the Customer's bill for service, an additional charge equal to the pro rata share of any occupation, franchise, business, license, excise privilege or other similar charge or tax, now or hereafter imposed upon the gross receipts or revenue of the Telephone Company by any municipal taxing body or municipal authority whether by statute, ordinance, law or otherwise, and whether presently due or to hereafter become due.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

2.9. Customer Billing Inquiries

Any customer who has a question regarding his/her telephone bill may contact Charter Telephone toll free at 1-866-207-3663. All surcharges or fees subject to MO PSC jurisdiction, other than taxes and jurisdictional surcharges, will be submitted to the MO PSC for prior approval.

Filing a complaint with the Missouri Public Service Commission:

1. Any customer of Telephone Company who feels aggrieved by a violation of any of the application of rules in this Local Exchange Tariff or of the Public Service Commission laws of Missouri relating to telecommunications companies, may file an informal or formal complaint under **4 CSR 240-2.070**.
2. If the Telephone Company and its customer fail to resolve a matter in dispute, the Telephone Company shall advise the customer of his/her right to file an informal or formal complaint with the Commission under **4 CSR 240-2.070**.
3. Pending the resolution of a complaint filed with the Commission, the subject matter of such complaint shall not constitute a basis for discontinuance of service.

Missouri Public Service Commission
200 Madison Street, Suite 100
PO Box 360
Jefferson, Missouri 63131-3674

Toll free number: 1-800-392-4211

3.1. Description of Services

The Telephone Company provides intrastate interexchange services, including direct dialed message telecommunications services to residential customers who subscribe to the Telephone Company's Local Exchange Telecommunications Service, as described in P.S.C. MO – No. 1. Service under this Tariff No. 4 is available only to customers who subscribe to the Telephone Company's local exchange service. The services offered under this Tariff No. 4 are only available on an interstate and intrastate bundled basis. Customers may not choose separate in state and out of state toll providers. Calls are rated based on the duration of the call and are billed in sixty (60) second increments.

3.1.2 Charges Based on Duration of Use

Calls are measured in duration increments of sixty (60) seconds. All calls which are fractions of a measurement increment are rounded up to the next whole unit.

Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where signaling is provided by the terminating local carrier and any intermediate carrier(s).

Timing terminates on all calls when the calling party hangs up or the Telephone Company's network receives an on-hook signal from the terminating carrier.

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Charter Fiberlink – Missouri, LLC**

Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.

All times refer to local times.

Rates are not distance sensitive. As such, unless otherwise indicated, mileage bands are not applicable to the services offered.

Unless otherwise indicated, rates do not vary depending upon day or the time of day (Day, Evening, and Night/Weekend).

3.2 Product Description

3.2.1 Switched Outbound (1+)

Service provides the Telephone Company's customers with the ability to originate calls from a Telephone Company-provided access line to all other stations on the public switched telephone network bearing the designation of any central office exchanges outside the Customer's local calling area. This service is available on a switched basis only.

This service available to Local Telecommunications Services customers of the Telephone Company pursuant to the terms and conditions of the Telephone Company's P.S.C. MO - No. 1 Tariff.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

4.1 Rates and Charges

The following rates and charges are applicable to Residential Customers:

4.1.1 Switched Outbound (1+)

For all customers who choose the Telephone Company as their intraLATA toll and InterLATA long distance provider.

Charter Basic Long Distance

Rate per Minute	\$0.07 interstate
Rate per Minute	\$0.10 Intrastate

- No peak or off-peak rates
- Interstate includes Continental US and Canada
- Intrastate includes IntraLATA/local toll and InterLATA calls

Charter Basic Long Distance Package

MRC Per Line	\$2.50	(R)
Rate per Minute	\$0.05 Interstate	
Rate per Minute	\$0.07 Intrastate	(R)

- No peak or off-peak rates
- Interstate includes Continental US and Canada
- Intrastate includes IntraLATA/local toll and InterLATA calls

NOTE: The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+. The MRC of \$2.50 is applied to each customer line and not per account. Also, this charge will be pro-rated for the first month and will be billed in advance. (R)

Long Distance Package – 300 Minutes	\$29.95 (includes basic service & MCA 3)	(R)
	\$34.95 (includes basic service & MCA -4 & 5)	(R)

Package Includes: Anonymous Call Rejection, Call Waiting, Caller ID, Caller ID with Call Waiting, Speed Dial 8 and 300 minutes of long distance.

Additional minutes above 300 will be charged at \$0.07/minute. First line includes the above listed (5) features and 300 long distance (interstate and intrastate only) minutes. Additional lines include basic service only. Feature packages and *ala carte* features may be purchased for additional lines. Long distance service on additional lines may be purchased at *ala carte* rates. The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+.

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink- Missouri, LLC

P.S.C. MO – No. 4

**Charter Fiberlink – Missouri, LLC
Intrastate Interexchange Tariff**

**2nd Revised Page 16B
Replaces 1st Revised Page 16B**

Additional minutes above 500 will be charged at \$0.07 minute. First line includes the above listed (5) features and 500 long distance (interstate and intrastate only) minutes. Additional lines include basic service only. Feature packages and *ala carte* features may be purchased for additional lines. Long distance service on additional lines may be purchased at *ala carte* rates. The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+. This offer is not available in MCA -3, 4 or 5.

NOTE: Customer must have Charter Local Telephone Service to have Charter Long Distance service. No substitutions for the included features will be allowed. These rates include interstate and intrastate calls only and do not include international calls which vary based on country called.

**Long Distance Package
– Unlimited Minutes**

\$39.95 (includes basic service & MCA) (R)

Package Includes: Anonymous Call Rejection, Call Waiting
Caller ID, Caller ID with Call Waiting, Speed Dial 8
and unlimited long distance calling.

Unlimited minutes for interstate and intrastate calls. First line includes the above listed (5) features and unlimited long distance (interstate and intrastate only) calling. Additional lines include basic service only. Feature packages and *ala carte* features may be purchased for additional lines. Long distance service on additional lines may be purchased at *ala carte* rates. The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+.

NOTE: Customer must have Charter Local Telephone Service to have Charter Long Distance service. No substitutions for the included features will be allowed. These rates include interstate and intrastate calls only and do not include international calls which vary based on country called. The Telephone Company reserves the right to review usage and discontinue service if Customer is utilizing service for non-residential purposes or exceeding normal usage. (T)
(T)
(T)

**HSD/Long Distance Package –
500 Minutes** \$89.94 (includes basic service & MCA)

Package Includes: Anonymous Call Rejection, Call Waiting, Caller ID,
Caller ID with Call Waiting, Speed Dial 8, 500 minutes
of long distance and 2Meg HSD.

Additional minutes above 500 will be charged at \$0.07/minute. First line includes the above listed (5) features and 500 long distance (interstate and intrastate calls only) minutes. Additional lines include basic service only. Feature packages and *ala carte* features may be purchased for additional lines. Long distance service on additional lines may be purchased at *ala carte* rates.

NOTE: Customer must have Charter Local Telephone Service to have Charter Long Distance service. No substitutions for the included features will be allowed. These rates include interstate and intrastate calls only and do not include international calls which vary based on country called. The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink MA-CCO, LLC**

Issue Date: July 12, 2004

Effective Date: July 26, 2004

HSD/Long Distance Package – 500 Minutes \$82.94 (includes basic service) (N)
without MCA

Package Includes: Anonymous Call Rejection, Call Waiting,
Caller ID, Caller ID with Call Waiting,
Speed Dial 8, 500 minutes of long
distance and 2Meg HSD.

Additional minutes above 500 will be charged at \$0.07/minute. First line includes the above listed (5) features and 500 long distance (interstate and intrastate calls only) minutes. Additional lines include basic service only. Feature packages and *ala carte* features may be purchased for additional lines. Long distance service on additional lines may be purchased at *ala carte* rates. This offer is not available in MCA-3, 4 or 5.

NOTE Customer must have Charter Local Telephone Service to have Charter Long Distance service. No substitutions for the included features will be allowed. These rates include interstate and intrastate calls only and do not include international calls which vary based on country called. The per minute of use rates apply to 1+ calls only (i.e.: direct dialed) and not 0+.

Note – Purchase of packaged services constitutes a single service. Non-payment of any portion of the package rate constitutes non-payment for the ordered service and subjects customer to disconnection of service (all parts of the package including basic telephone service). Pro-rating of payments between services will not be made by Charter. All disconnection of service will be made pursuant to Missouri Public Service Commission Rules. (M)

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC
12405 Powerscourt Drive, St. Louis, MO 63131

5.1 Promotions

The Telephone Company may offer promotions for thirty (30) days or longer in the Telephone Company's exchanges subject to the availability of facilities. Promotions shall be offered to all similarly situated residence Customers who subscribe to additional lines.

The Telephone Company will provide written notice to the Commission no less than seven (7) days prior to the beginning of each promotion period identifying the exchanges, LATAs, or Numbering Plan Areas (NPA) in which the promotions will be offered, the beginning and ending date of the promotion, and the specific type of waiver or credit. The written notice will be filed in an appendix in P.S.C. Mo. No.4, Interexchange Tariff of the Telephone Company.

The Telephone Company will not offer a promotion where the projected revenues are not expected to cover long run incremental costs.

The Telephone Company will offer all promotions in a non-discriminatory manner.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: October 15, 2003

Effective Date: November 14, 2003

P.S.C. MO – No. 4

**Charter Fiberlink – Missouri, LLC
Intrastate Interexchange Tariff**

**2nd Revised Page 18
Replaces 1st Revised Page 18**

5.1.1 Long Distance Package Unlimited Minutes

(D)

(D)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink MA-CCO, LLC**

Issue Date: July 12, 2004

Effective Date: July 26, 2004

5.1.2 Long Distance Package(s) – Promotion

The Telephone Company will offer the first month at no charge for the following services beginning on August 26, 2004 and ending on January 31, 2005. (T)

- Long Distance Package – Unlimited Minutes
- Long Distance Package – 300 Minutes *Without MCA*
- Long Distance Package – 300 Minutes

This offer applies only to a single primary line and excludes all additional lines. This promotion applies to all hosted and ported telephone numbers. This promotion will be available to new customers who have not had service with the Telephone Company in the previous six months.

This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. MO-No. 4 tariff and pursuant to the general terms therein.

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink-Missouri, LLC

Issue Date: December 15, 2004

Effective Date: December 23, 2004

Charter Fiberlink – Missouri, LLC

Local Exchange Tariff

P.S.C. Mo. – No. 1

Tariff for the provision of **residential local exchange service** in the following Southwestern Bell and CenturyTel incumbent exchanges of:

- St. Charles (Southwestern Bell)
 - Harvester (Southwestern Bell)
 - Chesterfield (Southwestern Bell)
 - Pond (Southwestern Bell)
 - Manchester (Southwestern Bell)
 - Eureka (Southwestern Bell)
 - Valley Park (Southwestern Bell)
 - Fenton (Southwestern Bell)
 - Pacific (Southwestern Bell)
 - High Ridge (Southwestern Bell)
 - Sappington (Southwestern Bell)
 - Webster Groves (Southwestern Bell)
 - Kirkwood (Southwestern Bell)
 - Mehlville (Southwestern Bell)
- (D)
(D)
- St. Louis (Southwestern Bell) (N)
 - Ladue (Southwestern Bell) (N)
 - Creve Coeur (Southwestern Bell) (N)
 - St. Peters (CenturyTel) (M)
 - Dardenne (CenturyTel) (M)
 - O'Fallon (CenturyTel) (M)
 - Wentzville (CenturyTel) (M)

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink – Missouri, LLC

Issue Date: May 19, 2004

Effective Date: June 21, 2004

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Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**4th Revised Page 2
Replaces 3rd Revised Page 2**

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**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: December 16, 2003

Effective Date: January 1, 2004

Charter Fiberlink – Missouri, LLC
Local Exchange Tariff

Missouri Public ^{Original Page 3}

LOCAL EXCHANGE TARIFF

REC'D NOV 20 2001

1.1. *Application of Tariff*

Service Commission

This Local Exchange Tariff contains regulations, rates and charges applicable to the provision of residential Local Exchange Service ("Service(s)"), provided by Charter Fiberlink – Missouri, a competitive facilities-based provider of residential telephony services ("Telephone Company"), to residential Customers in the rate centers of St. Charles, St. Peters, Dardenne, Harvester and O'Fallon.

End users may purchase Services from the Local Exchange Tariff only to the extent explicitly set forth herein. The Services will not be provided to an end user's location in such a manner that avoids this end user restriction. Local Exchange Services may not be resold.

The regulations, rates and charges contained herein are in addition to the applicable regulations, rates and charges specified in other Tariffs of the Telephone Company as referenced herein.

Missouri Public

FILED JAN 01 2002
02 - 391

Service Commission

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date: November 20, 2001

Effective Date: January 1, 2002

REC'D NOV 20 2001

1.2. Listing of Waivers

During the Certification process, Charter Fiberlink – Missouri, LLC, requested and received waivers of certain MO PSC statutes and Commission rules for the provision of local basic telecommunications services:

Statutes

392.210.2	Uniform system of accounts
392.240.1	Rates – rentals – service & physical connections
392.270	Valuation of property (ratemaking)
392.280	Depreciation accounts
392.290	Issuance of securities
392.300.2	Acquisition of stock
392.310	Stock and debt issuance
392.320	Stock dividend payment
392.330	Issuance of securities, debts and notes
393-340	Reorganization (s)

Commission Rules

4 CSR 240.10.020	Depreciation fund income
4 CSR 240-30.010(2) (C)	Posting of Tariffs
4 CSR 240-30.040	Uniform system of accounts
4 CSR 240-32.030(4) (C)	Exchange boundary maps
4 CSR 240-33.030	Minimum charges
4 CSR 240.35	Reporting of bypass and customer specific arrangements

Missouri Public

FILED JAN 01 2002
02 - 391

Service Commission

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date: November 20, 2001

Effective Date: January 1, 2002

1.3. Explanation of Symbols/Tariff Format

The following symbols are used herein to identify schedule and text changes:

- (D) Discontinued Rate, Treatment or Regulation
- (I) Increased Rate, New Treatment (Increase)
- (M) Move of Text - No Rate Change
- (N) New Rate, Treatment or Regulation
- (R) Reduced Rate, Treatment or Regulation
- (T) Change in Text - No Rate Change
- (Z) Correction of Text – No Rate Change

(T)

The initial issuance of the Local Exchange Tariff will be designated as "Original Page XX" in the header of each page. Thereafter, any revisions filed to the Local Exchange Tariff will be designated using the above symbols to indicate the area of text being changed and the page will be revised to reflect "Xth Revised Page XX".

Issued By: Trudi McCollum Foushee, Vice President and Sr. Counsel, Law and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: February 26, 2003

Effective Date: March 28, 2003

REC'D NOV 20 2001

1.4. Definitions and Terms

Glossary of Definitions and Terms:

Service Commission

Additional Listing - Any listing of a name or other authorized information in connection with a customer's telephone number in addition to the complimentary listing as identified in the Local Exchange Tariff.

Application - A request made orally or in writing for telephone service.

Authorized Account User - The person or persons authorized to make changes to a customer account including changes to toll carriers as designated by the account holder. Authorized Account Users shall be limited to two persons for any single postal address.

Automated Message Accounting (AMA) - the data recorded at the switch and used to calculate the amount billed to the end user for MCA, local exchange, intraLATA toll and InterLATA toll charges and used to calculate the amount billed to the Interexchange Carrier to bill the access carrier for access charges due to the Telephone Company for use of its network.

Central Office - A switching unit in a telephone system which provides service to the general public, having the necessary equipment and operating arrangements for the terminating and interconnecting customer lines and trunks or trunks only. There may be more than one central office in a building or exchange.

Central Office Line - A circuit directly connecting an individual with a central office.

Connecting Company - A corporation, association, partnership or individual owning or operating one or more exchanges and with which communications services are interchanged.

Connector - See "Switch".

Connection Charge - See "Service Charge".

Construction Charge - A separate nonrecurring charge made for the construction of facilities in excess of those contemplated under the rates quoted in the Local Exchange Tariffs.

Continuous Property - The plot of ground, together with any building thereon, occupied by the customer, which is not divided by public highways or separated by property occupied by others.

Contract - The agreement between a customer and the Telephone Company under which service and facilities are furnished in accordance with the applicable provisions of the Local Exchange Tariffs.

Cost - The cost of labor and materials, which includes appropriate amounts to cover the Telephone Company's general operating and administrative expenses.

Customer - The individual, partnership, association or corporation which contract for telephone service and are responsible for the payment of charges and compliance with the general regulations of the Telephone Company.

CPE - Customer Provided Equipment - Devices, apparatus, and/or associated wiring provided by a customer.

Customer Provision - Customer purchase or lease of customer-provided equipment from the Telephone Company or from any other supplier.

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Missouri Public

02 - 391

FILED JAN 01 2002

Issue Date: November 20, 2001

Effective Date: January 1, 2002

Service Commission

REC'D NOV 20 2001

Charter Fiberlink – Missouri, LLC
Local Exchange Tariff

Original Page 7

Service Commission

Data Access Arrangement - A protective connecting arrangement for use with the network control signaling unit, or in lieu of the connecting arrangement, an arrangement to identify a central office line and protective facilities and procedures to assure proper operation and protection of the telecommunications network.

Demarcation Point - That point (referred to as Demarc Point or Network Interface) of interconnection between the Telephone Company's facilities and the wiring at the subscriber's premises. The Demarc Point shall consist of wire or a jack conforming to Subpart F of Part 68 of the Federal Communications Commission's Rules and Regulations. The Demarc Point will generally be within twelve inches of the protector or, absent a protector, within twelve inches of the entry point to the customer's premises. If conforming to the twelve inches is unrealistic or technically impossible, the Demarc Point will be the most practicable minimum point of entry to the customer's premises. The network interface may be located at a point other than the normal demarcation point where the network interface has been previously established by the presence of network equipment. With regard to premises for any structure that is built to be mobile (e.g., mobile homes, recreational vehicles), the Telephone Company may place the Demarc Point on a post or pole at or near the pad where such structure is intended to rest. Boat docks, marinas and similar premises may be treated by the Telephone Company as a single unit premises, with the Demarc Point being placed on the shore or other location as deemed appropriate by the Telephone Company.

Exchange Station - A station connected with a central office of the Telephone Company over its own lines.

Extra Listing - See "Additional Listing".

Harm - Harm consists of hazards to personnel, damage to Telephone Company equipment, and impairment of service to persons other than the user of the customer-provided equipment. Types of harm include, but shall not be limited to, voltages dangerous to personnel, destruction of or damage to equipment, induced noise or cross talk, incorrect dial pulsing, failure of supervision, false answer, incorrect billing, absence of voice band transmission path for call progress signals, and loss of capability to answer an incoming call.

Individual Line - An exchange line designed for the connection of a telephone set.

Initial Service Period - The minimum length of time for which a customer is obligated to pay for service, facilities and equipment whether or not retained by the customer for such minimum length of time.

Installation Charge - A nonrecurring charge made at the time of installation of communications service or equipment, which applies in addition to service charges and other applicable charges for service or equipment unless specifically excepted.

Intercommunicating System - An arrangement involving two or more stations that enables a user to signal and connect with other stations in the system.

Interconnection - The method by which telecommunications facilities of the Telephone Company are arranged to transmit to, or receive information from, customer-provided equipment.

Local Calling Scope (LCS) - A combined Area in which interexchange telephone service is furnished at a flat rate between two or more exchange areas. See MCA.

Local Exchange Service - Telephone communications within a local service area in accordance with the provisions of the Telephone Company's Local Exchange Tariffs.

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date: November 20, 2001

Missouri Public
02-391
FILED JAN 01 2002
Effective Date: January 1, 2002

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Local Message - A completed communication between customers' stations located within the same exchange area or local service area.

Local Calling Service Area - The area throughout which communication service is rendered to a customer or users without the application of toll charges.

Main Terminal - The termination of a central office line on a customer's premises, usually at a protector.

Message - A completed customer call.

MCA – Metropolitan Calling Area, an extended local calling area plan that allows free local calling outside of the exchange area as defined by the Missouri PSC. MCA subscribers include all customers of incumbent local exchange carriers and competitive local exchange carriers being served by dedicated NXX codes, identified as MCA NXX codes, pursuant to the Missouri Public Service Commission's Report and Order in Case No. TO-99-483.

Premises - The buildings, portion or portions of a building on continuous property used and/or occupied at one time by the customer as a residence. Where floor space in adjoining buildings is made continuous at one or more floor levels, all floor space in both buildings is considered as the same premises insofar as the customer who uses and occupies such continuous floor space is concerned, the two buildings otherwise being considered as separate buildings.

Registered Terminal Equipment - Equipment registered in accordance with FCC regulations that may be connected to access services of the Telephone Company.

Residence Service - Telephone service furnished to customers when the actual or obvious use is for domestic purposes.

Service Charge - The nonrecurring charge a customer is required to pay for establishing telephone service or subsequent modification of that service.

Slamming - is the unauthorized change of a subscriber's local exchange, intraLATA or InterLATA telecommunications carrier.

Station - Specific identifying number associated with a location on a communications system.

Supplemental Facilities or Services - Services or facilities other than primary service.

Switch - A unit of dial switching equipment that provides interconnection between station lines or trunks.

Tariff - The schedule of Local Exchange rates and charges, rules and regulations adopted and filed by the Telephone Company and approved by the Missouri Public Service Commission.

Telecommunications Service Priority (TSP) System - The TSP System is a service that provides for the priority provisioning and/or restoration of National Security Emergency Preparedness (NSEP) telecommunications services. NSEP telecommunications services are defined by the Federal Communications Commission (FCC) as those services which are used to maintain a state of readiness or to respond to and manage any event or crisis (local, national or international), which causes or could cause injury or harm to the population, damage to or loss of property, or degrades or threatens the NSEP posture of the United States. The TSP System applies only to NSEP services and provides the Telephone Company with a guide to the sequence in which services are to be provisioned and/or

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Missouri Public

02-391

FILED JAN 01 2002

Issue Date: November 20, 2001

Effective Date: January 1, 2002

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restored. Regulations, rates and charges for TSP System Service are set forth in the Telephone Company's Tariff Facilities for Intrastate Access.

Telephone Company – Charter Fiberlink – Missouri, LLC.

Telephone Set - A telephone instrument consisting of a transmitter, receiver, and associated apparatus connected to permit transmission and receipt of telephone messages.

Terminal Equipment - Equipment at the terminal of a communication circuit.

Terminal Equipment Accessories - Devices, apparatus and their associated wiring, provided by a customer, which do not constitute a communications system and which when connected to the telecommunications system of the Telephone Company, are connected electrically, acoustically or inductively.

Termination Charge - A charge applied under certain conditions when service is terminated by the customer before the expiration of the minimum commitment period.

Underground Service Connection - A customer's "drop" wire that is run underground from a pole line or an underground distributing cable.

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Missouri Public

02 - 391
FILED JAN 01 2002

Issue Date: November 20, 2001

Effective Date: January 1, 2002

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1.5. Obligation and Liability of the Telephone Company

1.5.1 Availability of Facilities and Equipment

The Telephone Company's obligation to furnish Services is dependent upon its ability to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary pole lines, circuits, and equipment

The installation and restoration of Services shall be subject to the regulations set forth in this Local Exchange Tariff

1.5.2 Interruptions of Service

In the event of an interruption to the service not due to the negligence or willful act of the customer or customer premises equipment, an allowance will be made if the interruption continues for more than twenty-four (24) hours from the time it is reported to or detected by the Telephone Company

The allowance will be limited to the prorated portion of the monthly rate or guarantee for the service or portion thereof made inoperative. No other liability shall in any case attach to the Telephone Company in consideration of such interruptions

1.5.3 Liability

In view of the possibility of errors and difficulties occurring in the transmission of messages by telephone, and the impossibility of fixing the cause thereof, the customer assumes all risks connected with the service except as follows

If the initial installation is defective or if service is interrupted for more than twenty-four (24) hours otherwise than by the negligence or willful act of the customer or due to customer premises equipment, an allowance limited to the prorated portion of the monthly rate or guarantee for the service or portion thereof interrupted, shall be made after notice and demand to the Telephone Company. No allowance shall be made for interruptions due to the inside wiring or customer provided equipment

The advertised speeds of the customer's modem may not be attainable with this service and are not guaranteed by the Telephone Company. The Telephone Company will assure, however, that its local exchange access lines meet the standards outlined in 4 CSR 240-32 060, Engineering and Maintenance

1.5.4 Directory Errors and Omissions

The Telephone Company's liability for damages due to errors or omissions in directory listings will be limited to a credit of the Customer's basic monthly service charge for the period from the date of notice of the error to the Telephone Company to the date of issuance of a new directory containing the proper listing

In the case of extra listings in the alphabetical section of the directory for which a charge is made, the Telephone Company's liability shall be limited to an amount not to exceed the established rate for such listing during the period which the error or omission continues

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**Issued By Jerold C Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date November 27, 2002

Effective Date December 27, 2002

The customer indemnifies and holds the Telephone Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of the listing which the customer has requested be omitted from the telephone directory or the disclosing of such a listing to any person. Where such a listing is published in the telephone directory, the Telephone Company's liability shall be limited to a refund of any monthly charges assessed by the Telephone Company for the basic monthly service charge for the affected service.

1.5.5 Transmitting Messages

The Telephone Company does not transmit messages but offers the use of its facilities for communications between patrons. If because of transmission difficulties the operator, in order to accommodate the customer, repeats messages, the operator is deemed to be acting as the agent of the persons involved and no liability shall attach to the Telephone Company because of any errors made by the operator or misunderstandings that may arise between customers because of such errors.

1.5.6 Use of Connecting Telephone Company Lines

When suitable arrangements can be made, lines of other telephone companies may be used in establishing wire connections to points not reached by this Telephone Company's lines. In establishing connections with the lines of other companies, the Telephone Company is not responsible or liable for any action of the Connecting Company. Connection of the Telephone Company's lines to the lines of another telephone company shall be at the sole discretion of the Telephone Company.

1.5.7 Defacement of Premises

The Telephone Company shall exercise due care in connection with all work done on customer's premises. No liability shall attach to the Telephone Company by reason of any defacement or damage to the customer's premises resulting from the existence of the Telephone Company's facilities and associated wiring on such premises, or by the installation or removal thereof, unless such defacement or damage is the direct result of the sole negligence of the Telephone Company. Customers sole remedy for such damage shall be repair of such damage.

1.5.8 Call Features

The Telephone Company shall not be liable for any loss or damages arising out of error, interruptions, defects, failure or malfunctions of Call Features associated with Telephone Company's Services. Damages arising out of such interruptions, defects, failures, or malfunctions of the services after the Telephone Company has been notified, and has had a reasonable time for repair, shall in no event exceed an amount equivalent to the charges made for the service affected for the period following notice from the customer until service is restored.

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**Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date: January 13, 2003

Effective Date: February 12, 2003

Caller ID

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This feature enables the Customer to view on a display unit the Calling Party Directory Name and/or Number (CPN) on incoming telephone calls by means of a caller identification display unit. When Caller ID is activated on a Customer's line, the CPN of incoming calls are displayed at the called CPE during the first, long silent interval of the ringing cycle.

Per line blocking for blocking of CPN will be available upon request, at no charge, **ONLY** to the following entities for lines over which the official business of the agency is conducted, including those at the residences of employees/volunteers, where an executive officer of the agency registers a need for blocking and provides the required certification to Applicant:

- a) Private, nonprofit, tax exempt, domestic violence intervention agencies,
- b) Federal, state, and local law enforcement agencies

The CPN will not be transmitted from a line equipped with this capability. Per line blocking is operational on a continuous basis but can be deactivated by the Customer by dialing an access code immediately prior to placing a call. A Customer utilizing Per line blocking can unblock their CPN information on a per call basis, at no charge, by dialing an access code (*82 on their touch tone pad) immediately prior to placing a call.

A Customer may prevent the delivery of their calling name and/or number on a per call basis to the called party by dialing an access code (*67 on their touch tone pad) immediately prior to placing a call. The access code will activate per call blocking, which is available at no charge. If the calling party activates per call blocking, the CPN will not be transmitted to a called party. Instead, the called party will receive an anonymous indicator. This anonymous indicator notifies the called party that the calling party has elected to block the delivery of their name and telephone number. The blocking of CPN will not be provided on calls originating from Customer Owned Pay Telephones. If the called party subscribes to Anonymous Call Rejection, the calling party will be routed to a Telephone Company recording advising the caller that the called party will not accept calls whose CPN has been blocked.

Any Customer subscribing to Caller ID will be responsible for the provision of a display device which will be located on the Customer's premises. The installation, repair, and technical capability of Caller ID equipment to function in conjunction with the feature specified herein will be the responsibility of the Customer. Telephone Company assumes no liability and Customer agrees to hold Telephone Company harmless for any incompatibility of this equipment to perform satisfactorily with the network features described herein.

Telephone CPN information transmitted via Caller ID is intended solely for the use of the Caller ID subscriber. Resale of this information is prohibited by this Local Exchange Tariff. CPN will not be displayed if the called party is off-hook or if the called party answers during the first ring interval. CPN will be displayed for calls made from another central office only if it is linked by appropriate facilities. Caller ID is not available on operator-handled calls.

Call Trace

This feature allows the Customer to dial a special code initializing a Call Trace (identifying callers making calls). If a Call Trace is successful, the Telephone Company's equipment will record the incoming call detail (not the conversation) as follows:

- The originating telephone number,
- The date and time of the call, and
- The date and time call trace was activated

Issued By **Jerold C. Lambert, Vice President and Sr. Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

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The results of the trace will not be provided to the customer directly

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When Call Trace successfully identifies a calling number, a recording instructs the Customer to call a toll free number, which will activate a Voice Response Script and assist the customer in establishing an open file. Should the Customer decide to prosecute the call originating party, the customer should contact Telephone Company for further instructions. Activation of Call Trace never authorizes Telephone Company to provide the called party with the name or telephone number of the calling party.

In the event that Call Trace is not available or is unsuccessful, it may be necessary to place a manual trap on the customer's telephone line.

Other call features, not having specific regulatory requirements, are described in Section 1.8.4 of this Local Exchange Tariff.

900/976 Call Block

Telephone Company blocks all 900 and 976 calls. At this time, 900/976 unblocking is not available.

Issued By: Jerold C Lambert, Vice President and Sr Counsel
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

1.6. Exchanges to Provide Service

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Exchange	Local Exchange	Expanded Area Service	Zone	
SWB Area				
St. Charles	St. Charles	Harvester	MCA-3	
Harvester	Harvester	Chesterfield, Pond, St. Charles, St. Peters	MCA-4	
Chesterfield	Chesterfield	Manchester, Harvester, Pond plus the Creve Coeur zone of the St. Louis Metropolitan Exchange	MCA-3	
Pond	Pond	Chesterfield, Eureka, Harvester, Manchester, Pacific	MCA-4	
Manchester	Manchester	Chesterfield, Eureka, Pond, Valley Park plus the Creve Coeur and Kirkwood zones of the St. Louis Metropolitan Exchange	MCA-3	
Eureka	Eureka	High Ridge, Manchester, Pacific, Pond, Valley Park	MCA-4	
Valley Park	Valley Park	Fenton, Eureka, High Ridge, Manchester plus the Kirkwood zone of the St. Louis Metropolitan Exchange	MCA-3	
Fenton	Fenton	Maxville, Valley Park, High Ridge plus the Kirkwood and Sappington zones of the St. Louis Metropolitan Exchange	MCA-3	
Pacific	Pacific	Gray Summit, Eureka, Pond	MCA-5	
High Ridge	High Ridge	High Ridge-Local Only, Antonia, Cedar Hill, Eureka, Fenton, Maxville and Valley Park	MCA-3	(N)

Issued By: **Carrie L. Cox, Director Legal and Regulatory Affairs**
Charter Fiberlink – Missouri, LLC

Issue Date: March 3, 2004

Effective Date: April 1, 2004

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**1st Revised Page 14A
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Sappington Sappington

All subscribers in the St. Louis Metropolitan Exchange, Fenton and Maxville; plus Optional Metropolitan Calling Area service subscribers in the Southwestern Bell's exchanges of Portage Des Sioux, St. Charles, Chesterfield, Manchester, Valley Park, Imperial, Harvester, Pond, Eureka, High Ridge, Antonia, Herculaneum-Pevely, Gray Summit, Pacific, Cedar Hill, Ware, Hillsboro, Festus-Crystal City and DeSoto; CenturyTel's exchanges of St. Peters, O'Fallon, Dardenne, Winfield, Troy, Old Monroe, Moscow Mills, Wentzville, Foristell, New Melle, Defiance and Augusta; and Orchard Farm Telephony Company's exchanges of Orchard Farm.

Webster Groves Webster Groves

All subscribers in the St. Louis Metropolitan Exchange; plus Optional Metropolitan Calling Area service subscribers in the Southwestern Bell's exchanges of Portage Des Sioux, St. Charles, Chesterfield, Manchester, Valley Park, Fenton, Maxville, Imperial, Harvester, Pond, Eureka, High Ridge, Antonia, Herculaneum-Pevely, Gray Summit, Pacific, Cedar Hill, Ware, Hillsboro, Festus-Crystal City and DeSoto; CenturyTel's exchanges of St. Peters, O'Fallon, Dardenne, Winfield, Troy, Old Monroe, Moscow Mills, Wentzville, Foristell, New Melle, Defiance and Augusta; and Orchard Farm Telephony Company's exchanges of Orchard Farm.

MCA-1

Kirkwood Kirkwood

All subscribers in the St. Louis Metropolitan Exchange, Manchester, Fenton and Valley Park; plus Optional Metropolitan Calling Area service subscribers in Southwestern Bell's exchanges of Portage Des Sioux, St. Charles, Chesterfield, Maxville, Imperial,

MCA-2

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: March 3, 2004

Effective Date: April 1, 2004

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

P.S.C. MO – No. 1

**1st Revised Page 14B
Replaces Original Page 14B**

Harvester, Pond, Eureka,
High Ridge, Antonia, Herculaneum-
Pevely, Gray Summit, Pacific, Cedar
Hill, Ware, Hillsboro, Festus-Crystal
City and DeSoto; CenturyTel's
Exchanges of St. Peters, O'Fallon,
Dardenne, Winfield, Troy, Old Monroe,
Moscow Mills, Wentzville, Foristell,
New Melle, Defiance and Augusta;
And Orchard Farm Telephony
Company's exchanges of Orchard Farm.

Mehlville

Mehlville

All subscribers in the
St. Louis Metropolitan Exchange
And Maxville; plus Optional Metropolitan
Calling Area service subscribers
In Southwestern Bell's exchanges of
Portage Des Sioux, St. Charles,
Chesterfield, Manchester, Valley Park,
Fenton, Imperial, Harvester, Pond,
Eureka, High Ridge, Antonia,
Herculaneum-Pevely, Gray Summit,
Pacific, Cedar Hill, Ware, Hillsboro,
Festus-Crystal City and DeSoto;
CenturyTel's exchanges of St. Peters,
O'Fallon, Dardenne, Winfield, Troy, Old
Monroe, Moscow Mills, Wentzville, Foristell,
New Melle, Defiance and Augusta; and
Orchard Farm Telephony Company's
Exchanges of Orchard Farm.

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**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: May 19, 2004

Effective Date: June 21, 2004

CenturyTel Area

St. Peters	St. Peters	Harvester, Augusta New Melle, Foristell Defiance, O'Fallon Dardenne, Wentzville	MCA-4	(M) (M) (M) (M)
Dardenne	Dardenne	St. Peters, O'Fallon Augusta, New Melle Foristell, Defiance Wentzville	MCA-4	(M) (M) (M) (M)
O'Fallon	O'Fallon	St. Peters, Dardenne Augusta, New Melle Foristell, Defiance Wentzville	MCA-4	(M) (M) (M) (M)
Wentzville	Wentzville	Augusta, Dardenne Defiance, Foristell O'Fallon, New Melle, St. Peters	MCA-5	(M) (M) (M) (M)

Calling rules, per line MO PSC, apply to Customers requesting MCA service in the above exchanges as follows: (M)
(M)

Principal Zone subscribers can call##:
- all MCA Principal Zone, MCA-1 and MCA-2 Customers, and all MCA-3, MCA-4 and MCA-5 subscribers. (M)
(M)

MCA-1 subscribers can call##:
-all MCA Principal Zone, MCA-1, and MCA-2 Customers, and all MCA-3, MCA-4 and MCA-5 subscribers. (M)
(M)

MCA-2 subscribers can call##:
-all MCA Principal Zone, MCA-1, and MCA-2 Customers, and all MCA-3, MCA4 and MCA-5 subscribers. (M)
(M)

MCA-3 subscribers can call##:
-all MCA Principal Zone, MCA-1, MCFA -2 and MCA-3 Customers, and all MCA-4 and MCA-5 subscribers. (M)
(M)

See Figure 1 – MO PSC Local Exchange Map for exchange areas in each MCA Zone

Issued By: **Carrie L. Cox, Director Legal and Regulatory Affairs**
Charter Fiberlink – Missouri, LLC

Issue Date: May 19, 2004

Effective Date: June 21, 2004

MCA-4 and MCA-5 subscribers can call##:

-all MCA Principal Zone, MCA-1, MCA-2, MCA-3 and MCA-4 Customers, and all MCA-5 subscribers. (M)

MCA-1, MCA-2, MCA-3, MCA-4 and MCA-5 non-subscribing Customers can call:

-all Customers in their own local exchange and EAS points, if any. (M)

NOTE: MCA numbering is not applicable in Principal Zone, MCA-1 and MCA-2. Customers in these areas (M)
May call all MCA customers for all zones on a non-toll basis. Customers in Principal Zone, MCA-1 (M)
And MCA-2 will incur toll charges when calling non-MCA customers in MCA-3, MCA-4 and MCA-5. (M)

Subscribers include all customers of incumbent local exchange carriers and, pursuant to the Missouri (M)
Public Service Commission Report and order in Case No. T0.99-483, all customers of competitive local (M)
Exchange carriers.

Optional Metropolitan Calling Area service subscribers include all customers of incumbent local exchange (M)
Carriers and competitive local exchange carriers being served by dedicated NXX codes identified as MCA (M)
NXX codes pursuant to the Missouri Public Service Commissions' report and order in Case No. T0-00-483. (M)

See Figure 1 - MO PSC Local Exchange Map for exchange areas in each MCA Zone.

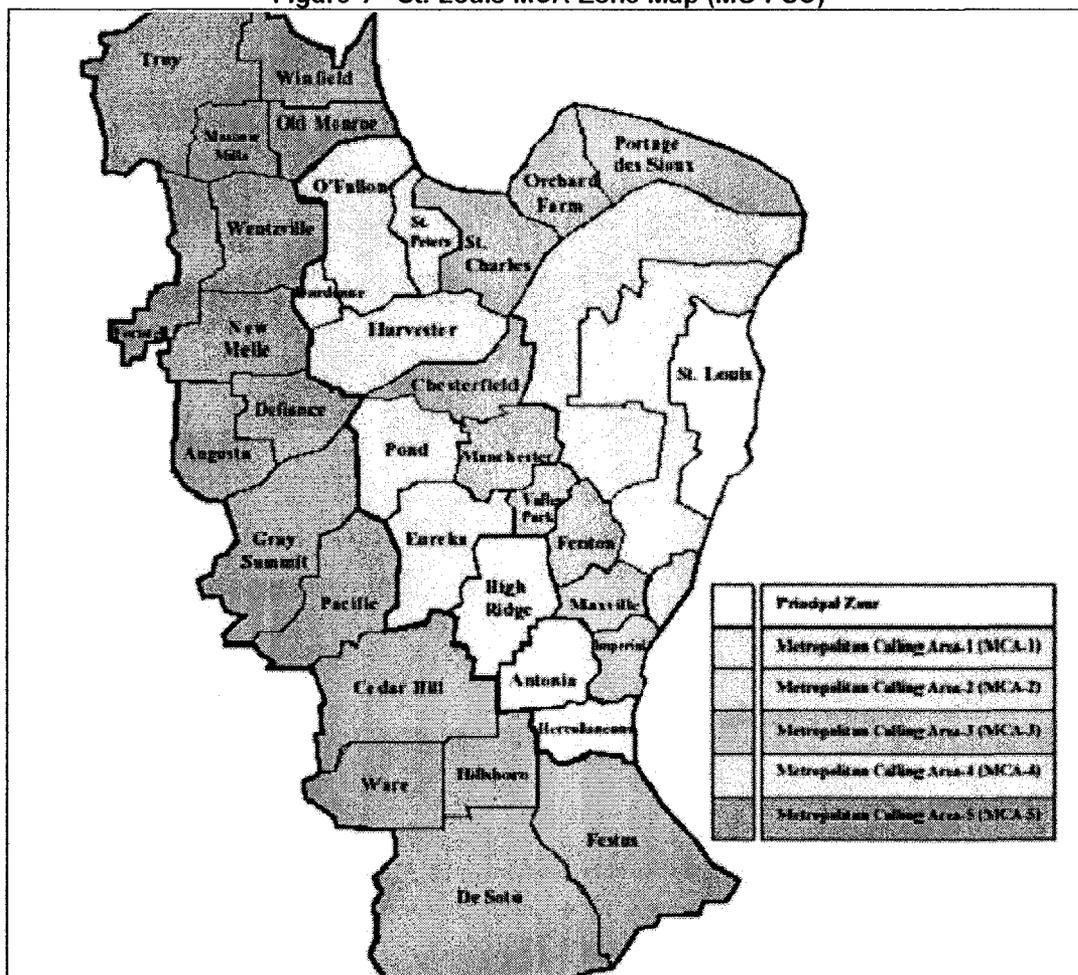
Issued By: **Carrie L. Cox, Director Legal and Regulatory Affairs**
Charter Fiberlink-Missouri, LLC

Issue Date: May 19, 2004

Effective Date: June 21, 2004

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Figure 1 - St. Louis MCA Zone Map (MO PSC)



Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: March 3, 2004

Effective Date: April 1, 2004

1.7. Practices and Procedures – Residential Service

1.7.1 Rights of the Telephone Company in Furnishing Service

1. Ownership and Use of Services

- a. Facilities furnished by the Telephone Company to provide transmission Service on the premises of a Customer (except for inside wiring and inside jacks) are the property of the Telephone Company. This includes the Telephone Company-assigned Telephone Number(s) to Customer. The agents and employees of the Telephone Company shall have the right to enter said premises at any reasonable hours for the purpose of installing, inspecting, maintaining or repairing the equipment, instruments and lines, or upon termination of the Service, for the purpose of removing such equipment, instruments and lines.
- b. If the installation and maintenance of Service are requested at locations which are or may become hazardous or dangerous to the Telephone Company's employees or the public or property, the Telephone Company may refuse to install and maintain such Service, and, if such Service is furnished may require the Customer to install and maintain such Services and may also require the Customer to indemnify and hold the Telephone Company harmless from any claims, loss or damage by reason of the installation and maintenance of such Service.

2. Service Use by Customer

The Service is furnished only for use by the Customer, the Customer's family, or persons residing in the Customer's household, except as the use of the Service may be extended to persons temporarily subleasing a Customer's residential premises. Use of the Services and all charges incurred therein shall be the sole responsibility of the Authorized Account User.

3. Use of Party Line Service

Applications for party line Service are not accepted by the Telephone Company.

4. Connection of Automatic Dialing-Announcing Devices

- a. The Telephone Company will not knowingly permit connection to or operation over the telephone network of an automated dialing-announcing device used for solicitation purposes where calls initiated by the device cannot be terminated at will by the called party and dial tone restored to the called party promptly upon termination of the call by the called party.
- b. Any prerecorded message issued by an automated dialing-announcing device shall be preceded by an announcement that states the name and address of the calling party, the purpose of the message, and that the message is coming from automated equipment.

(M)

Issued By: **Jerold C. Lambert, Vice President and Sr. Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date: January 13, 2003

Effective Date: February 12, 2003

1.7.2 Establishment and Provision of Service

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Application for Service

- 1 Applications for initial or additional Services may be made to Telephone Company verbally or in writing. During the application process, the Telephone Company may check commercial credit services or past telephone account information in order to establish a credit risk assessment and/or for use in establishing any deposit amount that may be required.
- 2 Any change in rates or regulations prescribed by public authority having applicable jurisdiction, modifies all terms and regulations of the Services to the extent of such changes.
- 3 The Telephone Company reserves the right to refuse service to any applicant who is found to be indebted to the Telephone Company for service previously furnished until satisfactory arrangements have been made for the payment of all such indebtedness. The Telephone Company may also refuse to furnish service to any applicant desiring to establish service for former Customers of the Telephone Company who are indebted for previous service, regardless of the listing requested for such service, until satisfactory arrangements have been made for the payment of such indebtedness.
- 4 The Telephone Company may also decline to provide service to a minor whose principal place of abode is the home of the minor's parent, guardian, or other person legally charged with the minor's care and custody.

1.7.3 Directories

- 1 Telephone Directory Distribution - The Telephone Company will contract with the incumbent Company that currently distributes directories in the applicable exchange areas for purposes of providing direction to its Customers. Directories will be distributed without charge to the Telephone Company's Customers. Additional directories or information requested by a Customer will be furnished where, in the opinion of the Telephone Company, such provision will result in a more efficient use of the Service by that Customer. Additional directories will be furnished at the discretion of the Telephone Company at a reasonable rate.
- 2 Telephone Directory Ownership - Directories regularly furnished to Customers are the property of the incumbent distributing telephone company, are loaned to Customers only as an aid to the use of the telephone service, and are to be returned to the Telephone Company or the incumbent distributing company upon request. The Telephone Company shall have the right to make a charge for directories issued in replacement of directories destroyed, defaced or mutilated while in possession of Customers.
- 3 The rates and regulations for directory listings in this Section, 1 7 3, apply only to the alphabetical directory containing the regular alphabetical list of names of Customers.
- 4 The alphabetical list of names of Customers is for the purpose of informing calling parties of the telephone numbers of Customers and those entitled to use Customers' Service, and special position or arrangement of names is not contemplated.
- 5 (4)The Telephone Company limits the length of any listing in the directory by the use of abbreviations when, in the opinion of the Telephone Company, the clearness of the listing or the identification of the Customer is not impaired thereby.

Issued By: Jerold C Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

- 6 Listings must conform to the incumbent Telephone Company's practices with respect to its directories (M)
- 7 Listings are regularly provided in connection with all classes of Exchange Service, unless the Customer subscribes to Non-published or Non-listed Service. Ordinarily, listings are automatically included in the directory. A listing, however, may be omitted upon request of a Customer when, in the judgment of the Telephone Company, the omission of the listing is warranted by the circumstances of the particular case.
- 8 Except as provided in Section 1 7 10 of this Local Exchange Tariff, the applicable period for directory listings, including extra listings, where the listing actually appears in the directory, is the current directory period.
- 9 The Telephone Company will furnish upon request the name and address of the Customer when used to provide recorded announcements under the provisions of this Local Exchange Tariff.
- 10 One listing without charge, termed the Primary Listing, is provided as follows:
- a One listing will be provided at one alphabetical location. This listing must be the actual name of the Customer to whom service is rendered, or it may be the name of a member of the Customer's family or household, or a dual name. Primary Listing may be provided for two persons who reside at the same address or for a person known by two first names. This listing is comprised of a surname, no more than four additional names, one address, and one telephone number.
 - b The four (4) additional names referred to preceding can be any combination in accordance with the Customer's preference of the following: first name, middle name, initial(s), nickname, maiden name and second surname.
 - c When a Customer has Telecommunications for the Deaf (TDD) Service, they may request their listing identified as TDD Only or TDD & Voice next to their number.
 - d No name or phrase will be listed which, in the opinion of the Telephone Company, is likely to mislead or deceive the public.
 - e When service is contracted for by one party for the use of a second party, the listing may be in the name of the second party provided the preceding requirements are met insofar as the listed name is concerned.
 - f At the request of the Customer, the primary listing may be omitted from the directory (Non-listed Service) or from both the directory and the Directory Assistance Service records (Non-published Service). Non-listed and Non-published Services are furnished subject to the regulations and rates specified in Section 1 8 4 of this Local Exchange Tariff. The omission of the primary listing in the directory at the Customer's request does not entitle the Customer to an additional listing without charge in connection with other Services for which the Customer may be subscribing.

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date: November 27, 2002

Effective Date: December 27, 2002

1.7.4 Priority of Service

(M)

In case a shortage of facilities exists at any time, either for temporary or protracted periods, the establishment of network transmission service takes precedence in the furnishing of any service or facility

1.7.5 Customer Premise Equipment (CPE)

Customer Premises Equipment ("CPE") is all terminal equipment normally used on the Customer's premises and owned by the Customer, or owned by the Telephone Company or some other supplier and leased to the Customer, including the terminal equipment located or held in inventory on the Customer's premises

The Telephone Company shall allow Customers to secure the provision, repair, and maintenance of CPE from any supplier, provided that such equipment shall be in compliance with applicable registration standards promulgated by the Federal Communications Commission

The Telephone Company will endeavor to answer any questions concerning the installation, repair, and maintenance of CPE by telephone contact, personal contact, or printed material, upon request

1.7.6 Fees and Taxes Billed to Customer

When any municipality, other political subdivision or local agency of government, imposes upon the Telephone Company any license, occupation, or other similar charge or tax applicable to service by the Telephone Company to the Customer, or imposes a charge or tax based upon a percentage of gross receipts, net receipts, or revenues from sale of telephone service by the Telephone Company, the charges for local service to Customers within such municipality, other political subdivision or local agency of government, shall be increased by an amount equal to each such Customer's proportionate part of any such charge or tax, and such amount shall be shown separately on the Customer's bill

All regulated charges, other than taxes and franchise fees, will be submitted to the Missouri Public Service Commission for prior approval

1.7.7 Application of Residential Rates

Residential rates apply at the following locations

- 1 In private residences where business listings are not provided
- 2 In private apartments of hotels, rooming houses, or boarding houses where service is confined to the Customer's use, and elsewhere in rooming and boarding houses which are not advertised as a place of business or which have less than five rooms for roomers or which furnish meals to less than ten boarders, provided business listings are not furnished
- 3 In the place of residence of a clergyman or nurse, and in the place of residence of a physician, dentist, veterinary, surgeon or other medical practitioner, provided the Customer does not maintain an office in the residence

Telephone Company does not offer business class Service

Issued By Jerold C. Lambert, Vice President and Sr Counsel
Charter Fiberlink – Missouri, LLC

1.7.8 Establishment and Maintenance of Credit

(M)

1 Establishment of Credit

The Telephone Company is not obligated to provide service to any individual or firm that owes the Telephone Company an undisputed amount for services previously rendered at the same or a different address, until arrangements have been made to liquidate such previous indebtedness to the Telephone Company

2 Discontinuance of Service for Failure to Establish Credit

During normal business hours, Service may be discontinued for failure to establish credit, as authorized in this Local Exchange Tariff, after written notice by first class mail has been sent or delivered to the Customer, at least ten (10) days prior to the date of the proposed discontinuance

3 Service Restoral Charge

Where Service has been discontinued for failure to establish credit as authorized above, the regular restoral of service charge will be made and collected by the Telephone Company

4 Retention of Uncollectable Records

The Telephone Company retains uncollectable records for a period of two (2) years

1.7.9 Deposits

Telephone Company may require a deposit from Customer based upon findings as stated in Section 1 7 2

Interest will be calculated and paid on residential deposits pursuant to the Missouri PSC rules A deposit shall be subject to the following terms

- 1 Required deposits shall not exceed the estimated charges for two (2) months' service based on the average bill during the preceding twelve (12) months, or, in the case of new applicants for service, the average monthly bill for new subscribers within a Customer class,
- 2 Upon discontinuance or termination, the deposit shall be credited, with accrued interest, to any charges stated on the final bill and the balance, if any, shall be returned to the Customer within twenty-one (21) days of the rendition of such final bill,
- 3 Upon satisfactory payment of all undisputed charges during the last twelve (12) billing periods, Telephone Company shall, with accrued interest, promptly refund or credit the deposit against charges stated on subsequent bills Telephone Company may withhold refund of a deposit pending the resolution of a dispute with respect to charges secured by such deposit,

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Charter Fiberlink – Missouri, LLC

- 4 Telephone Company shall maintain records that show the name of each Customer who has posted a deposit, the current address of such Customer, the date and amount of deposit, the date and amount of interest paid and the earliest possible refund date (M)
- 5 Telephone Company shall upon request provide within ten (10) days a receipt that contains the following information
- a Name of Customer,
 - b Address of the service location for which the deposit is required,
 - c Place where deposit was received or a designated code that identifies the location,
 - d Date when the deposit was received
 - e Amount of the deposit, and
 - f The terms that govern retention and refund of the deposit
- 6 Telephone Company shall maintain a record of the deposit refunded and interest paid on such deposit for a period of at least two (2) years after the refund is made,
- 7 Telephone Company shall permit a Customer to post a deposit required as a condition of continued service in two (2) equal monthly installments or as otherwise agreed upon Telephone Company may bill these installments as a line item on Customer bills

1.7.10 Initial Contract Periods

- 1 Unless otherwise specified herein or elsewhere in the Telephone Company's Local Exchange Tariffs, the initial (or minimum) period for service is one (1) month from the date service is established and the minimum charge is the established rate for one (1) month
- 2 The length of period for directory listings where the listings have been published is the directory period The directory period is from the day on which the directory is first distributed to the Customers to the day the succeeding directory is first distributed to Customers
- 3 The Telephone Company may require a Service period longer than one (1) month at the same location in connection with special (nonstandard) types or arrangements of facilities, or for unusual construction, necessary to meet special demands, and involving extra costs

1.7.11 Suspension or Termination of Service by the Customer

Suspension

Service may be suspended at the Customer's request to accommodate vacation or other extended absence needs A request for the suspension of service may not exceed three (3) consecutive months and can only be applied to the Customer account one (1) time per calendar year A suspension charge will be applied to each line associated with the account as outlined in Section 1 8 5, Application of Rates

Termination

Service may be terminated upon notice being given to the Telephone Company, and upon payment of any applicable termination charges, in addition to all charges due for service which has been furnished

Issued By **Jerold C Lambert, Vice President and Sr Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

1.7.12 Involuntary Suspension or Termination of Service (M)

- 1 A Customer's service may be suspended for unauthorized use of or nonpayment of, all undisputed, delinquent charges for services furnished the Customer, authorized users, and any other charges for which the Customer has agreed to be responsible, including but not limited to, charges for services originated or charges accepted at the Customer's telephone for exchange service, intrastate or interstate long distance service charges billed by the Telephone Company, any FCC-approved end user charge, any charges transferred to the Customer's account from terminated accounts billed to the same Customer, after a written notice has been furnished to the Customer. Basic local telecommunications service may not be disconnected for Customer non-payment of a delinquent charge for other than basic local telecommunications service. The Customer's written notice shall be sent or delivered to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Basic telecommunications service shall not be suspended on a day when the offices of the Telephone Company are not available to facilitate reconnection of service or on a day immediately preceding such day. A Customer shall have at least twenty-one (21) days from the rendition of a bill to pay the charges stated.

Basic Services are defined as "two-way switched voice service within a local calling scope as determined by the Commission comprised of any of the following services and their recurring and nonrecurring charges

- a Multiparty, single line, including installation, touchtone dialing, and any applicable mileage or zone charges,
- b Assistance programs for installation of, or access to, basic local telecommunications services for qualifying economically disadvantaged or disabled Customers or both, including, but not limited to, lifeline services and link-up Missouri services for low-income Customers or dual-party relay service for the hearing impaired and speech impaired,
- c Access to local emergency services including, but not limited to, 911 service established by local authorities,
- d Access to basic local operator services,
- e Access to basic local directory assistance,
- f Standard intercept service,
- g Equal access to interexchange carriers consistent with rules and regulations of the Federal Communications Commission,
- h One standard white pages directory listing

Basic local telecommunications service does not include optional toll free calling outside a local calling scope but within a community of interest, available for an additional monthly fee or the offering or provision of basic local telecommunications service at private shared-tenant service locations²

- 2 At least twenty-four (24) hours preceding a suspension, the Telephone Company shall make reasonable efforts to contact the Customer to advise him of the proposed discontinuance and what steps must be taken to avoid it
- 3 The Telephone Company may place global toll blocking and eliminate any optional, non-basic calling features and functions for Customer nonpayment of delinquent charges for other than basic local telecommunications service

² Missouri PSC Statute 386-020

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4. When telephone service is necessary to obtain emergency medical assistance for a person who is a member of the household where the service is provided and where such person is under the care of a physician, the Customer may request a delay of termination of service for up to twenty-one (21) days. Any person who alleges such emergency shall, if requested, provide the Telephone Company with reasonable evidence of such necessity. (M)
5. The Telephone Company may refuse to furnish Service to any person, on whose premises is located any telephone equipment owned by the Telephone Company which shows any evidence of tampering, manipulation, or operation, or use of any device whatsoever, for the purpose of obtaining telephone service without payment of the charges applicable to the service rendered.
6. The Telephone Company may disconnect, without advance notice:
 - a. Any Service used in such a manner as to interfere unreasonably with other services or service of another user, constitute abuse, fraud, theft, or tend to injuriously affect the efficiency of the Telephone Company's plant, property or service. (T)
 - b. Any Service or call which is used with intent to terrify, intimidate, threaten, harass, annoy, or offend another telephone user.
 - c. Any Service used to disseminate without authorization confidential, proprietary information of the Telephone Company or information that would enable other persons to gain unauthorized access to the Telephone Company's network or facilities.
7. The Telephone Company may refuse to furnish or may deny Service to any Customer who, over the facilities furnished by the Telephone Company, uses or permits to be used foul, abusive, obscene or profane language; or impersonates or permits others to impersonate any other individual.
8. The Telephone Company may refuse to furnish Service and may also disconnect existing Service for a Customer who demonstrates fraudulent means of obtaining, or attempting to obtain, or assisting another to obtain, service by any trick, scheme, false representation, false credit device, or by or through any other fraudulent means or device whatsoever, with intent to avoid the payment, in whole or in part, of the charge for such service.
9. The Telephone Company may refuse to furnish or may discontinue Service to any Customer upon objection to the furnishing of such service made by or on behalf of any governmental authority on the grounds that such service is or is to be used for illegal purposes.
10. Subject to Missouri regulations, the Telephone Company may disconnect, on 24 hours notice, any service when the Customer has made payment of past due amounts with insufficient funds via check draft or credit card. Customer may prevent disconnection by making payment of all amounts owed in guaranteed funds prior to the expiration of the 24 hour insufficient funds notice. (T)

(M)

**Issued By: Trudi McCollum Foushee, Vice President and Sr. Counsel, Law and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: February 10, 2003

Effective Date: March 12, 2003

- (M)
- 2 All bills for Services are due when rendered and are payable at the office of the Telephone Company, or an authorized collection agency (The Telephone Company will provide a copy of the original/official bill, upon the request of the Customer, in Braille or no less than twenty-four point bold-faced type print or both) Customers shall have twenty-one (21) days from the date of the bill to pay the charges stated before charges are considered delinquent except when the Customer has had service discontinued for nonpayment in the last twelve (12) months or where the Customer incurs other charges at any time during the billing period which are equal to at least four hundred percent (400%) of the amount of the deposit or guarantee previously required from the Customer
 - 3 Service to Customers having undisputed delinquent accounts may be discontinued after written notice by first class mail is sent or delivered to the Customer at least ten (10) days prior to the proposed disconnection date Service will be discontinued during normal business hours and will not take place on a day when the offices of the Telephone Company are not available to facilitate reconnection of service, or on a day immediately preceding such day The Telephone Company will postpone a discontinuance of service for a time not in excess of twenty-one (21) days if the telephone is necessary to obtain emergency medical assistance for a person who is a member of the household where the telephone service is provided and where such person is under the care of a physician Any person who alleges such emergency shall, if requested, provide the Telephone Company with reasonable evidence of such necessity
 - 4 A Late Payment Charge of 1 5% per month on all outstanding unpaid balances will be charged to Customer accounts with an unpaid balance thirty-one (31) or more days past due to compensate the Telephone Company for the additional administrative expense associated with these accounts
 - 5 When the service of a Customer has been denied or suspended in accordance with rules for Service in this Local Exchange Tariff, but the service has not been terminated or the order to remove the service has not been completed, if such service is restored, a restoral of service charge as quoted in this Local Exchange Tariff, will be made In addition to the restoral of service charge, the Customer will be required to pay, or make satisfactory arrangements to pay all service charges up to the time of restoral of service
 - 6 Subsequent to the completion of an order to terminate the service it may be reestablished only on the basis of a new service application

1.7.14 Construction, Installation and Maintenance Charges

Construction performed under this Section 1 7 14 shall be at the sole discretion of the Telephone Company

- 1 Special charges in the form of installation charges, monthly charges, or both, are applied in addition to the usual service charges and monthly rates, when, because of the sporadic or occasional nature of the service or an unusual investment or expense, the revenue does not reasonably compensate the Telephone Company, for example
 - a The facilities are not presently available, and there is no other requirement for the facilities so constructed
 - b The facilities are provided in remote or undeveloped sections outside the Base Rate Area, or if the facilities are provided on a temporary basis

Issued By: Jerold C Lambert, Vice President and Sr Counsel
Charter Fiberlink – Missouri, LLC

1.7.13 Payment for Facilities and Services

(M)

1. The Customer is held responsible for all charges for Services rendered and furnished to the Customer including any FCC - approved end user charge, billed monthly in advance. The Customer shall also pay for state or interstate long distance service charges that may be billed by the Telephone Company, including charges for toll messages in which charges have been reversed and also nonrecurring service charges when billed. The Customer is also responsible for any charges transferred to the Customer's account from terminated accounts billed to the same Customer.

**Issued By: Trudi McCollum Foushee, Vice President and Sr. Counsel, Law and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: February 10, 2003

Effective Date: March 12, 2003

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- c The facilities are of a type other than that which the Telephone Company would normally utilize in the furnishing of its services (M)
 - d The facilities would be deployed over a route other than that which the Telephone Company would normally utilize in the furnishing of its services
 - e The facilities would be in a quantity greater than that which the Telephone Company would normally construct
 - f The facilities would be constructed on an expedited basis
 - g The facilities would be constructed on a temporary basis until permanent facilities are available
 - h The facilities would be constructed in advance of Telephone Company's normal construction
 - i The conditions require the provision of special facilities or unusual methods of plant construction, installation, or maintenance
 - j The Customer's location requires the use of costly private right-of-way
- 2 Title to all construction, provided wholly or partly at a Customer's expense, is vested in the Telephone Company
- 3 Construction charges will include materials, contract services, and loaded labor. The Customer is required to bear unusual maintenance costs for special construction
- 4 Overhead loading of labor is calculated with a composite allocation factor that is based on plant, construction, and engineering personnel salaries and expenses, supervision, pension expense, insurance, unemployment and social security taxes. This factor is developed annually by determining the relationship of the above expenses to the total payroll base. It is applied to expenses for construction, removals, plant and central office maintenance
- 5 The Telephone Company will provide an estimate of actual charges to the Customer prior to the start of construction
- 6 When attachments are made to poles of other companies, in lieu of providing construction for which the Customer would be charged under the provisions hereof, the cost to the Telephone Company for such attachments are borne by the Customer
- 7 The Customer is required to pay construction charges as made by another company providing facilities connecting with the facilities of the Telephone Company
- 8 Construction charges will not apply to the Customer's station installation that includes the aerial drop that extends from the last pole to the demarcation point
- 9 Refer to Glossary of Definitions and Terms for explanation and examples of the term "demarcation point"
- 10 Installation of facilities within subdivisions shall be underground where underground treatment is the usual form of installation
- 11 The following definitions are used with regard to facilities constructed and owned by the Telephone Company
- a Applicant - The developer, builder, or other person, partnership, association, firm, private or public corporation, trust, estate, political subdivision, governmental agency, or other

Issued By **Jerold C Lambert, Vice President and Sr Counsel**
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Issue Date November 27, 2002

Effective Date December 27, 2002

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- b legal entity recognized by law, applying for the construction of a telephone distribution system in a subdivision (M)
 - c Building - A single structure roofed and enclosed with exterior walls, built for permanent use, erected, frames of component structural parts and unified in its entirety both physically and in operation for single-family residential occupancy in a subdivision (Definition excludes mobile homes)
 - d Subdivision - A lot, tract, or parcel of land divided into two or more lots, plots, sites or other divisions for use for new residential buildings or the land on which is constructed new multiple-occupancy buildings per a recorded plot thereof if such recordation is required by law
- 12 The Telephone Company upon receipt of the applicant's proper application will install underground facilities with suitable materials to assure that the applicant will receive reasonably safe and adequate telephone service. The provision of the underground facilities will be at no charge, except where a charge is permitted in this Section of the Local Exchange Tariff
- 13 Rights-of-Way and Easements
- a Within the applicant's subdivision, the Telephone Company will construct, own, operate, and maintain underground facilities only along public streets, roads, and highways which the Telephone Company has the legal right to occupy, and on public land and private property across which rights-of-way and easements satisfactory to the Telephone Company may be obtained without cost or need for condemnation by the Telephone Company
 - b Rights-of-way and easements, within the subdivision, satisfactory to the Telephone Company, must be provided by the applicant within reasonable time to meet construction and service requirements before the Telephone Company shall be required to commence its installation. Such rights-of-way and easements must be provided by the applicant at no charge to the Telephone Company, be cleared of trees, tree stumps, and other obstructions and be graded to within six (6) inches of final grade. Such clearance and grading must be maintained by the applicant during construction by the Telephone Company
- 14 Advances by the Applicant
- a Where, due to the manner in which a subdivision is developed, the Telephone Company is required to construct an underground distribution system through a section or sections of the subdivision where service will not be connected for at least two (2) years, then the Telephone Company may require a reasonable advancement for the construction from the applicant before construction is commenced, to guarantee performance
 - b Where the subdivision is developed in a uniform manner so that the Telephone Company may restrict the construction of its underground telephone distribution system to a section or sections in which buildings or multiple-occupancy buildings are being constructed, the Telephone Company may not require an advance

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Charter Fiberlink – Missouri, LLC**

- c If an advance is required under these rules, then the advance, without interest, shall be returned to the applicant on a pro rata basis as the permanent service connection is made to each building or multiple-occupancy building (M)
- d Any portion of an advance remaining unrefunded ten (10) years from the date the Telephone Company is first ready to render service with the extension will be retained by the Telephone Company and credited to the appropriate construction account

15 Temporary Facilities

- a Temporary facilities may be installed to provide service, when necessary, for a maximum period of one (1) year
- b When it is necessary to place temporary facilities in advance of the permanent underground telephone system in order to provide telephone service, the Telephone Company may require the applicant to pay the estimated nonrecoverable costs of the temporary facilities. If the required costs under the above-described conditions apply, the Telephone Company has the right to refuse installation of the temporary facilities until the required costs are paid to the Telephone Company

16 Special Conditions

In circumstances, where the application of these rules appears impracticable or unjust to the applicant or the Telephone Company, or discriminatory to other Customers, e.g., difficult rock conditions, the Telephone Company or applicant shall refer the matter to the Missouri Public Service Commission for special ruling or for the approval of special conditions which may be mutually agreed upon prior to commencing construction

17 Special Type of Construction

When underground service connections are desired by Customers as initial installation in places where aerial drop wires would ordinarily be used to reach the Customers' premises, or when aerial facilities are used to provide service to a customer and subsequently the Customer desires that such facilities be placed underground, the following regulations apply

- a Where cable is laid in conduit, the underground conduit shall be constructed and maintained by or at the expense of the Customer and in addition, the Customer shall pay the cost of the underground cable, including the cost of installing, less the estimated cost to the Telephone Company of installing such aerial facilities as would be (or are) required to furnish the same service. The underground conduit shall be constructed in accordance with plans and specifications furnished by the Telephone Company
- b The duct or ducts required in the underground conduit by the Telephone Company to furnish service shall be reserved for its exclusive use
- c Where conductors are laid in a trench, the trench shall be constructed and backfilled by or at the expense of the Customer. In addition, the Customer shall pay the cost of the conductors, including the cost of installing, less the estimated cost to the Telephone Company of installing such aerial facilities as would be (or is) required to furnish the same service

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Charter Fiberlink – Missouri, LLC

- (M)
- d Cable or wire installed in conduit will be maintained and replaced at the expense of the Telephone Company where the conduit has been inspected in place by the Telephone Company and approved, but repairs or replacements of cable or wire in conduit not so inspected and approved, or repairs or replacements of cable or wire in conduit or trench made necessary by damages caused by the Customer or his representative will be made only at the Customer's expense
 - e Where facilities are changed from aerial to underground, in addition to the above, the Customer is charged the cost of dismantling and removing the aerial facilities

1.7.15 Slamming

Slamming is the unauthorized change of a subscriber's preferred local, IntraLATA toll or InterLATA toll telecommunications carrier

Per FCC 00-135, CC Docket 94-129, a telecommunications carrier who acquires a Customer by an unauthorized change of that Customer's local service may be billed the applicable nonrecurring charges to establish that Customer's service as a new account back with the Customer's authorized telecommunications carrier

Telephone Company will only execute a change on the behalf of a subscriber in the subscriber's selection of a provider of telecommunications service in accordance with the procedures prescribed in 4 CSR 240-33 150

1.7.16 911 Emergency Services

- 1 Telephone Company will supply the 911/E-911 service provider in Telephone Company's service area with accurate information necessary to update the 911/ E-911 database at the time Telephone Company accepts Customer orders
- 2 At the time Telephone Company provides basic local service to a Customer by means of Telephone Company's own cable pair, or over any other exclusively owned facility, Telephone Company will make the necessary equipment or facility additions in order to accurately and properly update the database for 911/E-911
- 3 Telephone Company is obligated to provide facilities to route calls from the end users to the proper Public Safety Answering Point Telephone Company recognizes the authority of the 911/E-911 Customer to establish service specifications and grant final approval or denial of service configurations offered by Telephone Company
- 4 Telephone Company will collect 911/E911 surcharges and remit all surcharge revenue to the appropriate governmental entity pursuant to RSMo 190 310 Telephone Company will observe and adhere to the Commission's emergency telephone service rules in 4 CSR 240-34

Issued By Jerold C Lambert, Vice President and Sr Counsel
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

1.7.17 Rights of the Telephone Company's Customer

Customer Notification

The Telephone Company will prepare a statement which, in layman's terms, describing the rights and responsibilities of both the Telephone Company and its Customers according to **4 CSR 240 33** rules. This Statement shall appear in the front part of the telephone directory or the Telephone Company will mail or otherwise deliver such statement to its existing and new Customers.

Upon request the statement shall be submitted to the Commission, its staff, or Office of the Public Counsel

The statement will include descriptions of

1. Billing procedures,
2. Customer payment requirements and procedures,
3. Deposit and guarantee requirements,
4. Conditions of termination, discontinuance and reconnection of service,
5. Procedures for handling inquiries,
6. A procedure whereby a Customer may avoid discontinuance of service during a period of absence,
7. Complaint procedures under **4 CSR 240-2.070**
8. The telephone number and address of all offices of the Missouri Public Service Commission and the statement that this Telephone Company is regulated by the Missouri Public Service Commission, and
9. The address and telephone number of the Office of the Public Counsel and a statement of the function of that office

Telephone Company will provide a toll-free telephone number for Customer inquiries

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(D)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, Missouri 63131
Charter Fiberlink – Missouri, LLC**

Issue Date: September 28, 2004

Effective Date: October 28, 2004

Customer Disputes

(M)

- 1 A Customer shall advise the Telephone Company that all or part of a charge is in dispute by written notice, in person, or by a telephone message directed to the Telephone Company during normal business hours. A dispute must be registered with the Telephone Company prior to the delinquent date of the charge for a Customer to avoid discontinuance of service as provided by these rules.
- 2 When a Customer advises a Telephone Company that all or part of a charge is in dispute, the Telephone Company shall record the date, time and place the inquiry is made, investigate the inquiry promptly and thoroughly, and attempt to resolve the dispute in a manner satisfactory to both parties.
- 3 Failure of a Customer to cooperate with the Telephone Company in efforts to resolve an inquiry which has the effect of placing charges in dispute shall constitute a waiver of the Customer's right to continuance of service under this Chapter.
- 4 If a Customer disputes a charge, the Customer shall pay an amount to the Telephone Company equal to that part of the total bill not in dispute. The amount not in dispute shall be mutually determined by the parties. The parties shall consider the Customer's prior usage, the nature of the dispute and any other pertinent factors in determining the amount not in dispute. The Telephone Company shall not discontinue service to a Customer for nonpayment of charges in dispute while that dispute is pending.
- 5 If the parties are unable to mutually determine the amount not in dispute, the Customer shall pay to the Telephone Company, at the Telephone Company's option, an amount not to exceed fifty percent (50%) of the charge in dispute or an amount based on usage during a like period under similar conditions which shall represent the amount not in dispute. The Telephone Company shall not discontinue service to a Customer for nonpayment of charges in dispute while that dispute is pending.
- 6 Failure of the Customer to pay to the Telephone Company the amount not in dispute within four (4) working days from the date that the dispute is registered or by the delinquent date of the disputed bill, whichever is later, shall constitute a waiver of the Customer's right to continuance of service and the Telephone Company may then proceed to discontinue service as provided in this rule.
- 7 If the dispute is ultimately resolved in the favor of the Customer in whole or in part, any excess moneys paid by the Customer shall be refunded promptly.
- 8 If the Telephone Company does not resolve the dispute to the satisfaction of the Customer, the Telephone Company representative shall notify the Customer that each party has a right to make an informal complaint to the Commission, and of the address and telephone number where the Customer may file an informal complaint with the Commission. If a Customer files an informal complaint with the Commission prior to advising the Telephone Company that all or a portion of a bill is in dispute, the Commission shall notify the Customer of the payment required by sections (4) and (5).
- 9 After resolution of the Customer complaint, a Telephone Company may treat a customer complaint or dispute involving the same question or issue based upon the same facts as already determined and is not required to comply with these rules more than once prior to discontinuance of service.

Issued By **Jerold C Lambert, Vice President and Sr Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

Customer Complaint Escalation Procedures

(M)

- 1 Any customer of Telephone Company who feels aggrieved by a violation of any of the application of rules in this Local Exchange Tariff or of the Public Service Commission laws of Missouri relating to telecommunications companies, may file an informal or formal complaint under **4 CSR 240-2.070**
- 2 If the Telephone Company and its customer fail to resolve a matter in dispute, the Telephone Company shall advise the customer of his/her right to file an informal or formal complaint with the Commission under **4 CSR 240-2.070**
- 3 Pending the resolution of a complaint filed with the Commission, the subject matter of such complaint shall not constitute a basis for discontinuance of service

Issued By **Jerold C Lambert, Vice President and Sr Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date **November 27, 2002**

Effective Date **December 27, 2002**

1.8 Local Exchange Service – Description and Rates

This Local Exchange Tariff applies to the Services furnished or made available by the Telephone Company in the state of Missouri and is governed by this Local Exchange Tariff. The charges quoted are for periods of one (1) month unless other wise noted and are payable monthly in advance.

1.8.1 Application of Promotions

Telephone Company may offer promotions for thirty (30) days or longer in Telephone Company's exchanges subject to the availability of facilities. Promotions shall be offered to all similarly situated residence Customers who subscribe to additional lines.

Telephone Company will provide written notice to the Commission no less than seven (7) days prior to the beginning of each promotion period identifying the exchanges, LATAs, or Numbering Plan Areas (NPA) in which the promotions will be offered, the beginning and ending date of the promotion, and the specific type of waiver or credit. The written notice will be filed in an appendix in P.S.C. Mo. No.1, Local Exchange Tariff of Telephone Company.

Telephone Company will not offer a promotion where the projected revenues are not expected to cover long run incremental costs.

Telephone Company will offer all promotions in a non-discriminatory manner.

1.8.2 Promotions

See Appendix A.

1.8.3 Local Exchange Service

Basic Service

1. Description

Telephone Company will provide basic local exchange service via Telephone Company's facilities to residential Customers only. Basic local exchange service includes the following:

- a. Basic Local Touchtone Service
- b. E911 Emergency Service
- c. One Directory Listing
- d. Access to Operator Services
- e. Access to Directory Assistance
- f. Access to Customer Service and Repair Services
- g. Access to Line Intercept Services
- h. Access to services for the physically impaired
- i. Access to Interexchange Carriers for Intrastate and Interstate Intra and InterLATA toll calling
- j. Free standard intercept service for 30 days
- k. Free unlimited local calling within the local exchange area of the end-user
- l. Access to MCA overlay³

³ All Charter customers who receive their telephone number from Charter will be provided MCA calling at a charge of \$12.35 per account (MCA 3 & 4); \$19.95 per account (MCA 5) as a non-basic service. See Section 1.8.12 of this tariff.

(N)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

P.S.C. MO – No.1

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**6th Revised Page 33
Replaces 5th Revised Page 33**

2. Rates – Monthly Recurring Charge (MRC)

Basic Service	\$9.00 for one line – no calling features included	(R)
Additional lines may be added at:	\$8.95/line	
Metropolitan Calling Area (MCA)	\$10.95/month (MCA 3)	(R)
	\$12.35/month (MCA 4)	(T)
	\$19.95/month (MCA 5)	

Feature Package Service

1. Description

Telephone Company will package additional calling features into the basic local exchange service provided to residential Customers via Telephone Company's facilities

2. Rates – Monthly Recurring Charge (MRC)

Feature Package Rates are as follows:

**The 2-Feature Pack, 3-Feature Flexible Pack and 12-Feature Pack have been "Grandfathered" (only available to customers currently subscribed to this service).
See section 1.8.5 "Grandfathering" of Certain Plans.**

5-Feature Pack without MCA - \$17.95 (includes basic service)

Features Included:

Call Waiting, Caller ID, Caller ID with Call Waiting, Anonymous Call Rejection, Speed Dial 8. This package is available for all Principal Zone, MCA 1, 2, 3, 4 and 5 service areas. First line includes 5 features and additional lines feature basic service only. additional features, long distance or features on additional lines may be purchased at a la carte rates. Customers will not be able to purchase the 300 minute long distance packages with this offer. This package is only available with ported non-MCA numbers. No substitutions will be granted for this feature package.

5-Feature Pack -

\$24.95/line (includes basic service & MCA 3) **(R)**
\$29.95/line (includes basic service & MCA 4 & 5) **(T)**

Features Included:

Call Waiting, Caller ID, Caller ID with Call Waiting, Anonymous Call Rejection, Speed Dial 8. First line Includes 5 features and additional lines feature basic service only. Additional packages can be purchased for additional lines. Additional features, long distance or features on additional lines may be purchased at a la carte rates. No substitutions will be granted for this feature package.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink-Missouri, LLC**

Issue Date: July 16, 2004

Effective Date: August 16, 2004

1.8.4 Calling Features – a la carte

1 Descriptions and Rates – Monthly Recurring Charges (MRC) - unless specified as “per use” a la carte pricing of Custom Calling Features and other services are provided below :

Name	Description of Service	Monthly Recurring Charge (MRC)
Non-listed Number	Numbers not in the telephone directory but which are provided to Directory Assistance, per number	\$2.00
Non-published Number	Numbers not available in the telephone directory and are not provided to Directory Assistance, per number	\$2.50
Directory Assistance Listings	Placing phone numbers in Directory	\$0.00
Additional Directory Listings	Multiple listings for one telephone number in Directory, per listing	\$0.00
Selective Call Acceptance	Limits incoming calls up to 12 designated numbers and auto routes other incoming calls to a recorded message stating calls are not accepted at this time.	\$4.00
Three way calling	Three way calling permits the customer to add a third party to an existing connection, thereby establishing a three way conference call	\$2.75
Speed dialing 8	Speed dialing 8 allows a subscriber to establish a connection to certain directory numbers by dialing one digit instead of seven to ten digits.	\$2.75
Speed dialing 30	Speed dialing 30 allows a subscriber to establish a connection to certain directory numbers by dialing two digits instead of seven to ten digits.	\$6.00
Call Screening	This feature provides the customer with the ability to prevent calls from an unwanted caller.	\$4.00
Privacy Control	Stops unidentified calls before phone ever rings (unavailable, out of area, or private calls)	\$3.25
PIC Freeze	Providing a PIC freeze on customer's account upon request	No Charge
Call Return	Call Return advises the customer of the last number that called into their line. Provides auto callback option.	\$0.50 per use \$3.25 MRC \$4.00 max per month
Call Waiting	Permits the customer, upon receipt of a tone signal indicating that a call is waiting, to place the existing call on hold and answer second waiting call.	\$7.25
LD Alert	This feature allows the current Call Waiting and ringing operations to provide a distinctive call waiting 3-beep tone or a distinctive 3-ringing patter for Long Distance Calls	\$1.00
Caller ID	Caller ID with name works along with Caller ID and provides an incoming telephone number AND a listed name on a customer-provided display device attached to the customer's (called party's) line or set.	\$6.75
Caller ID with Call Waiting	Call waiting works with Caller ID. Must subscribe to both Call Waiting and Caller ID	No Charge
Anonymous Call Rejection	Allows subscribers to reject calls from numbers that have blocked Identification of their line on Caller ID display devices..	\$1.50

(D)

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink Missouri, LLC

Issue Date: December 2, 2004

Effective Date: January 4, 2005

Caller ID Blocking – Per Line	Allows subscribers to block the display of their telephone number/ name to all Caller ID display devices. See Caller ID requirements for additional information.	No Charge
Caller ID Blocking – Per Call	Allows subscriber to block the display of their name/number to the person they are calling	No Charge
Custom Ring Service 1	This service enables the customer to have as many as two telephone numbers associated with a single line. Customers can receive an optional Custom ring service directory listing.	\$3.50
Add/Change Feature	Adding, dropping, substitution of features	\$5.00
Distinctive Ring Service	Distinctive ringing service provides the customer with the ability to build and maintain a list of up to twelve telephone numbers in order to differentiate these callers from all other callers	\$3.50
Call Forwarding (4 different types):	Provides forwarding capabilities:	
Selective	1) Forwards only list of 12 selective numbers	\$2.75
Variable	2) Forwards all calls upon activation	\$2.75
Busy	3) Forwards if busy	\$2.75
Busy/No Answer	4) Forwards if busy or unanswered	\$2.75
Call Forwarding Remote Access	Allows a customer to activate and deactivate transfer of their incoming calls to another telephone number. Used in conjunction with Variable and Selective Call Forwarding only.	\$1.00
Call Trace	Allows the subscriber to dial a special code to evoke trace to handle annoying or harassing calls by dialing an activation code. See Call Trace Requirements for additional information.	\$20.00 per use
Repeat Dialing	Allows the subscriber to have calls automatically redialed when the first attempt reaches a busy number.	\$0.50 Per use \$1.75 MRC \$2.00 Max. Per month
Prohibit Bill to 3 rd	Provides an end user with a method of denying all third number billed calls to specific telephone number provided the transmitting operator checks their validation database.	No Charge
Prohibit to Collect	This service provides the customer the ability to prohibit all collect calls	No Charge
Block Collect and 3 rd	This feature has the combination of Third number restriction and Collect restriction.	No Charge
Additional Line	Adding a second line of service.	\$8.95
Toll Restriction	This service provides customers the ability to block the following outbound long distance calls: 1+, 0+, 10-10XXX; international, 900, 976.	No Charge

(T)
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Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: February 3, 2004

Effective Date: March 3, 2004

1.8.5 Application of Rates

(M)

Application for Ported Telephone Numbers

Telephone Company Customers who request to port-in an existing telephone number will be offered the packages described in above section 1 8 3. If the Customer's ported-in telephone number is **non-MCA**, they may subscribe to either the basic local exchange service plan with no change in their telephone number, or if the Customer requests the MCA calling plan, they will be advised that a new telephone number will need to be assigned to them to allow for it to be designated as an MCA NXX. They will then be offered the basic local exchange service plan with MCA Overlay.

Telephone Company Customers who request to port-in an existing telephone number that is already designated as MCA, will be able to subscribe to the basic local exchange package with the MCA overlay as a non-optional add-in. Customer will not be eligible for the basic service only package.

Application for Non-Ported Telephone Numbers

Telephone Company Customers who request Telephone Company's Service and are not porting-in an existing telephone number, will be assigned a new Telephone Company telephone number. This telephone number will be designated as an MCA NNX. Such Customers will be offered the basic local exchange service plan with MCA Overlay.

Customer will not be eligible for the basic service only package since this is only available for non-MCA telephone numbers that have been ported-in to Telephone Company.

Customer Initiated Temporary Suspension of Service

A Customer may request a temporary suspension of Service to accommodate extended absence needs for vacation, etc. Requests for suspension cannot exceed three (3) consecutive months, and can only be applied to the telephone company customer's account one (1) time per calendar year. The charge applied for a suspension of service is \$5.00/month per line and there is no service during the suspension period. If the customer does not provide a restore service date, Telephone Company will restore service and resume billing three months after the suspend date. The restored service will be the same and will reflect the same features as the service prior to the suspension. Use of the Temporary Suspension of Service option allows the customer to not be charged a disconnect service order charge and a new connect service order charge, while maintaining their telephone number. All other monthly recurring charges are waived for the suspended period. If promotional pricing is in effect at the start of the suspension period, the promotional period will not be extended for the period of the seasonal disconnect. For example, in January, a customer requests a promotional three-feature package that is priced at fifty percent (50%) of the regularly Local Exchange Tariffed rate for six (6) months. The customer then requests a seasonal disconnect for two (2) month beginning in May. When the service is restored in July, the original promotional time frame has been exhausted and the customer will no longer receive the promotional rate. Additionally, if rates for any of the services that the customer subscribes to have been increased or decreased during the suspension period, the customer's service will be billed at the rate in place at the time of termination of seasonal disconnect.

Issued By **Jerold C Lambert, Vice President and Sr Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

“Grandfathering” of Certain Plans

(N)

–2-Feature Pack, 3-Feature Flexible Pack and 12-Feature Pack

The Telephone Company is discontinuing the 2-Feature, 3-Feature Flexible and 12-Feature packs as of January 19, 2004. The Telephone Company will “grandfather” (allow the Customer to retain such service for a specific period of time) these packages at the current rate for Customers who are currently subscribed to these packages until either:

- a. Customer submits a request to the Telephone Company to change his existing service, or
- b. Customer is notified by the Telephone Company that the “grandfathered” calling plan is discontinued.

The “grandfathering” of the Customer’s existing plan will allow the Telephone Company’s Customers to continue to receive the same services that they have received with the Telephone Company’s previous package and rate.

–2-Feature Pack

Monthly Recurring Charge of \$12.00/line. Features Included: Call Waiting, Caller ID

–3-Feature Flexible Pack

Monthly Recurring Charge of \$22.00/line (includes basic service). Features Included: Call Waiting, Caller ID, Three-Way Calling.

–12-Feature Pack

Monthly Recurring Charge of \$24.95/line (includes basic service). Features Included: Call Waiting, Caller ID, Three-Way Calling, Call Forwarding-Variable, Call Forwarding-Remote Access, Call Forwarding-Selective, Call Return, Call Screening, Speed Dial 30, Distinctive Ring, Repeat Dialing, Anonymous Call Rejection.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

Issue Date: December 19, 2003

Effective Date: January 19, 2004

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

P.S.C. MO - No. 1

**2nd Revised Page 38
Replaces 1st Revised Page 38**

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**Issued By: Trudi Foushee, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date: January 23, 2003

Effective Date: February 1, 2003

1.8.6 Lifeline Service

(M)

Lifeline Service is a unique class of telephone service provided to an applicant who is designed to meet basic residential communications needs for emergency calls and for the maintenance of necessary social contacts

1 Description

Lifeline service includes single party service, voice grade access to the public switched telephone network, access to emergency services, access to operator services, access to interexchange service, and access to directory assistance. Toll limitation services may also be provided as a part of Lifeline Service. Toll limitation services are limited to toll blocking, which prevents the placement of all long distance calls for which the subscriber will be charged.

Lifeline Service applicants are those certified by the department of social services as economically disadvantaged by participation in Medicaid, Food Stamps, Supplementary Security Income (SSI), federal public housing assistance or Section 8, or Low Income Home Energy Assistance Program (LIHEAP), or income qualified as found in Missouri State Statute 660.105. The department of social services shall inform such persons how to apply with Telephone Company for Lifeline Service. Pursuant to the FCC's Final Report and Order in Case No. CC 96-45, the customer requesting Lifeline Service must provide to the Telephone Company a signed document, certifying under penalty of perjury, that he or she is receiving benefits from one of the programs specified, identifying the program or programs from which he or she is receiving benefits, and agreeing to notify the Telephone Company when they no longer participate in the program or programs.

Lifeline Service benefits are applicable only to the primary line at the Customer's principal residence. An applicant for Lifeline Service may report only one address in the state as the principal place of residence.

When Lifeline Service is requested, no Service and Equipment Charge will apply to install the main service access line.

A customer may change to Lifeline Service from any other type of residential service at no charge. If a Lifeline customer no longer qualifies for Lifeline Service, that customer must change back to another type of residential service, in which case there will be no charge.

All charges either recurring or non-recurring for any service other than Lifeline Service, as described herein, shall be billed at the Local Exchange Tariff rate.

Lifeline Service customers shall be exempt from state sales tax applicable to their basic residential access line.

2 Application

To qualify for Lifeline Telephone Service, a customer must meet all the following requirements:

- a Customer must be head of household or spouse of head of household, and not a dependent for federal income tax purpose, unless over the age of 60.
- b Certified as economically disadvantaged by the Missouri Dept. of Social Services by participation in Medicaid, food stamps, Supplemental Security Income, Federal public housing assistance for Section 8 or Low Income Home Energy Assistance Program (LIHEAP) or Certified as disabled which shall mean totally or permanently disabled or blind and receiving federal social security disability benefits, federal supplemental security income benefits, veterans administration benefits, state blind pension pursuant to Section 209.010 or 209.160, RSMo, state aid to blind persons.

Issued By **Jerold C. Lambert, Vice President and Sr. Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**1st Revised Page 40
Replaces Original Page 40**

(M)

- c. The Customer requesting Lifeline Service must provide to the Telephone Company a signed document, certifying under penalty of perjury, that he or she is receiving benefits from one of the programs specified, identifying the program or programs for which he or she is receiving benefits and agreeing to notify the Telephone Company when they are no longer participating in the program or programs.
- d. Have only one telephone line in their home.

Lifeline is not applicable to Customers who are full time students living in university or college controlled housing.

The Customer, who is requesting Lifeline Assistance Service, must provide to the Telephone Company a signed document, certifying under penalty of perjury, that he or she is receiving benefits from one of the programs specified above, identifying the program or programs from which he or she is receiving benefits, and agreeing to notify the Telephone Company when they no longer participate in the program or programs. The same document can be used for Link-Up Missouri eligibility.

Lifeline Assistance Service can only be associated with the primary residential connection.

Lifeline Toll Restriction Service is available on a voluntary basis where technically feasible to Lifeline Assistance Service Customers at no charge. Lifeline Toll Restriction Service prevents 0+, 00-, 1+NPA-NXX-XXXX, 1010XXXX, International (01+), Directory Assistance (411, 1+411, 0+411, 555-1212, 1+/0+ 555-1212, 1+/0+ NPA-555-1212), 1+900 calls, 1+700 calls, 976 calls and IntraLATA toll while allowing access to local, 611, 911, 0-, 1+800/888 etc., 950-XXXX and 1+950-XXXX calls and EAS calls.

Access to Directory Assistance is available to Lifeline customers by dialing 0-. Access to Service Activation Codes ""###"(e.g. *66, *69) is also allowed. Upon Customer request, some Service Activation Codes may be blocked at no charge, where conditions and facilities permit.

Deposit requirements do not apply to a Lifeline Assistance Service customer if the customer voluntarily elects Lifeline Toll Restriction Service.

Lifeline Assistance Service may not be disconnected for non-payment of toll charges.

Funding for Lifeline service is obtained from a universal service support mechanism to which all telecommunications carriers that provide interstate telecommunications services contribute on an equitable and nondiscriminatory basis.

3. Rate - Monthly Recurring Charge (MRC)

Lifeline Rate⁵ \$8.95

Service Includes:

- 1 Line Only
- No Features included

Note: Lifeline customers will have a net charge of \$0.00 as shown below after the application of various credits

⁵ The rates for main service do not include a telephone instrument.

**Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date: November 27, 2002

Effective Date: December 27, 2002

Lifeline Price	\$8.95
Lifeline Credits Applied – Federal	-\$8.95
Lifeline net price	\$0.00

1.8.5 Link-Up Missouri

1. Description

The Link-Up Missouri Service Connection Program is a Federal Lifeline assistance program applicable to eligible residential subscribers as defined below, and designed to promote subscribership to the telephone network among low-income residential households.

2. Application

Subscribers eligible for Lifeline Service as described above, may also be eligible to qualify for the Link-Up Missouri Service Connection Program.

3. Rates – Monthly Recurring Charge (MRC)

- a. Service Connection Charges, as set forth in this Local Exchange Tariff, for initial installation of the main residential service access line, will be discount at a rate of fifty percent (50%), not to exceed \$30.00. These reduced charges shall be assessed only for a single residential telephone line per eligible household at the principal place of residence. These charges do not include other charges that may be required at the initiation of service such as deposits, etc.
- b. An interest free, four-month deferred payment schedule will be established for the charge of initiating local telephone service at the subscriber's option. The Telephone Company shall inform each eligible subscriber of the availability of this deferred payment schedule.

1.8.6 Service and Equipment Charges

Service and Equipment (S&E) charges are one-time charges associated with the connection, change or termination of residential local exchange service. The charges associated with S&E are as detailed below:

1. Service Connection:

- Residential Service Connection (initial installation of new facilities or relocation of existing facilities) \$30.00
- Primary Line Activation (initial activation without installation or relocation) \$30.00

Line Activation Charge (initial activation of additional lines without installation or relocation) \$30.00

- Service Dispatch Charge (subsequent to initial installation) \$45.00
- Line Deactivation Charge, per additional line \$20.00
- Line Restoration Charge after disconnection for nonpayment/line \$60.00
- Non-Sufficient Funds Charge (NSF) \$20.00 (T)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs, 12405 Powerscourt Drive,
St. Louis, MO Charter Fiberlink-Missouri, LLC**

Issue Date: September 9, 2004

Effective Date: October 9, 2004

Charter Fiberlink – Missouri, LLC
Local Exchange Tariff

1st Revised Page 42
Replaces Original Page 42

2. Repair/Maintenance Truck Roll			(M)
•	Repair/Maintenance during Basic Time ⁷	\$115 00 per visit	
•	Repair/Maintenance during Overtime ⁸	\$175 00 per visit	
•	Repair/Maintenance during Premium ⁹	\$230 00 per visit	
3 Service Changes			
•	Telephone Number Change	\$ 20 00	
•	Feature Change Charge	\$ 5 00	
•	Record Order Charge	\$ 0 00	
•	PIC Change Fee (outPICs only for Intra/InterLATA)	\$ 5 00	
•	PLOC Change Charge	\$ 0 00	
•	Change to Universal Lifeline Telephone Service	\$ 7 50 ¹⁰	
•	Directory Listing Change Charge	\$ 5 00	

Above rates are one-time charges and are not billed for on a "monthly recurring charge" (MRC) basis

1.8.9 Number Intercept Treatment

1 Description

If a customer changes local service providers or disconnects from his or her local exchange service provider and does not retain his current telephone number, the Telephone Company will provide a recording for thirty (30) days from the effective date of the change/cancellation which will provide a caller with either a notification of disconnection if no new telephone number is provided to the Telephone Company or with the new telephone number of the end user if the new number is provided to the Telephone Company. An additional thirty (30) days of notification may be requested by the customer at the below rate

2 Rate - Monthly Recurring Charge (MCA)

No charge for first thirty (30) days requested

Up to thirty (30) additional days available - Rate \$2 00/line

Number intercept treatment will not be provided beyond sixty (60) days

⁷ Basic 7am - 9pm Monday – Saturday

⁸ Overtime 9pm - 7am Saturday - Monday Morning

⁹ Premium National Holidays

¹⁰ Waived once during a 12-month period

Issued By **Jerold C Lambert, Vice President and Sr. Counsel**
Charter Fiberlink – Missouri, LLC

Issue Date November 27, 2002

Effective Date December 27, 2002

1.8.10 Local Operator Services

(M)

Operator- Assisted Calls**1 Description**

The Telephone Company furnishes operator assistance via a third-part provider. This service provides Customers with assistance using operators or the automated Interactive Voice System (IVS) whereby Customers may request assistance in dialing a local number, requesting a local person-to-person call, billing a local call to a calling card, a third number or as a collect call.

2 Regulation

- a Telephone Company will not bill for incomplete calls where answer supervision is available. Telephone Company will not bill for incomplete calls and will remove any charges for incomplete calls upon (i) subscriber notification or (ii) Telephone Company's knowledge.
- b The caller and billed party, if different from the caller, will be advised that the Telephone Company is the operator service provider at the initial contact.
- c Rate quotes will be given upon request, at no charge, including all rate components and any additional charges.
- d Only Local Exchange Tariffed rates approved by this Commission for Telephone Company shall appear on any local exchange Telephone Company (LEC) billings.
- e Telephone Company shall be listed on the LEC billing.
- f Telephone Company will employ reasonable calling card verification procedures, acceptable to the Telephone Company issuing the calling card.¹¹
- g Telephone Company will route all 0 – or 00 – emergency calls in the quickest possible manner to the appropriate local emergency service provider, at no charge.
- h Upon request, Telephone Company will transfer calls to another authorized interexchange Telephone Company or to the LEC, if billing can list the caller's actual origination point.
- i Telephone Company will refuse operator services to traffic aggregators that block access to other Companies.
- j Telephone Company will assure that traffic aggregators post and display information reflecting
 - (1) that Telephone Company is the operator service provider,
 - (2) detailed complaint procedures, and
 - (3) instructions informing the caller on procedures to reach the operator and other authorized interexchange companies.

3 Rates

Operator-Assisted calls will be billed on a "per-use" basis -

\$1 10/per call

The above rates are in addition to applicable local or toll message usage charges when originating at and billed to that telephone number.

¹¹ Telephone Company does not provision their own calling cards at this time.

**Issued By Jerold C. Lambert, Vice President and Sr Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date November 27, 2002

Effective Date December 27, 2002

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4. Exemptions

- a. Those Customers whose physical, visual, mental or reading disabilities prevent them from completing local calls without operator assistance are to be exempted from any charges.
- b. Local calls originating from manual mobile and marine stations are to be exempted from the charges specified in 3. above.
- c. Local calls established by an operator due to trouble in the network.

Line Status Verification and Busy Line Interrupt

1. Description

The Telephone Company furnishes Line Status Verification and Busy Line Interrupt Service to customers upon request to provide line status or busy interrupt of a requested access line.

The provision of Line Status Verification involves a Telephone Company-provided operator determining the condition of an access line that a customer requests be checked. The status of the access line is verified to the requesting customer.

The provision of Busy Line Interrupt involved a Telephone Company-provided operator interrupting a conversation in progress to ascertain willingness to establish conversation with an alternate party.

2. Regulation

- a. This Service is provided where facilities exist for line status and busy interrupt through a Telephone Company-provided operator.
- b. No request will be processed on a collect or reversal-of-charge or person-to-person basis. However, in the case of an Emergency Busy Line Interrupt, the caller may bill collect, if necessary.
- c. **The rates set forth for Line Status Verification and Busy Line Interrupt are in addition to the rates associated with Local or Long Distance Services.**
- d. The charge for Busy Line Interrupt applies whenever the operator interrupts the conversation even though one or the other parties interrupted refuses to terminate the conversation in progress.

3. Rate – Per Use

The rates set forth below apply to calls from customers who request local or intraLATA intrastate assistance in determining line status or attempted interruption of a conversation in progress.

- | | | |
|--|---------|-----|
| a. Line Status Verification, per request | \$20.00 | (l) |
| b. Busy Line Interrupt, per request | \$20.00 | (l) |

If the line verified is not in use or as the result of interrupt the line is cleared, and at the calling party's request the operator completes the call, the applicable Operator Assistance Service Charges apply in addition to the Line Status Verification or Busy Line Interrupt Charge.

**Issued By: Trudi McCollum Foushee, Vice President and Sr. Counsel, Law and Regulatory Affairs
Charter Fiberlink – Missouri, LLC**

4. Exemptions

Charges for Line Status Verification and Busy Line Interrupt are not applicable to calls placed from authorized emergency agencies. Police, Fire, Ambulance and 911/911-Like agencies are those agencies that qualify for this exemption.

1.8.11 Directory Assistance

1. Description

Telephone Company will provide end user with access to Directory Assistance for obtaining telephone numbers. Charges associated with obtaining Directory Assistance information are detailed below:

2. Rate - \$.75/per call (I)

3. Exemptions

Those Customers whose physical, visual, mental or reading disabilities prevent them from using the telephone directory are to be exempted from the charge for direct-dialed calls to Directory Assistance and from the charge for placing a call to Directory Assistance via an Operator. The method of exempting those physically, visually, and mentally or reading disable Customers shall be via the completion of an exemption from supplied by the Telephone Company and the Telephone Company's acceptance of that form.

1.8.12 Metropolitan Calling Area (MCA) Service

1. General

Metropolitan Calling Area (MCA) service is provided to customers in the Telephone Company's exchange areas, namely, St. Charles, Harvester, Chesterfield, Pond, Manchester, Eureka, Valley Park, Fenton, High Ridge, Sappington, Webster Groves, Kirkwood, Mehlville, Melrose, Flanders, Pacific, St. Peters, Dardenne, O'Fallon and Wentzville. Non-Ported Telephone Company Customers must have the MCA overlay subscription in addition to their basic service. Only one charge is applied to the customer's account regardless of the number of lines the Customer has requested. All lines ordered by the Telephone Company's customer will provide an MCA overlay.

The basic local calling scope for each of these exchanges is the MCA-wide calling scope as detailed in this Local Exchange Tariff.

The charges for MCA apply to the main billed telephone number. MCA will be furnished on all additional lines at no additional charge.

2. Regulations

Unless otherwise specified in these regulations, MCA is offered to all classes and grades of residence customers located in the Telephone Company's MCA exchanges.

MCA is designed and intended for the exclusive use of the end user Customers of the Telephone Company. MCA is not to be shared, resold or used in any configuration of customer-provided equipment with the intent of reselling the service.

Customers include all customers of incumbent local exchange carriers and, pursuant to the Missouri Public Service Commission Report and Order in Case No. TO-99-483, all Customers of competitive local exchange carriers.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
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Charter Fiberlink-Missouri, LLC**

P.S.C. MO – No. 1

**Charter Fiberlink Missouri, LLC
Local Exchange Tariff**

**3rd Revised Page 46
Replaces 2nd Revise Page 46**

MCA subscribers include all Customers of incumbent local exchange carriers and competitive Local exchange carriers being served by dedicated NXX codes identified as MCA NXX codes Pursuant to the Missouri Public Service Commission's Report and order in Case no. TO-99-483.

In situations where multiple access lines share the same working telephone number, if one such line subscribes to MCA service, then all lines must subscribe to MCA service.

The minimum service period for subscription is the same as for Basic Service.

For hosted numbers in MCA-3, the Customer must subscribe to MCA to receive the basic telephone service.

3. Rate – monthly Recurring Charge (MRC)

An extended metropolitan calling area is added to all Telephone Company packages at the rate of \$10.95 a month/per account (MCA 3), \$12.35 a month/per account (MCA 4), (R)
\$19.95 a month/per account (MCA 5). (M)

The MCA monthly rates are billed one month in advance. MCA rates and charges apply in addition to all other rates and charges paid by the customer for other services of the Telephone Company.

Only one MCA charge is applied to customer's bill regardless of the number of lines he may have in service.

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink-Missouri, LLC**

Issue Date: July 16, 2004

Effective Date: August 16, 2004

Appendix A

1. General

1.1 The telephone company will offer one month free service (including the cost of the basic line and MCA) and free installation for the period beginning on October 1, 2002 and ending on February 28, 2003. This promotion will be available to customers who have not had service with the Telephone Company in the previous six months. This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. Mo-No. 1 tariff and pursuant to the general terms listed in section of 1.8.

**Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC**

Issue Date: September 24, 2002

Effective Date: October 1, 2002

Appendix A

2. Non-MCA Port Promotion

2.1 The telephone company will offer free installation for non-MCA ported telephone number service for the period beginning on November 2, 2002 and ending on February 23, 2003. This promotion will be available to customers who have not had service with the Telephone Company in the previous six months. This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. MO-No. 1 tariff and pursuant to the general items listed in Section 1.8.

Issued By: Jerold C. Lambert, Vice President and Sr. Counsel
Charter Fiberlink – Missouri, LLC

Issue Date: October 25, 2002

Effective Date: November 2, 2002

P.S.C. MO – No. 1

Charter Fiberlink – Missouri, LLC
Local Exchange Tariff

Appendix A
3rd Revised Page 3
Replaces 2nd Revised Page 3

Appendix A

3. Free Installation

3.1 The Telephone Company will offer free installation (up to one jack, excluding any special construction charges) for all telephone customers for the period beginning October 18, 2004 through December 31, 2005. This promotion will (T)
be available to customers who have not had service with the Telephone Company in (T)
the previous thirty (30) days or longer. This promotion will be available in all exchange (T)
areas where the Telephone Company provides service under the P.S.C. MO-No.1 tariff (T)
pursuant to the general terms of P.S.C. MO-No.1. This promotion may be combined (D)
with the existing First Month Basic Local Service for Free offer (see Appendix A, (D)
Page 6, Section 6.1).

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink-Missouri, LLC

Issue Date: October 08, 2004

Effective Date: October 18, 2004

Appendix A

4. First Month Service for \$1.00

4.1 The Telephone Company will offer the first month local telephone service and MCA for \$1.00 (basic line plus MCA only, excludes all feature packs and *ala cart* services) for all telephone customers for the period beginning on July 2, 2003 and ending on September 30, 2003. This offer applies only to a single primary line and excludes all additional lines. This promotion applies to all hosted and ported telephone numbers. This offer may be combined with the existing Free Installation promotion valid from March 13, 2003 through March 12, 2004 (see Appendix A, Original Page 3, Section 3.1). This promotion will be available to customers who have not had service with the Telephone Company in the previous six months. This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. MO-No. 1 tariff and pursuant to the general terms of P.S.C. MO-No. 1.

Issued By: Trudi McCollum Foushee, Vice President and Sr. Counsel, Law and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: June 25, 2003

Effective Date: July 2, 2003

Appendix A

5. First Month Service for \$1.00.

5.1 The Telephone Company will offer the first month local telephone service and MCA for \$1.00 (basic line plus MCA only, excludes all feature packs and *ala cart* services) for all telephone customers for the period beginning on November 26, 2003 and ending on December 31, 2003. This offer applies only to a single primary line and excludes all additional lines. This promotion applies to all hosted and ported telephone numbers. This offer may be combined with the existing Free Installation promotion valid from March 13, 2003 through March 12, 2004 (see Appendix A, Original Page 3, Section 3.1). This promotion will be available to customers who have not had service with the Telephone Company in the previous six months. This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. MO-No. 1 tariff and pursuant to the general terms of P.S.C. MO-No. 1.

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
Charter Fiberlink – Missouri, LLC

Issue Date: November 17, 2003

Effective Date: November 26, 2003

P.S.C. MO – No. 1

Charter Fiberlink – Missouri, LLC
Local Exchange Tariff

Appendix A
4th Revised Page 6
Replaces 3rd Revised Page 6

Appendix A

6 First Month Basic Local Service for Free

6.1 The Telephone Company will offer the first month basic local telephone service and MCA at no charge (basic line plus MCA where applicable, excluding all features which will be sold *ala carte* at the current rates) for the period beginning January 1, 2004 and ending on January 31, 2005. This offer applies only to a single (T) primary line and excludes all additional lines. This promotion applies to all hosted and ported telephone numbers. This promotion may be combined with the current feature packages offered and with the Free Installation promotion valid through December 31, 2005 (see Appendix A, 3rd Revised Page 3, Section 3.1). This promotion will be available to customers who have not had service with the Telephone Company in the previous six months. This promotion will be available in all exchange areas where the Telephone Company provides service under this P.S.C. MO-No.1 tariff and pursuant to the general terms of P.S.C. MO – No.1

Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink – Missouri, LLC

Issue Date: December 15, 2004

Effective Date: December 23, 2004

P.S.C. MO – No. 1

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**Appendix A
1st Revised Page 7
Replaces Original Page 7**

Appendix A

(D)

(D)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink-Missouri, LLC**

Issue Date: July 16, 2004

Effective Date: August 16, 2004

P.S.C. MO – No. 1

**Charter Fiberlink – Missouri, LLC
Local Exchange Tariff**

**Appendix A
1st Revised Page 8
Replaces Original Page 8**

Appendix A

(D)

(D)

**Issued By: Carrie L. Cox, Director Legal and Regulatory Affairs
12405 Powerscourt Drive, St. Louis, MO 63131
Charter Fiberlink- Missouri, LLC**

Issue Date: July 16, 2004

Effective Date: August 16, 2004

EXHIBIT 3

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

Applicant is not certificated and is not seeking certification to provide telecommunications and data communications services in any other state. However, Applicant has numerous affiliates who are certificated, or are seeking certification, to provide services similar to those described herein in the following states:

Certificated/Authorized Affiliates:

<i>Affiliate</i>	<i>State</i>	<i>Authorized Service</i>
Charter Fiberlink - Alabama, LLC	Alabama	CLEC, IXC
Charter Fiberlink AR – CCVII, LLC	Arkansas	CLEC, IXC
Charter Fiberlink CA – CCO, LLC	California	CLEC, IXC
Charter Fiberlink CA – CCVII, LLC	California	CLEC, IXC
Charter Fiberlink CO – CCO, LLC	Colorado	CLEC, IXC
Charter Fiberlink CT - CCO, LLC	Connecticut	CLEC, IXC
Charter Fiberlink - Georgia, LLC	Georgia	CLEC, IXC
Charter Fiberlink ID - CCVII, LLC	Idaho	IXC
Charter Fiberlink - Illinois, LLC	Illinois	CLEC, IXC
Charter Fiberlink IN – CCO, LLC	Indiana	CLEC, IXC
Charter Fiberlink KS - CCO, LLC	Kansas	CLEC, IXC
Charter Fiberlink - Kentucky, LLC	Kentucky	CLEC, IXC
Charter Fiberlink LA – CCO, LLC	Louisiana	CLEC, IXC
Charter Fiberlink MA - CCO, LLC	Massachusetts	CLEC, IXC
Charter Fiberlink - Michigan, LLC	Michigan	CAP, CLEC, IXC
Charter Fiberlink, LLC	Minnesota	CLEC, IXC
Charter Fiberlink MS – CCVI, LLC	Mississippi	CLEC, IXC
Charter Fiberlink - Missouri, LLC	Missouri	CLEC, IXC
Charter Fiberlink - Nebraska, LLC	Nebraska	CLEC, IXC
Charter Fiberlink NV – CCVII, LLC	Nevada	CLEC, IXC
Charter Fiberlink NH – CCO, LLC	New Hampshire	IXC
Charter Fiberlink NM – CCO, LLC	New Mexico	CLEC, IXC
Charter Fiberlink NY - CCO, LLC	New York	CLEC, IXC
Charter Fiberlink NY - CCVII, LLC	New York	CLEC, IXC
Charter Fiberlink NC - CCO, LLC	North Carolina	CLEC, IXC
Charter Fiberlink NC - CCVII, LLC	North Carolina	CLEC, IXC
Charter Fiberlink OH – CCO, LLC	Ohio	PRIVATE LINE
Charter Fiberlink OK – CCVII, LLC	Oklahoma	CLEC, IXC
Charter Fiberlink OR - CCVII, LLC	Oregon	CLEC, IXC
Charter Fiberlink SC - CCO, LLC	South Carolina	CLEC, IXC
Charter Fiberlink SC - CCVII, LLC	South Carolina	CLEC, IXC
Charter Fiberlink - Tennessee, LLC	Tennessee	CLEC, IXC
Charter Fiberlink TX - CCO, LLC	Texas	CLEC, IXC
Charter Fiberlink VA – CCO, LLC	Virginia	CLEC, IXC
Charter Fiberlink VT - CCO, LLC	Vermont	CLEC, IXC
Charter Fiberlink WA- CCVII, LLC	Washington	CLEC, IXC
Charter Fiberlink WV – CCO, LLC	West Virginia	CLEC, IXC
Charter Fiberlink, LLC	Wisconsin	CLEC, IXC

Affiliates with certification pending:

Charter Fiberlink NH – CCO, LLC	New Hampshire	CLEC
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ATTACHMENT "A" SUPPLEMENT

OFFICERS AND DIRECTORS

A list of Applicant's officers and directors is as follows:

NAME	TITLE	ADDRESS
Neil Smit	President and Chief Executive Officer	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Wayne H. Davis	Executive Vice President and Chief Technical Officer	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Sue Ann R. Hamilton	Executive Vice President, Programming	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Michael J. Lovett	Executive Vice President and Chief Operating Officer	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
David C. Andersen	Senior Vice President, Communications	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Thomas J. Hearity	Senior Vice President & Acting General Counsel	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Paul E. Martin	Interim Chief Financial Officer, Senior Vice President & Controller	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Lynn F. Ramsey	Senior Vice President, Human Resources	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674
Willie J. Epps, Jr.	Vice President & Chief Compliance Officer	Charter Fiberlink AZ - CCVII, LLC 12405 Powerscourt Drive St. Louis, Missouri 63131-3674

EXHIBIT 4

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2005

or

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

For the transition period from _____ to _____

Commission file number: 000-27927



Charter Communications, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

43-1857213

(I.R.S. Employer Identification Number)

12405 Powerscourt Drive

St. Louis, Missouri 63131

(Address of principal executive offices including zip code)

(314) 965-0555

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES NO

Number of shares of Class A common stock outstanding as of June 30, 2005: 304,941,082

Number of shares of Class B common stock outstanding as of June 30, 2005: 50,000

Charter Communications, Inc.
Quarterly Report on Form 10-Q for the Period ended June 30, 2005

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This quarterly report on Form 10-Q is for the three and six months ended June 30, 2005. The Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this quarterly report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this quarterly report. In this quarterly report, "we," "us" and "our" refer to Charter Communications, Inc., Charter Communications Holding Company, LLC and their subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS:

This quarterly report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in the "Results of Operations" and "Liquidity and Capital Resources" sections under Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this quarterly report. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions including, without limitation, the factors described under "Certain Trends and Uncertainties" under Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this quarterly report. Many of the forward-looking statements contained in this quarterly report may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated" and "potential" among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this quarterly report are set forth in this quarterly report and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- the availability 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;
- 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 a stable customer base, particularly in the face of increasingly aggressive competition from other service providers;
- 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 as it becomes due;
- 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. We are under no duty or obligation to update any of the forward-looking statements after the date of this quarterly report.

PART I. FINANCIAL INFORMATION.**Item 1. Financial Statements.****Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders
Charter Communications, Inc.:

We have reviewed the condensed consolidated balance sheet of Charter Communications, Inc. and subsidiaries (the "Company") as of June 30, 2005, the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2005 and 2004, and the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2005 and 2004. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2004, and the related consolidated statements of operations, changes in shareholders' equity (deficit), and cash flows for the year then ended (not presented herein); and in our report dated March 1, 2005, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2004, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

St. Louis, Missouri
August 1, 2005

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, EXCEPT SHARE DATA)

	<u>June 30,</u> <u>2005</u>	<u>December</u> <u>31,</u> <u>2004</u>
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 40	\$ 650
Accounts receivable, less allowance for doubtful accounts of \$14 and \$15, respectively	183	190
Prepaid expenses and other current assets	82	82
Total current assets	<u>305</u>	<u>922</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$6,061 and \$5,311, respectively	6,075	6,289
Franchises, net	9,839	9,878
Total investment in cable properties, net	<u>15,914</u>	<u>16,167</u>
OTHER NONCURRENT ASSETS		
	<u>560</u>	<u>584</u>
Total assets	<u>\$ 16,779</u>	<u>\$ 17,673</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,224	\$ 1,217
Total current liabilities	<u>1,224</u>	<u>1,217</u>
LONG-TERM DEBT	<u>19,247</u>	<u>19,464</u>
DEFERRED MANAGEMENT FEES - RELATED PARTY	<u>14</u>	<u>14</u>
OTHER LONG-TERM LIABILITIES	<u>682</u>	<u>681</u>
MINORITY INTEREST	<u>659</u>	<u>648</u>
PREFERRED STOCK - REDEEMABLE; \$.001 par value; 1 million shares authorized; 545,259 shares issued and outstanding	<u>55</u>	<u>55</u>
SHAREHOLDERS' DEFICIT:		
Class A Common stock; \$.001 par value; 1.75 billion shares authorized; 304,941,082 and 305,203,770 shares issued and outstanding, respectively	--	--
Class B Common stock; \$.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding	--	--
Preferred stock; \$.001 par value; 250 million shares authorized; no non-redeemable shares issued and outstanding	--	--
Additional paid-in capital	4,802	4,794

Accumulated deficit	(9,905)	(9,196)
Accumulated other comprehensive loss	1	(4)
Total shareholders' deficit	(5,102)	(4,406)
Total liabilities and shareholders' deficit	\$ 16,779	\$ 17,673

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

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)
Unaudited

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUES	\$ 1,323	\$ 1,239	\$ 2,594	\$ 2,453
COSTS AND EXPENSES:				
Operating (excluding depreciation and amortization)	569	515	1,128	1,027
Selling, general and administrative	256	244	493	483
Depreciation and amortization	378	364	759	734
Asset impairment charges	8	--	39	--
(Gain) loss on sale of assets, net	--	2	4	(104)
Option compensation expense, net	4	12	8	26
Special charges, net	(2)	87	2	97
	<u>1,213</u>	<u>1,224</u>	<u>2,433</u>	<u>2,263</u>
Income from operations	<u>110</u>	<u>15</u>	<u>161</u>	<u>190</u>
OTHER INCOME AND EXPENSES:				
Interest expense, net	(451)	(410)	(871)	(803)
Gain (loss) on derivative instruments and hedging activities, net	(1)	63	26	56
Loss on debt to equity conversions	--	(15)	--	(23)
Gain (loss) on extinguishment of debt	1	(21)	8	(21)
Gain on investments	20	2	21	--
	<u>(431)</u>	<u>(381)</u>	<u>(816)</u>	<u>(791)</u>
Loss before minority interest and income taxes	(321)	(366)	(655)	(601)
MINORITY INTEREST	(3)	(6)	(6)	(10)
Loss before income taxes	(324)	(372)	(661)	(611)
INCOME TAX EXPENSE	(31)	(43)	(46)	(97)
Net loss	(355)	(415)	(707)	(708)
Dividends on preferred stock - redeemable	(1)	(1)	(2)	(2)
Net loss applicable to common stock	<u>\$ (356)</u>	<u>\$ (416)</u>	<u>\$ (709)</u>	<u>\$ (710)</u>
LOSS PER COMMON SHARE, basic and diluted	<u>\$ (1.18)</u>	<u>\$ (1.39)</u>	<u>\$ (2.34)</u>	<u>\$ (2.39)</u>

Weighted average common shares outstanding, basic
and diluted

<u>303,620,347</u>	<u>300,522,815</u>	<u>303,465,474</u>	<u>297,814,091</u>
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)
Unaudited

	Six Months Ended June 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (707)	\$ (708)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Minority interest	6	10
Depreciation and amortization	759	734
Asset impairment charges	39	--
Option compensation expense, net	8	22
Special charges, net	(2)	85
Noncash interest expense	114	163
Gain on derivative instruments and hedging activities, net	(26)	(56)
(Gain) loss on sale of assets, net	4	(104)
Loss on debt to equity conversions	--	23
(Gain) loss on extinguishment of debt	(14)	18
Gain on investments	(21)	--
Deferred income taxes	43	95
Changes in operating assets and liabilities, net of effects from dispositions:		
Accounts receivable	1	1
Prepaid expenses and other assets	--	3
Accounts payable, accrued expenses and other	(23)	(118)
	181	168
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(542)	(390)
Change in accrued expenses related to capital expenditures	45	(52)
Proceeds from sale of assets	8	729
Purchases of investments	(3)	(12)
Proceeds from investments	17	--
Other, net	(2)	(2)
	(477)	273
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	635	2,813
Repayments of long-term debt	(946)	(3,160)
Payments for debt issuance costs	(3)	(97)
	(314)	(444)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(610)	(3)
CASH AND CASH EQUIVALENTS, beginning of period	650	127

CASH AND CASH EQUIVALENTS, end of period	\$ <u>40</u>	\$ <u>124</u>
CASH PAID FOR INTEREST	\$ <u>744</u>	\$ <u>609</u>
NONCASH TRANSACTIONS:		
Issuance of debt by Charter Communications Operating, LLC	\$ <u>333</u>	\$ <u>--</u>
Retirement of Charter Communications Holdings, LLC debt	\$ <u>(346)</u>	\$ <u>--</u>
Debt exchanged for Charter Class A common stock	\$ <u>--</u>	\$ <u>30</u>

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

Table of Contents**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****(dollars in millions, except per share amounts and where indicated)****1. Organization and Basis of Presentation**

Charter Communications, Inc. ("Charter") is a holding company whose principal assets at June 30, 2005 are the 47% controlling common equity interest in Charter Communications Holding Company, LLC ("Charter Holdco") and "mirror" notes which are payable by Charter Holdco to Charter and have the same principal amount and terms as those of Charter's convertible senior notes. Charter Holdco is the sole owner of Charter Communications Holdings, LLC ("Charter Holdings"). The condensed consolidated financial statements include the accounts of Charter, Charter Holdco, Charter Holdings and all of their subsidiaries where the underlying operations reside, collectively referred to herein as the "Company." Charter consolidates Charter Holdco on the basis of voting control. Charter Holdco's limited liability company agreement provides that so long as Charter's Class B common stock retains its special voting rights, Charter will maintain a 100% voting interest in Charter Holdco. Voting control gives Charter full authority and control over the operations of Charter Holdco. All significant intercompany accounts and transactions among consolidated entities have been eliminated. The Company is a broadband communications company operating in the United States. The Company offers its customers traditional cable video programming (analog and digital video) as well as high-speed Internet services and, in some areas, advanced broadband services such as high definition television, video on demand and telephone. The Company sells its cable video programming, high-speed Internet and advanced broadband services on a subscription basis. The Company also sells local advertising on satellite-delivered networks.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include capitalization of labor and overhead costs; depreciation and amortization costs; impairments of property, plant and equipment, franchises and goodwill; income taxes; and contingencies. Actual results could differ from those estimates.

Reclassifications

Certain 2004 amounts have been reclassified to conform with the 2005 presentation.

2. Liquidity and Capital Resources

The Company incurred net loss applicable to common stock of \$356 million and \$416 million for the three months ended June 30, 2005 and 2004, respectively, and \$709 million and \$710 million for the six months ended June 30, 2005 and 2004, respectively. The Company's net cash flows from operating activities were \$181 million and \$168 million for the six months ended June 30, 2005 and 2004, respectively.

The Company has a significant level of debt. The Company's long-term financing as of June 30, 2005 consists of \$5.4 billion of credit facility debt, \$12.9 billion accreted value of high-yield notes and \$863 million accreted value of convertible senior notes. For the remainder of 2005, \$15 million of the Company's debt matures, and in 2006, an additional \$55 million of the Company's debt matures. In 2007 and beyond, significant additional amounts will become due under the Company's remaining long-term debt obligations.

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The Company has historically required significant cash to fund debt service costs, capital expenditures and ongoing operations. Historically, the Company has funded these requirements through cash flows from operating activities, borrowings under its credit facilities, sales of assets, issuances of debt and equity securities and from cash on hand. However, the mix of funding sources changes from period to period. For the six months ended June 30, 2005, the Company generated \$181 million of net cash flows from operating activities, after paying cash interest of \$744 million. In addition, the Company used approximately \$542 million for purchases of property, plant and equipment. Finally, the Company had net cash flows used in financing activities of \$314 million, which included, among other things, approximately \$705 million in repayment of borrowings under the Company's revolving credit facility. This repayment was the primary reason cash on hand decreased by \$610 million to \$40 million at June 30, 2005.

The Company expects that cash on hand, cash flows from operating activities and the amounts available under its credit facilities will be adequate to meet its cash needs for the remainder of 2005. Cash flows from operating activities and amounts available under the Company's credit facilities may not be sufficient to fund the Company's operations and satisfy its principal repayment obligations that come due in 2006 and, the Company believes, will not be sufficient to fund its operations and satisfy such repayment obligations thereafter.

It is likely that the Company will require additional funding to repay debt maturing after 2006. The Company is working with its financial advisors to address such funding requirements. However, there can be no assurance that such funding will be available to the Company. Although Mr. Allen and his affiliates have purchased equity from the Company in the past, Mr. Allen and his affiliates are not obligated to purchase equity from, contribute to or loan funds to the Company in the future.

Credit Facilities and Covenants

The Company's ability to operate depends upon, among other things, its continued access to capital, including credit under the Charter Communications Operating, LLC ("Charter Operating") credit facilities. These credit facilities, along with the Company's indentures, contain certain restrictive covenants, some of which require the Company to maintain specified financial ratios and meet financial tests and to provide audited financial statements with an unqualified opinion from the Company's independent auditors. As of June 30, 2005, the Company was in compliance with the covenants under its indentures and credit facilities and the Company expects to remain in compliance with those covenants for the next twelve months. As of June 30, 2005, the Company had borrowing availability under the credit facilities of \$870 million, none of which was restricted due to covenants. Continued access to the Company's credit facilities is subject to the Company remaining in compliance with the covenants of these credit facilities, including covenants tied to the Company's operating performance. If the Company's operating performance results in non-compliance with these covenants, or if any of certain other events of non-compliance under these credit facilities or indentures governing the Company's debt occurs, funding under the credit facilities may not be available and defaults on some or potentially all of the Company's debt obligations could occur. An event of default under the covenants governing any of the Company's debt instruments could result in the acceleration of its payment obligations under that debt and, under certain circumstances, in cross-defaults under its other debt obligations, which could have a material adverse effect on the Company's consolidated financial condition or results of operations.

The Charter Operating credit facilities required the Company to redeem the CC V Holdings, LLC notes as a result of the Charter Holdings leverage ratio becoming less than 8.75 to 1.0. In satisfaction of this requirement, in March 2005, CC V Holdings, LLC redeemed all of its outstanding notes, at 103.958% of principal amount, plus accrued and unpaid interest to the date of redemption. The total cost of the redemption including accrued and unpaid interest was approximately \$122 million. The Company funded the redemption with borrowings under the Charter Operating credit facilities.

Specific Limitations

Charter's ability to make interest payments on its convertible senior notes, and, in 2006 and 2009, to repay the outstanding principal of its convertible senior notes of \$25 million and \$863 million, respectively, will depend on its ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco or its subsidiaries,

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including CCH II, LLC ("CCH II"), CCO Holdings, LLC ("CCO Holdings") and Charter Operating. Distributions by Charter's subsidiaries to a parent company (including Charter and Charter Holdco) for payment of principal on Charter's convertible senior notes, however, are restricted by the indentures governing the CCH II notes, CCO Holdings notes, and Charter Operating notes, unless under their respective indentures there is no default and a specified leverage ratio test is met at the time of such event. During the six months ended June 30, 2005, Charter Holdings distributed \$60 million to Charter Holdco. As of June 30, 2005, Charter Holdco was owed \$62 million in intercompany loans from its subsidiaries, which amount was available to pay interest and principal on Charter's convertible senior notes. In addition, Charter has \$122 million of governmental securities pledged as security for the next five semi-annual interest payments on Charter's 5.875% convertible senior notes.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on the convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings' indentures and other specified tests are met. For the quarter ended June 30, 2005, there was no default under Charter Holdings' indentures and other specified tests were met. However, Charter Holdings did not meet the leverage ratio of 8.75 to 1.0 based on June 30, 2005 financial results. As a result, distributions from Charter Holdings to Charter or Charter Holdco are currently restricted and will continue to be restricted until that test is met. During this restriction period, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

In accordance with the registration rights agreement entered into with their initial sale, the Company was required to register for resale by April 21, 2005 its 5.875% convertible senior notes due 2009, issued in November 2004. Since these convertible notes were not registered by that date, the Company paid or will pay liquidated damages totaling \$0.5 million through July 14, 2005, the day prior to the effective date of the registration statement. In addition, in accordance with the share lending agreement entered into in connection with the initial sale of its 5.875% convertible senior notes due 2009, Charter was required to register by April 1, 2005 150 million shares of its Class A common stock that Charter was obligated to lend to Citigroup Global Markets Limited ("CGML") at CGML's request. Because this registration statement was not declared effective by such date, the Company paid or will pay liquidated damages totaling \$11 million from April 2, 2005 through July 17, 2005, the day before the effective date of the registration statement. The liquidated damages were recorded as interest expense in the accompanying condensed consolidated statements of operations.

3. Sale of Assets

As of June 30, 2005, the Company has concluded it is probable that three pending cable asset sales, representing approximately 33,000 customers, will close within the next twelve months thus meeting the criteria for assets held for sale under Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. As such the assets were written down to fair value less estimated costs to sell resulting in asset impairment charges during the three and six months ended June 30, 2005 of approximately \$8 million and \$39 million, respectively. At June 30, 2005 assets held for sale, included in investment in cable properties, are approximately \$40 million.

In March 2004, the Company closed the sale of certain cable systems in Florida, Pennsylvania, Maryland, Delaware and West Virginia to Atlantic Broadband Finance, LLC. The Company closed the sale of an additional cable system in New York to Atlantic Broadband Finance, LLC in April 2004. These transactions resulted in a \$106 million pretax gain recorded as a gain on sale of assets in the Company's consolidated statements of operations. The total net proceeds from the sale of all of these systems were approximately \$735 million. The proceeds were used to repay a portion of amounts outstanding under the Company's revolving credit facility.

Gain on investments for the three and six months ended June 30, 2005 primarily represents a gain realized on an exchange of the Company's interest in an equity investee for an investment in a larger enterprise.

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4. Franchises and Goodwill

Franchise rights represent the value attributed to agreements with local authorities that allow access to homes in cable service areas acquired through the purchase of cable systems. Management estimates the fair value of franchise rights at the date of acquisition and determines if the franchise has a finite life or an indefinite-life as defined by SFAS No. 142, *Goodwill and Other Intangible Assets*. Franchises that qualify for indefinite-life treatment under SFAS No. 142 are tested for impairment annually based on valuations, or more frequently as warranted by events or changes in circumstances. Such test resulted in a total franchise impairment of approximately \$3.3 billion during the third quarter of 2004. Franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographic clustering of the Company's cable systems into groups by which such systems are managed. Management believes such grouping represents the highest and best use of those assets.

The Company's valuations, which are based on the present value of projected after tax cash flows, result in a value of property, plant and equipment, franchises, customer relationships and its total entity value. The value of goodwill is the difference between the total entity value and amounts assigned to the other assets.

Franchises, for valuation purposes, are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services such as interactivity and telephone to the potential customers (service marketing rights). Fair value is determined based on estimated discounted future cash flows using assumptions consistent with internal forecasts. The franchise after-tax cash flow is calculated as the after-tax cash flow generated by the potential customers obtained and the new services added to those customers in future periods. The sum of the present value of the franchises' after-tax cash flow in years 1 through 10 and the continuing value of the after-tax cash flow beyond year 10 yields the fair value of the franchise.

The Company follows the guidance of EITF Issue 02-17, *Recognition of Customer Relationship Intangible Assets Acquired in a Business Combination*, in valuing customer relationships. Customer relationships, for valuation purposes, represent the value of the business relationship with existing customers and are calculated by projecting future after-tax cash flows from these customers including the right to deploy and market additional services such as interactivity and telephone to these customers. The present value of these after-tax cash flows yields the fair value of the customer relationships. Substantially all acquisitions occurred prior to January 1, 2002. The Company did not record any value associated with the customer relationship intangibles related to those acquisitions. For acquisitions subsequent to January 1, 2002 the Company did assign a value to the customer relationship intangible, which is amortized over its estimated useful life.

As of June 30, 2005 and December 31, 2004, indefinite-lived and finite-lived intangible assets are presented in the following table:

	June 30, 2005			December 31, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises with indefinite lives	\$ 9,806	\$ --	\$ 9,806	\$ 9,845	\$ --	\$ 9,845
Goodwill	52	--	52	52	--	52
	<u>\$ 9,858</u>	<u>\$ --</u>	<u>\$ 9,858</u>	<u>\$ 9,897</u>	<u>\$ --</u>	<u>\$ 9,897</u>
Finite-lived intangible assets:						
Franchises with finite lives	\$ 39	\$ 6	\$ 33	\$ 37	\$ 4	\$ 33

Franchises with indefinite lives decreased \$39 million as a result of the asset impairment charges recorded related to three pending cable asset sales (see Note 3). Franchise amortization expense for the three and six months ended June

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30, 2005 and 2004 was \$1 million and \$2 million, respectively, which represents the amortization relating to franchises that did not qualify for indefinite-life treatment under SFAS No. 142, including costs associated with franchise renewals. The Company expects that amortization expense on franchise assets will be approximately \$3 million annually for each of the next five years. Actual amortization expense in future periods could differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives and other relevant factors.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2005 and December 31, 2004:

	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Accounts payable - trade	\$ 86	\$ 148
Accrued capital expenditures	110	65
Accrued expenses:		
Interest	342	324
Programming costs	285	278
Franchise-related fees	54	67
Compensation	94	66
Other	<u>253</u>	<u>269</u>
	<u>\$ 1,224</u>	<u>\$ 1,217</u>

6. Long-Term Debt

Long-term debt consists of the following as of June 30, 2005 and December 31, 2004:

	<u>June 30, 2005</u>		<u>December 31, 2004</u>	
	<u>Face Value</u>	<u>Accreted Value</u>	<u>Face Value</u>	<u>Accreted Value</u>
Long-Term Debt				
Charter Communications, Inc.:				
4.75% convertible senior notes due 2006	\$ 25	\$ 25	\$ 156	\$ 156
5.875% convertible senior notes due 2009	863	838	863	834
Charter Holdings:				
8.250% senior notes due 2007	105	105	451	451
8.625% senior notes due 2009	1,244	1,243	1,244	1,243
9.920% senior discount notes due 2011	1,108	1,108	1,108	1,108
10.000% senior notes due 2009	640	640	640	640
10.250% senior notes due 2010	318	318	318	318
11.750% senior discount notes due 2010	450	450	450	448
10.750% senior notes due 2009	874	874	874	874
11.125% senior notes due 2011	500	500	500	500
13.500% senior discount notes due 2011	675	629	675	589
9.625% senior notes due 2009	640	638	640	638
10.000% senior notes due 2011	710	708	710	708
11.750% senior discount notes due 2011	939	851	939	803
12.125% senior discount notes due 2012	330	275	330	259

CCH II, LLC:

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10.250% senior notes due 2010	1,601	1,601	1,601	1,601
CCO Holdings, LLC:				
8¼% senior notes due 2013	500	500	500	500
Senior floating rate notes due 2010	550	550	550	550
Charter Operating:				
8% senior second lien notes due 2012	1,100	1,100	1,100	1,100
8 3/8% senior second lien notes due 2014	733	733	400	400
Renaissance Media Group LLC:				
10.000% senior discount notes due 2008	114	116	114	116
CC V Holdings:				
11.875% senior discount notes due 2008	--	--	113	113
Credit Facilities				
Charter Operating	<u>5,445</u>	<u>5,445</u>	<u>5,515</u>	<u>5,515</u>
	<u>\$ 19,464</u>	<u>\$ 19,247</u>	<u>\$ 19,791</u>	<u>\$ 19,464</u>

The accreted values presented above represent the face value of the notes less the original issue discount at the time of sale plus the accretion to the balance sheet date.

Gain (loss) on extinguishment of debt

In March and June 2005, Charter Operating consummated exchange transactions with a small number of institutional holders of Charter Holdings 8.25% senior notes due 2007 pursuant to which Charter Operating issued, in private placements, approximately \$333 million principal amount of new notes with terms identical to Charter Operating's 8.375% senior second lien notes due 2014 in exchange for approximately \$346 million of the Charter Holdings 8.25% senior notes due 2007. The exchanges resulted in a loss on extinguishment of debt of approximately \$1 million for the three months ended June 30, 2005 and a gain on extinguishment of debt of approximately \$10 million for the six months ended June 30, 2005. The Charter Holdings notes received in the exchange were thereafter distributed to Charter Holdings and cancelled.

During the three and six months ended June 30, 2005, the Company repurchased, in private transactions, from a small number of institutional holders, a total of \$97 million and \$131 million, respectively, principal amount of its 4.75% convertible senior notes due 2006. These transactions resulted in a net gain on extinguishment of debt of approximately \$3 million and \$4 million for the three and six months ended June 30, 2005, respectively.

In March 2005, Charter's subsidiary, CC V Holdings, LLC, redeemed all of its 11.875% notes due 2008, at 103.958% of principal amount, plus accrued and unpaid interest to the date of redemption. The total cost of redemption was approximately \$122 million and was funded through borrowings under the Charter Operating credit facilities. The redemption resulted in a loss on extinguishment of debt for the six months ended June 30, 2005 of approximately \$5 million. Following such redemption, CC V Holdings, LLC and its subsidiaries (other than non-guarantor subsidiaries) guaranteed the Charter Operating credit facilities and granted a lien on all of their assets as to which a lien can be perfected under the Uniform Commercial Code by the filing of a financing statement.

7. Minority Interest and Equity Interest of Charter Holdco

Charter is a holding company whose primary asset is a controlling equity interest in Charter Holdco, the indirect owner of the Company's cable systems, and \$863 million and \$990 million at June 30, 2005 and December 31, 2004, respectively, of mirror notes which are payable by Charter Holdco to Charter and have the same principal amount and terms as those of Charter's convertible senior notes. Minority interest on the Company's consolidated balance sheets represents the ownership percentage of Charter Holdco not owned by Charter, or approximately 53% of total members' equity of Charter Holdco, plus \$662 million and \$656 million of preferred membership interests in CC VIII, LLC ("CC VIII"), an indirect subsidiary of Charter Holdco, as of June 30, 2005 and December 31, 2004, respectively. As more fully described in Note 17, this preferred interest arises from the approximately \$630 million of preferred

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membership units issued by CC VIII in connection with an acquisition in February 2000 and continues to be the subject of a dispute between Charter and Mr. Paul G. Allen, Charter's Chairman and controlling shareholder. Generally, operating earnings or losses are allocated to the minority owners based on their ownership percentage, thereby increasing or decreasing the Company's net loss, respectively. To the extent they relate to CC VIII, the allocations of earnings or losses are subject to adjustment based on the ultimate resolution of this disputed ownership. Due to the uncertainties related to the ultimate resolution, effective January 1, 2005, the Company ceased recognizing minority interest in earnings or losses of CC VIII for financial reporting purposes until such time as the resolution of the matter is determinable or other events occur. For the three and six months ended June 30, 2005, the Company's results include income of \$8 million and \$17 million, respectively, attributable to CC VIII.

Members' deficit of Charter Holdco was \$5.1 billion and \$4.4 billion as of June 30, 2005 and December 31, 2004, respectively. Gains and losses arising from the issuance by Charter Holdco of its membership units are recorded as capital transactions, thereby increasing or decreasing shareholders' equity and decreasing or increasing minority interest on the accompanying condensed consolidated balance sheets. Minority interest was approximately 53% as of June 30, 2005 and December 31, 2004. Minority interest includes the proportionate share of changes in fair value of interest rate derivative agreements. Such amounts are temporary as they are contractually scheduled to reverse over the life of the underlying instrument. Additionally, reported losses allocated to minority interest on the consolidated statement of operations are limited to the extent of any remaining minority interest on the balance sheet related to Charter Holdco. Because minority interest in Charter Holdco is substantially eliminated, Charter absorbs substantially all losses before income taxes that otherwise would be allocated to minority interest. Subject to any changes in Charter Holdco's capital structure, future losses will continue to be substantially absorbed by Charter.

Changes to minority interest consist of the following:

	Minority Interest
Balance, December 31, 2004	\$ 648
CC VIII 2% Priority Return (see Note 17)	6
Changes in fair value of interest rate agreements	5
Balance, June 30, 2005	\$ 659

8. Comprehensive Loss

Certain marketable equity securities are classified as available-for-sale and reported at market value with unrealized gains and losses recorded as accumulated other comprehensive loss on the accompanying condensed consolidated balance sheets. Additionally, the Company reports changes in the fair value of interest rate agreements designated as hedging the variability of cash flows associated with floating-rate debt obligations, that meet the effectiveness criteria of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, in accumulated other comprehensive loss, after giving effect to the minority interest share of such gains and losses. Comprehensive loss for the three months ended June 30, 2005 and 2004 was \$355 million and \$404 million, respectively, and \$704 million and \$697 million for the six months ended June 30, 2005 and 2004, respectively.

9. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate risk management derivative instruments, such as interest rate swap agreements and interest rate collar agreements (collectively referred to herein as interest rate agreements) to manage its interest costs. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements, the Company has agreed to exchange, at specified intervals through 2007, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest rate collar agreements are used to limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

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The Company does not hold or issue derivative instruments for trading purposes. The Company does, however, have certain interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, SFAS No. 133 allows derivative gains and losses to offset related results on hedged items in the consolidated statement of operations. The Company has formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. For the three months ended June 30, 2005 and 2004, net gain (loss) on derivative instruments and hedging activities includes gains of \$0 and \$3 million, respectively, and for the six months ended June 30, 2005 and 2004, net gain (loss) on derivative instruments and hedging activities includes gains of \$1 million and \$2 million, respectively, which represent cash flow hedge ineffectiveness on interest rate hedge agreements arising from differences between the critical terms of the agreements and the related hedged obligations. Changes in the fair value of interest rate agreements designated as hedging instruments of the variability of cash flows associated with floating-rate debt obligations that meet the effectiveness criteria of SFAS No. 133 are reported in accumulated other comprehensive loss. For the three months ended June 30, 2005 and 2004, a gain of \$0 and \$27 million, respectively, and for the six months ended June 30, 2005 and 2004, a gain of \$9 million and \$29 million, respectively, related to derivative instruments designated as cash flow hedges, was recorded in accumulated other comprehensive loss and minority interest. The amounts are subsequently reclassified into interest expense as a yield adjustment in the same period in which the related interest on the floating-rate debt obligations affects earnings (losses).

Certain interest rate derivative instruments are not designated as hedges as they do not meet the effectiveness criteria specified by SFAS No. 133. However, management believes such instruments are closely correlated with the respective debt, thus managing associated risk. Interest rate derivative instruments not designated as hedges are marked to fair value, with the impact recorded as gain (loss) on derivative instruments and hedging activities in the Company's condensed consolidated statements of operations. For the three months ended June 30, 2005 and 2004, net gain (loss) on derivative instruments and hedging activities includes losses of \$1 million and gains of \$60 million, respectively, and for the six months ended June 30, 2005 and 2004, net gain (loss) on derivative instruments and hedging activities includes gains of \$25 million and \$54 million, respectively, for interest rate derivative instruments not designated as hedges.

As of June 30, 2005 and December 31, 2004, the Company had outstanding \$2.2 billion and \$2.7 billion and \$20 million and \$20 million, respectively, in notional amounts of interest rate swaps and collars, respectively. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

Certain provisions of the Company's 5.875% convertible senior notes issued in November 2004 were considered embedded derivatives for accounting purposes and were required to be accounted for separately from the convertible senior notes. In accordance with SFAS No. 133, these derivatives are marked to market with gains or losses recorded in interest expense on the Company's condensed consolidated statement of operations. For the three and six months ended June 30, 2005, the Company recognized \$8 million and \$27 million, respectively, as a reduction in interest expense related to these derivatives. At June 30, 2005 and December 31, 2004, \$1 million and \$10 million, respectively, is recorded in accounts payable and accrued expenses relating to the short-term portion of these derivatives and \$3 million and \$21 million, respectively, is recorded in other long-term liabilities related to the long-term portion.

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10. Revenues

Revenues consist of the following for the three and six months ended June 30, 2005 and 2004:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Video	\$ 861	\$ 846	\$ 1,703	\$ 1,695
High-speed Internet	226	181	441	349
Advertising sales	76	73	140	132
Commercial	69	58	134	114
Other	91	81	176	163
	<u>\$ 1,323</u>	<u>\$ 1,239</u>	<u>\$ 2,594</u>	<u>\$ 2,453</u>

11. Operating Expenses

Operating expenses consist of the following for the three and six months ended June 30, 2005 and 2004:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Programming	\$ 351	\$ 329	\$ 709	\$ 663
Advertising sales	25	25	50	48
Service	193	161	369	316
	<u>\$ 569</u>	<u>\$ 515</u>	<u>\$ 1,128</u>	<u>\$ 1,027</u>

12. Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the following for the three and six months ended June 30, 2005 and 2004:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General and administrative	\$ 225	\$ 208	\$ 427	\$ 416
Marketing	31	36	66	67
	<u>\$ 256</u>	<u>\$ 244</u>	<u>\$ 493</u>	<u>\$ 483</u>

Components of selling expense are included in general and administrative and marketing expense.

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13. Special Charges

The Company has recorded special charges as a result of reducing its workforce, consolidating administrative offices and management realignment in 2004 and 2005. The activity associated with this initiative is summarized in the table below.

	<u>Three Months</u> <u>Ended June 30,</u>		<u>Six Months</u> <u>Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Beginning Balance	\$ 6	\$ 7	\$ 6	\$ 14
Special Charges	--	2	4	3
Payments	<u>(2)</u>	<u>(3)</u>	<u>(6)</u>	<u>(11)</u>
Balance at June 30,	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 4</u>	<u>\$ 6</u>

For the three and six months ended June 30, 2005, special charges were offset by approximately \$2 million related to an agreed upon discount in respect of the portion of the settlement consideration payable under the Stipulations of Settlement of the consolidated Federal Class Action and the Federal Derivative Action allocable to plaintiff's attorney fees and Charter's insurance carrier as a result of the election to pay such fees in cash (see Note 15).

For the three and six months ended June 30, 2004, special charges also includes approximately \$85 million, which represents the aggregate value of the Charter Class A common stock and warrants to purchase Charter Class A common stock contemplated to be issued as part of the terms set forth in memoranda of understanding regarding settlement of the consolidated Federal Class Action and Federal Derivative Action. For the six months ended June 30, 2004, special charges includes approximately \$9 million of litigation costs related to the tentative settlement of the South Carolina national class action suit, subject to final documentation and court approval (see Note 15).

14. Income Taxes

All operations are held through Charter Holdco and its direct and indirect subsidiaries. Charter Holdco and the majority of its subsidiaries are not subject to income tax. However, certain of these subsidiaries are corporations and are subject to income tax. All of the taxable income, gains, losses, deductions and credits of Charter Holdco are passed through to its members: Charter, Charter Investment, Inc. ("Charter Investment") and Vulcan Cable III Inc. ("Vulcan Cable"). Charter is responsible for its share of taxable income or loss of Charter Holdco allocated to Charter in accordance with the Charter Holdco limited liability company agreement ("LLC Agreement") and partnership tax rules and regulations.

As of June 30, 2005 and December 31, 2004, the Company had net deferred income tax liabilities of approximately \$259 million and \$216 million, respectively. Approximately \$214 million and \$208 million of the deferred tax liabilities recorded in the condensed consolidated financial statements at June 30, 2005 and December 31, 2004, respectively relate to certain indirect subsidiaries of Charter Holdco, which file separate income tax returns.

During the three and six months ended June 30, 2005, the Company recorded \$31 million and \$46 million of income tax expense, respectively, and during the three and six months ended June 30, 2004, the Company recorded \$43 million and \$97 million of income tax expense, respectively. The sale of systems to Atlantic Broadband, LLC in March and April 2004 resulted in income tax expense of \$1 million and \$15 million for the three and six months ended June 30, 2004, respectively.

Income tax expense is recognized through increases in the deferred tax liabilities related to Charter's investment in Charter Holdco, as well as current federal and state income tax expense and increases to the deferred tax liabilities of certain of Charter's indirect corporate subsidiaries. The Company recorded an additional deferred tax asset of

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approximately \$130 million and \$265 million during the three and six months ended June 30, 2005, respectively, relating to net operating loss carryforwards, but recorded a valuation allowance with respect to these amounts because of the uncertainty of the ability to realize a benefit from these carryforwards in the future.

The Company has deferred tax assets of approximately \$3.8 billion and \$3.5 billion as of June 30, 2005 and December 31, 2004, respectively, which primarily relate to financial and tax losses allocated to Charter from Charter Holdco. The deferred tax assets include approximately \$2.3 billion and \$2.1 billion of tax net operating loss carryforwards as of June 30, 2005 and December 31, 2004, respectively (generally expiring in years 2005 through 2025), of Charter and its indirect corporate subsidiaries. Valuation allowances of \$3.4 billion and \$3.2 billion as of June 30, 2005 and December 31, 2004 exist with respect to these deferred tax assets, respectively.

Realization of any benefit from the Company's tax net operating losses is dependent on: (1) Charter and its indirect corporate subsidiaries' ability to generate future taxable income and (2) the absence of certain future "ownership changes" of Charter's common stock. An "ownership change" as defined in the applicable federal income tax rules, would place significant limitations, on an annual basis, on the use of such net operating losses to offset any future taxable income the Company may generate. Such limitations, in conjunction with the net operating loss expiration provisions, could effectively eliminate the Company's ability to use a substantial portion of its net operating losses to offset any future taxable income. Future transactions and the timing of such transactions could cause an ownership change. Such transactions include additional issuances of common stock by the Company (including but not limited to the issuance of up to a total of 150 million shares of common stock (of which 27.2 million were issued in July 2005) under the share lending agreement, the issuance of shares of common stock upon future conversion of Charter's convertible senior notes and the issuance of common stock in the class action settlement discussed in Note 15, reacquisition of the borrowed shares by Charter, or acquisitions or sales of shares by certain holders of Charter's shares, including persons who have held, currently hold, or accumulate in the future five percent or more of Charter's outstanding stock (including upon an exchange by Paul Allen or his affiliates, directly or indirectly, of membership units of Charter Holdco into CCI common stock)). Many of the foregoing transactions are beyond management's control.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Because of the uncertainties in projecting future taxable income of Charter Holdco, valuation allowances have been established except for deferred benefits available to offset certain deferred tax liabilities.

Charter Holdco is currently under examination by the Internal Revenue Service for the tax years ending December 31, 2000, 2002 and 2003. The results of the Company (excluding Charter and the indirect corporate subsidiaries) for these years are subject to this examination. Management does not expect the results of this examination to have a material adverse effect on the Company's financial condition or results of operations.

15. Contingencies***Securities Class Actions and Derivative Suits***

Fourteen putative federal class action lawsuits (the "Federal Class Actions") were filed against Charter and certain of its former and present officers and directors in various jurisdictions allegedly on behalf of all purchasers of Charter's securities during the period from either November 8 or November 9, 1999 through July 17 or July 18, 2002. Unspecified damages were sought by the plaintiffs. In general, the lawsuits alleged that Charter utilized misleading accounting practices and failed to disclose these accounting practices and/or issued false and misleading financial statements and press releases concerning Charter's operations and prospects. The Federal Class Actions were specifically and individually identified in public filings made by Charter prior to the date of this quarterly report. On March 12, 2003, the Panel transferred the six Federal Class Actions not filed in the Eastern District of Missouri to that district for coordinated or consolidated pretrial proceedings with the eight Federal Class Actions already pending there. The Court subsequently consolidated the Federal Class Actions into a single action (the "Consolidated Federal Class Action") for pretrial purposes. On August 5, 2004, the plaintiff's representatives, Charter and the individual

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defendants who were the subject of the suit entered into a Memorandum of Understanding setting forth agreements in principle to settle the Consolidated Federal Class Action. These parties subsequently entered into Stipulations of Settlement dated as of January 24, 2005 (described more fully below) which incorporate the terms of the August 5, 2004 Memorandum of Understanding.

On September 12, 2002, a shareholders derivative suit (the "State Derivative Action") was filed in the Circuit Court of the City of St. Louis, State of Missouri (the "Missouri State Court"), against Charter and its then current directors, as well as its former auditors. The plaintiffs alleged that the individual defendants breached their fiduciary duties by failing to establish and maintain adequate internal controls and procedures. On March 12, 2004, an action substantively identical to the State Derivative Action was filed in Missouri State Court against Charter and certain of its current and former directors, as well as its former auditors. On July 14, 2004, the Court consolidated this case with the State Derivative Action.

Separately, on February 12, 2003, a shareholders derivative suit (the "Federal Derivative Action"), was filed against Charter and its then current directors in the United States District Court for the Eastern District of Missouri. The plaintiff in that suit alleged that the individual defendants breached their fiduciary duties and grossly mismanaged Charter by failing to establish and maintain adequate internal controls and procedures.

As noted above, Charter and the individual defendants entered into a Memorandum of Understanding on August 5, 2004 setting forth agreements in principle regarding settlement of the Consolidated Federal Class Action, the State Derivative Action(s) and the Federal Derivative Action (the "Actions"). Charter and various other defendants in those actions subsequently entered into Stipulations of Settlement dated as of January 24, 2005, setting forth a settlement of the Actions in a manner consistent with the terms of the Memorandum of Understanding. The Stipulations of Settlement, along with various supporting documentation, were filed with the Court on February 2, 2005. On May 23, 2005 the United States District Court for the Eastern District of Missouri conducted the final fairness hearing for the Actions, and on June 30, 2005, the Court issued its final approval of the settlements. Members of the class had 30 days from the issuance of the June 30 order approving the settlement to file an appeal challenging the approval. Two notices of appeal were filed relating to the settlement, but Charter does not yet know the specific issues presented by such appeals, nor have briefing schedules been set.

As amended, the Stipulations of Settlement provide that, in exchange for a release of all claims by plaintiffs against Charter and its former and present officers and directors named in the Actions, Charter would pay to the plaintiffs a combination of cash and equity collectively valued at \$144 million, which will include the fees and expenses of plaintiffs' counsel. Of this amount, \$64 million would be paid in cash (by Charter's insurance carriers) and the \$80 million balance was to be paid (subject to Charter's right to substitute cash therefor described below) in shares of Charter Class A common stock having an aggregate value of \$40 million and ten-year warrants to purchase shares of Charter Class A common stock having an aggregate warrant value of \$40 million, with such values in each case being determined pursuant to formulas set forth in the Stipulations of Settlement. However, Charter had the right, in its sole discretion, to substitute cash for some or all of the aforementioned securities on a dollar for dollar basis. Pursuant to that right, Charter elected to fund the \$80 million obligation with 13.4 million shares of Charter Class A common stock (having an aggregate value of approximately \$15 million pursuant to the formula set forth in the Stipulations of Settlement) with the remaining balance (less an agreed upon \$2 million discount in respect of that portion allocable to plaintiffs' attorneys' fees) to be paid in cash. In addition, Charter had agreed to issue additional shares of its Class A common stock to its insurance carrier having an aggregate value of \$5 million; however, by agreement with its carrier Charter has paid \$4.5 million in cash in lieu of issuing such shares. Charter delivered the settlement consideration to the claims administrator on July 8, 2005, and it will be held in escrow pending any appeals of the approval. On July 14, 2005, the Circuit Court for the City of St. Louis dismissed with prejudice the State Derivative Actions.

As part of the settlements, Charter has committed to a variety of corporate governance changes, internal practices and public disclosures, some of which have already been undertaken and none of which are inconsistent with measures Charter is taking in connection with the recent conclusion of the SEC investigation.

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Government Investigations

In August 2002, Charter became aware of a grand jury investigation being conducted by the U.S. Attorney's Office for the Eastern District of Missouri into certain of its accounting and reporting practices, focusing on how Charter reported customer numbers, and its reporting of amounts received from digital set-top terminal suppliers for advertising. The U.S. Attorney's Office publicly stated that Charter was not a target of the investigation. Charter was also advised by the U.S. Attorney's Office that no current officer or member of its board of directors was a target of the investigation. On July 24, 2003, a federal grand jury charged four former officers of Charter with conspiracy and mail and wire fraud, alleging improper accounting and reporting practices focusing on revenue from digital set-top terminal suppliers and inflated customer account numbers. Each of the indicted former officers pled guilty to single conspiracy counts related to the original mail and wire fraud charges and were sentenced April 22, 2005. Charter fully cooperated with the investigation, and following the sentencings, the U.S. Attorney's Office for the Eastern District of Missouri announced that its investigation was concluded and that no further indictments would issue.

Indemnification

Charter was generally required to indemnify, under certain conditions, each of the named individual defendants in connection with the matters described above pursuant to the terms of its bylaws and (where applicable) such individual defendants' employment agreements. In accordance with these documents, in connection with the grand jury investigation, a now-settled SEC investigation and the above-described lawsuits, some of Charter's current and former directors and current and former officers have been advanced certain costs and expenses incurred in connection with their defense. On February 22, 2005, Charter filed suit against four of its former officers who were indicted in the course of the grand jury investigation. These suits seek to recover the legal fees and other related expenses advanced to these individuals. One of these former officers has counterclaimed against Charter alleging, among other things, that Charter owes him additional indemnification for legal fees that Charter did not pay and another of these former officers has counterclaimed against Charter for accrued sick leave.

Other Litigation

In addition to the matters set forth above, Charter is also party to other lawsuits and claims that arose in the ordinary course of conducting its business. In the opinion of management, after taking into account recorded liabilities, the outcome of these other lawsuits and claims are not expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or its liquidity.

16. Stock Compensation Plans

Prior to January 1, 2003, the Company accounted for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, as permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*. On January 1, 2003, the Company adopted the fair value measurement provisions of SFAS No. 123 using the prospective method, under which the Company recognizes compensation expense of a stock-based award to an employee over the vesting period based on the fair value of the award on the grant date consistent with the method described in Financial Accounting Standards Board Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans*. Adoption of these provisions resulted in utilizing a preferable accounting method as the condensed consolidated financial statements will present the estimated fair value of stock-based compensation in expense consistently with other forms of compensation and other expense associated with goods and services received for equity instruments. In accordance with SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure*, the fair value method is being applied only to awards granted or modified after January 1, 2003, whereas awards granted prior to such date will continue to be accounted for under APB No. 25, unless they are modified or settled in cash. The ongoing effect on consolidated results of operations or financial condition will depend on future stock-based compensation awards granted by the Company.

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SFAS No. 123 requires pro forma disclosure of the impact on earnings as if the compensation expense for these plans had been determined using the fair value method. The following table presents the Company's net loss and loss per share as reported and the pro forma amounts that would have been reported using the fair value method under SFAS No. 123 for the periods presented:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Net loss applicable to common stock	\$ (356)	\$ (416)	\$ (709)	\$ (710)
Add back stock-based compensation expense related to stock				
options included in reported net loss	4	12	8	26
Less employee stock-based compensation expense determined under fair value based method for all employee stock option awards	(4)	(10)	(8)	(31)
Effects of unvested options in stock option exchange	--	--	--	48
Pro forma	<u>\$ (356)</u>	<u>\$ (414)</u>	<u>\$ (709)</u>	<u>\$ (667)</u>
Loss per common shares, basic and diluted				
As reported	\$ (1.18)	\$ (1.39)	\$ (2.34)	\$ (2.39)
Add back stock-based compensation expense related to stock				
options included in reported net loss	0.01	0.04	0.03	0.09
Less employee stock-based compensation expense determined under fair value based method for all employee stock option awards	(0.01)	(0.03)	(0.03)	(0.10)
Effects of unvested options in stock option exchange	--	--	--	0.16
Pro forma	<u>\$ (1.18)</u>	<u>\$ (1.38)</u>	<u>\$ (2.34)</u>	<u>\$ (2.24)</u>

In January 2004, Charter began an option exchange program in which the Company offered its employees the right to exchange all stock options (vested and unvested) under the 1999 Charter Communications Option Plan and 2001 Stock Incentive Plan that had an exercise price over \$10 per share for shares of restricted Charter Class A common stock or, in some instances, cash. Based on a sliding exchange ratio, which varied depending on the exercise price of an employee's outstanding options, if an employee would have received more than 400 shares of restricted stock in exchange for tendered options, Charter issued to that employee shares of restricted stock in the exchange. If, based on the exchange ratios, an employee would have received 400 or fewer shares of restricted stock in exchange for tendered options, Charter instead paid the employee cash in an amount equal to the number of shares the employee would have received multiplied by \$5.00. The offer applied to options (vested and unvested) to purchase a total of 22,929,573 shares of Charter Class A common stock, or approximately 48% of the Company's 47,882,365 total options (vested and unvested) issued and outstanding as of December 31, 2003. Participation by employees was voluntary. Those members of Charter's board of directors who were not also employees of the Company were not eligible to participate in the exchange offer.

In the closing of the exchange offer on February 20, 2004, the Company accepted for cancellation eligible options to purchase approximately 18,137,664 shares of Charter Class A common stock. In exchange, the Company granted 1,966,686 shares of restricted stock, including 460,777 performance shares to eligible employees of the rank of senior vice president and above, and paid a total cash amount of approximately \$4 million (which amount includes applicable withholding taxes) to those employees who received cash rather than shares of restricted stock. The restricted stock was granted on February 25, 2004. Employees tendered approximately 79% of the options exchangeable under the program.

The cost to the Company of the stock option exchange program was approximately \$10 million, with a 2004 cash compensation expense of approximately \$4 million and a non-cash compensation expense of approximately \$6 million to be expensed ratably over the three-year vesting period of the restricted stock issued in the exchange.

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In January 2004, the Compensation Committee of the board of directors of Charter approved Charter's Long-Term Incentive Program ("LTIP"), which is a program administered under the 2001 Stock Incentive Plan. Under the LTIP, employees of Charter and its subsidiaries whose pay classifications exceed a certain level are eligible to receive stock options, and more senior level employees are eligible to receive stock options and performance shares. The stock options vest 25% on each of the first four anniversaries of the date of grant. The performance units vest on the third anniversary of the grant date and shares of Charter Class A common stock are issued, conditional upon Charter's performance against financial performance targets established by Charter's management and approved by its board of directors. Charter granted 6.9 million performance shares in January 2004 under this program and recognized expense of \$3 million and \$6 million during the three and six months ended June 30, 2004, respectively. However, in the fourth quarter of 2004, the Company reversed the \$8 million of expense recorded in the first three quarters of 2004 based on the Company's assessment of the probability of achieving the financial performance measures established by Charter and required to be met for the performance shares to vest. In March and April 2005, Charter granted 2.8 million performance shares under the LTIP. The impact of such grants were de minimis to the Company's results of operations for the three and six months ended June 30, 2005.

17. Related Party Transactions

The following sets forth certain transactions in which the Company and the directors, executive officers and affiliates of the Company are involved. Unless otherwise disclosed, management believes that each of the transactions described below was on terms no less favorable to the Company than could have been obtained from independent third parties.

CC VIII

As part of the acquisition of the cable systems owned by Bresnan Communications Company Limited Partnership in February 2000, CC VIII, Charter's indirect limited liability company subsidiary, issued, after adjustments, 24,273,943 Class A preferred membership units (collectively, the "CC VIII interest") with a value and an initial capital account of approximately \$630 million to certain sellers affiliated with AT&T Broadband, subsequently owned by Comcast Corporation (the "Comcast sellers"). While held by the Comcast sellers, the CC VIII interest was entitled to a 2% priority return on its initial capital account and such priority return was entitled to preferential distributions from available cash and upon liquidation of CC VIII. While held by the Comcast sellers, the CC VIII interest generally did not share in the profits and losses of CC VIII. Mr. Allen granted the Comcast sellers the right to sell to him the CC VIII interest for approximately \$630 million plus 4.5% interest annually from February 2000 (the "Comcast put right"). In April 2002, the Comcast sellers exercised the Comcast put right in full, and this transaction was consummated on June 6, 2003. Accordingly, Mr. Allen has become the holder of the CC VIII interest, indirectly through an affiliate. Consequently, subject to the matters referenced in the next paragraph, Mr. Allen generally thereafter will be allocated his pro rata share (based on number of membership interests outstanding) of profits or losses of CC VIII. In the event of a liquidation of CC VIII, Mr. Allen would be entitled to a priority distribution with respect to the 2% priority return (which will continue to accrete). Any remaining distributions in liquidation would be distributed to CC V Holdings, LLC and Mr. Allen in proportion to CC V Holdings, LLC's capital account and Mr. Allen's capital account (which will equal the initial capital account of the Comcast sellers of approximately \$630 million, increased or decreased by Mr. Allen's pro rata share of CC VIII's profits or losses (as computed for capital account purposes) after June 6, 2003). The limited liability company agreement of CC VIII does not provide for a mandatory redemption of the CC VIII interest.

An issue has arisen as to whether the documentation for the Bresnan transaction was correct and complete with regard to the ultimate ownership of the CC VIII interest following consummation of the Comcast put right. Specifically, under the terms of the Bresnan transaction documents that were entered into in June 1999, the Comcast sellers originally would have received, after adjustments, 24,273,943 Charter Holdco membership units, but due to an FCC regulatory issue raised by the Comcast sellers shortly before closing, the Bresnan transaction was modified to provide that the Comcast sellers instead would receive the preferred equity interests in CC VIII represented by the CC VIII interest. As part of the last-minute changes to the Bresnan transaction documents, a draft amended version of the Charter Holdco limited liability company agreement was prepared, and contract provisions were drafted for that

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agreement that would have required an automatic exchange of the CC VIII interest for 24,273,943 Charter Holdco membership units if the Comcast sellers exercised the Comcast put right and sold the CC VIII interest to Mr. Allen or his affiliates. However, the provisions that would have required this automatic exchange did not appear in the final version of the Charter Holdco limited liability company agreement that was delivered and executed at the closing of the Bresnan transaction. The law firm that prepared the documents for the Bresnan transaction brought this matter to the attention of Charter and representatives of Mr. Allen in 2002.

Thereafter, the board of directors of Charter formed a Special Committee (currently comprised of Messrs. Merritt, Tory and Wangberg) to investigate the matter and take any other appropriate action on behalf of Charter with respect to this matter. After conducting an investigation of the relevant facts and circumstances, the Special Committee determined that a "scrivener's error" had occurred in February 2000 in connection with the preparation of the last-minute revisions to the Bresnan transaction documents and that, as a result, Charter should seek the reformation of the Charter Holdco limited liability company agreement, or alternative relief, in order to restore and ensure the obligation that the CC VIII interest be automatically exchanged for Charter Holdco units. The Special Committee further determined that, as part of such contract reformation or alternative relief, Mr. Allen should be required to contribute the CC VIII interest to Charter Holdco in exchange for 24,273,943 Charter Holdco membership units. The Special Committee also recommended to the board of directors of Charter that, to the extent the contract reformation is achieved, the board of directors should consider whether the CC VIII interest should ultimately be held by Charter Holdco or Charter Holdings or another entity owned directly or indirectly by them.

Mr. Allen disagrees with the Special Committee's determinations described above and has so notified the Special Committee. Mr. Allen contends that the transaction is accurately reflected in the transaction documentation and contemporaneous and subsequent company public disclosures.

The parties engaged in a process of non-binding mediation to seek to resolve this matter, without success. The Special Committee is evaluating what further actions or processes it may undertake to resolve this dispute. To accommodate further deliberation, each party has agreed to refrain from initiating legal proceedings over this matter until it has given at least ten days' prior notice to the other. In addition, the Special Committee and Mr. Allen have determined to utilize the Delaware Court of Chancery's program for mediation of complex business disputes in an effort to resolve the CC VIII interest dispute. If the Special Committee and Mr. Allen are unable to reach a resolution through that mediation process or to agree on an alternative dispute resolution process, the Special Committee intends to seek resolution of this dispute through judicial proceedings in an action that would be commenced, after appropriate notice, in the Delaware Court of Chancery against Mr. Allen and his affiliates seeking contract reformation, declaratory relief as to the respective rights of the parties regarding this dispute and alternative forms of legal and equitable relief. The ultimate resolution and financial impact of the dispute are not determinable at this time.

TechTV, Inc.

TechTV, Inc. ("TechTV") operated a cable television network that offered programming mostly related to technology. Pursuant to an affiliation agreement that originated in 1998 and that terminates in 2008, TechTV has provided the Company with programming for distribution via Charter's cable systems. The affiliation agreement provides, among other things, that TechTV must offer Charter certain terms and conditions that are no less favorable in the affiliation agreement than are given to any other distributor that serves the same number of or fewer TechTV viewing customers. Additionally, pursuant to the affiliation agreement, the Company was entitled to incentive payments for channel launches through December 31, 2003.

In March 2004, Charter Holdco entered into agreements with Vulcan Programming and TechTV, which provide for (i) Charter Holdco and TechTV to amend the affiliation agreement which, among other things, revises the description of the TechTV network content, provides for Charter Holdco to waive certain claims against TechTV relating to alleged breaches of the affiliation agreement and provides for TechTV to make payment of outstanding launch receivables due to Charter Holdco under the affiliation agreement, (ii) Vulcan Programming to pay approximately \$10 million and purchase over a 24-month period, at fair market rates, \$2 million of advertising time across various cable networks on Charter cable systems in consideration of the agreements, obligations, releases and waivers under the agreements and

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in settlement of the aforementioned claims and (iii) TechTV to be a provider of content relating to technology and video gaming for Charter's interactive television platforms through December 31, 2006 (exclusive for the first year). For each of the three and six months ended June 30, 2005 and 2004, the Company recognized approximately \$0.3 million and \$0.6 million, respectively, of the Vulcan Programming payment as an offset to programming expense. For the three and six months ended June 30, 2005, the Company paid approximately \$0.5 million and \$1 million, respectively, and for the three and six months ended June 30, 2004, the Company paid approximately \$0.4 million and \$0.6 million, respectively, under the affiliation agreement.

The Company believes that Vulcan Programming, which is 100% owned by Mr. Allen, owned an approximate 98% equity interest in TechTV at the time Vulcan Programming sold TechTV to an unrelated third party in May 2004. Until September 2003, Mr. Savoy, a former Charter director, was the president and director of Vulcan Programming and was a director of TechTV. Mr. Wangberg, one of Charter's directors, was the chairman, chief executive officer and a director of TechTV. Mr. Wangberg resigned as the chief executive officer of TechTV in July 2002. He remained a director of TechTV along with Mr. Allen until Vulcan Programming sold TechTV.

Digeo, Inc.

In March 2001, a subsidiary of Charter, Charter Communications Ventures, LLC ("Charter Ventures"), and Vulcan Ventures Incorporated formed DBroadband Holdings, LLC for the sole purpose of purchasing equity interests in Digeo, Inc. ("Digeo"), an entity controlled by Paul Allen. In connection with the execution of the broadband carriage agreement, DBroadband Holdings, LLC purchased an equity interest in Digeo funded by contributions from Vulcan Ventures Incorporated. The equity interest is subject to a priority return of capital to Vulcan Ventures up to the amount contributed by Vulcan Ventures on Charter Ventures' behalf. After Vulcan Ventures recovers its amount contributed and any cumulative loss allocations, Charter Ventures has a 100% profit interest in DBroadband Holdings, LLC. Charter Ventures is not required to make any capital contributions, including capital calls, to Digeo. DBroadband Holdings, LLC is therefore not included in the Company's consolidated financial statements. Pursuant to an amended version of this arrangement, in 2003, Vulcan Ventures contributed a total of \$29 million to Digeo, \$7 million of which was contributed on Charter Ventures' behalf, subject to Vulcan Ventures' aforementioned priority return. Since the formation of DBroadband Holdings, LLC, Vulcan Ventures has contributed approximately \$56 million on Charter Ventures' behalf.

On March 2, 2001, Charter Ventures entered into a broadband carriage agreement with Digeo Interactive, LLC ("Digeo Interactive"), a wholly owned subsidiary of Digeo. The carriage agreement provided that Digeo Interactive would provide to Charter a "portal" product, which would function as the television-based Internet portal (the initial point of entry to the Internet) for Charter's customers who received Internet access from Charter. The agreement term was for 25 years and Charter agreed to use the Digeo portal exclusively for six years. Before the portal product was delivered to Charter, Digeo terminated development of the portal product.

On September 27, 2001, Charter and Digeo Interactive amended the broadband carriage agreement. According to the amendment, Digeo Interactive would provide to Charter the content for enhanced "Wink" interactive television services, known as Charter Interactive Channels ("i-channels"). In order to provide the i-channels, Digeo Interactive sublicensed certain Wink technologies to Charter. Charter is entitled to share in the revenues generated by the i-channels. Currently, the Company's digital video customers who receive i-channels receive the service at no additional charge.

On September 28, 2002, Charter entered into a second amendment to its broadband carriage agreement with Digeo Interactive. This amendment superseded the amendment of September 27, 2001. It provided for the development by Digeo Interactive of future features to be included in the Basic i-TV service to be provided by Digeo and for Digeo's development of an interactive "toolkit" to enable Charter to develop interactive local content. Furthermore, Charter could request that Digeo Interactive manage local content for a fee. The amendment provided for Charter to pay for development of the Basic i-TV service as well as license fees for customers who would receive the service, and for Charter and Digeo to split certain revenues earned from the service. The Company paid Digeo Interactive

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approximately \$1 million and \$1 million for the three and six months ended June 30, 2005, respectively, and \$1 million and \$1 million for the three and six months ended June 30, 2004, respectively, for customized development of the i-channels and the local content tool kit. This amendment expired pursuant to its terms on December 31, 2003. Digeo Interactive is continuing to provide the Basic i-TV service on a month-to-month basis.

On June 30, 2003, Charter Holdco entered into an agreement with Motorola, Inc. for the purchase of 100,000 digital video recorder ("DVR") units. The software for these DVR units is being supplied by Digeo Interactive, LLC under a license agreement entered into in April 2004. Under the license agreement Digeo Interactive granted to Charter Holdco the right to use Digeo's proprietary software for the number of DVR units that Charter deployed from a maximum of 10 headends through year-end 2004. This maximum number of headends was increased from 10 to 15 pursuant to a letter agreement executed on June 11, 2004 and the date for entering into license agreements for units deployed was extended to June 30, 2005. The number of headends was increased from 15 to 20 pursuant to a letter agreement dated August 4, 2004, from 20 to 30 pursuant to a letter agreement dated September 28, 2004 and from 30 to 50 headends by a letter agreement in February 2005. The license granted for each unit deployed under the agreement is valid for five years. In addition, Charter will pay certain other fees including a per-headend license fee and maintenance fees. Maximum license and maintenance fees during the term of the agreement are expected to be approximately \$7 million. The agreement provides that Charter is entitled to receive contract terms, considered on the whole, and license fees, considered apart from other contract terms, no less favorable than those accorded to any other Digeo customer. Charter paid approximately \$0.1 million and \$0.2 million in license and maintenance fees for the three and six months ended June 30, 2005, respectively.

In April 2004, the Company launched DVR service using units containing the Digeo software in Charter's Rochester, Minnesota market using a broadband media center that is an integrated set-top terminal with a cable converter, DVR hard drive and connectivity to other consumer electronics devices (such as stereos, MP3 players, and digital cameras).

In May 2004, Charter Holdco entered into a binding term sheet with Digeo Interactive for the development, testing and purchase of 70,000 Digeo PowerKey DVR units. The term sheet provided that the parties would proceed in good faith to negotiate, prior to year-end 2004, definitive agreements for the development, testing and purchase of the DVR units and that the parties would enter into a license agreement for Digeo's proprietary software on terms substantially similar to the terms of the license agreement described above. In November 2004, Charter Holdco and Digeo Interactive executed the license agreement and in December 2004, the parties executed the purchase agreement, each on terms substantially similar to the binding term sheet. Product development and testing has been completed. Total purchase price and license and maintenance fees during the term of the definitive agreements are expected to be approximately \$41 million. The definitive agreements are terminable at no penalty to Charter in certain circumstances. Charter paid approximately \$1 million and \$2 million in capital purchases under this agreement for the three and six months ended June 30, 2005, respectively.

In late 2003, Microsoft sued Digeo for \$9 million in a breach of contract action, involving an agreement that Digeo and Microsoft had entered into in 2001. Digeo informed us that it believed it had an indemnification claim against us for half that amount. Digeo settled with Microsoft agreeing to make a cash payment and to purchase certain amounts of Microsoft software products and consulting services through 2008. In consideration of Digeo agreeing to release us from its potential claim against us, after consultation with outside counsel we agreed, in June 2005, to purchase a total of \$2.3 million in Microsoft consulting services through 2008, a portion of which amounts Digeo has informed us will count against Digeo's purchase obligations with Microsoft.

The Company believes that Vulcan Ventures, an entity controlled by Mr. Allen, owns an approximate 60% equity interest in Digeo, Inc., on a fully-converted non-diluted basis. Mr. Allen, Lance Conn and Jo Allen Patton, directors of Charter, are directors of Digeo, and Mr. Vogel was a director of Digeo in 2004. During 2004 and 2005, Mr. Vogel held options to purchase 10,000 shares of Digeo common stock.

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(dollars in millions, except per share amounts and where indicated)

Oxygen Media LLC

Oxygen Media LLC ("Oxygen") provides programming content aimed at the female audience for distribution over cable systems and satellite. On July 22, 2002, Charter Holdco entered into a carriage agreement with Oxygen, whereby the Company agreed to carry programming content from Oxygen. Under the carriage agreement, the Company currently makes Oxygen programming available to approximately 5 million of its video customers. The term of the carriage agreement was retroactive to February 1, 2000, the date of launch of Oxygen programming by the Company, and runs for a period of five years from that date. For the three and six months ended June 30, 2005, the Company paid Oxygen approximately \$2 million and \$5 million, respectively, and for the three and six months ended June 30, 2004, the Company paid Oxygen approximately \$3 million and \$7 million, respectively, for programming content. In addition, Oxygen pays the Company marketing support fees for customers launched after the first year of the term of the carriage agreement up to a total of \$4 million. The Company recorded approximately \$0.1 million related to these launch incentives as a reduction of programming expense for the six months ended June 30, 2005, and \$0.4 million and \$0.7 million for the three and six months ended June 30, 2004, respectively.

Concurrently with the execution of the carriage agreement, Charter Holdco entered into an equity issuance agreement pursuant to which Oxygen's parent company, Oxygen Media Corporation ("Oxygen Media"), granted a subsidiary of Charter Holdco a warrant to purchase 2.4 million shares of Oxygen Media common stock for an exercise price of \$22.00 per share. In February 2005, this warrant expired unexercised. Charter Holdco was also to receive unregistered shares of Oxygen Media common stock with a guaranteed fair market value on the date of issuance of \$34 million, on or prior to February 2, 2005, with the exact date to be determined by Oxygen Media, but this commitment was later revised as discussed below.

The Company recognized the guaranteed value of the investment over the life of the carriage agreement as a reduction of programming expense. For the six months ended June 30, 2005, the Company recorded approximately \$2 million, as a reduction of programming expense and for the three and six months ended June 30, 2004, the Company recorded approximately \$3 million and \$7 million, respectively. The carrying value of the Company's investment in Oxygen was approximately \$33 million and \$32 million as of June 30, 2005 and December 31, 2004, respectively.

In August 2004, Charter Holdco and Oxygen entered into agreements that amended and renewed the carriage agreement. The amendment to the carriage agreement (a) revises the number of the Company's customers to which Oxygen programming must be carried and for which the Company must pay, (b) releases Charter Holdco from any claims related to the failure to achieve distribution benchmarks under the carriage agreement, (c) requires Oxygen to make payment on outstanding receivables for marketing support fees due to the Company under the carriage agreement; and (d) requires that Oxygen provide its programming content to the Company on economic terms no less favorable than Oxygen provides to any other cable or satellite operator having fewer subscribers than the Company. The renewal of the carriage agreement (a) extends the period that the Company will carry Oxygen programming to the Company's customers through January 31, 2008, and (b) requires license fees to be paid based on customers receiving Oxygen programming, rather than for specific customer benchmarks.

In August 2004, Charter Holdco and Oxygen also amended the equity issuance agreement to provide for the issuance of 1 million shares of Oxygen Preferred Stock with a liquidation preference of \$33.10 per share plus accrued dividends to Charter Holdco on February 1, 2005 in place of the \$34 million of unregistered shares of Oxygen Media common stock. Oxygen Media delivered these shares in March 2005. The preferred stock is convertible into common stock after December 31, 2007 at a conversion ratio per share of preferred stock, the numerator of which is the liquidation preference and the denominator of which is the fair market value per share of Oxygen Media common stock on the conversion date.

As of June 30, 2005, through Vulcan Programming, Mr. Allen owned an approximate 31% interest in Oxygen assuming no exercises of outstanding warrants or conversion or exchange of convertible or exchangeable securities. Ms. Jo Allen Patton is a director and the President of Vulcan Programming. Mr. Lance Conn is a Vice President of Vulcan Programming. Marc Nathanson has an indirect beneficial interest of less than 1% in Oxygen.

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(dollars in millions, except per share amounts and where indicated)

18. Recently Issued Accounting Standards

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 153, *Exchanges of Non-monetary Assets - An Amendment of APB No. 29*. This statement eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance - that is, transactions that are not expected to result in significant changes in the cash flows of the reporting entity. The Company adopted this pronouncement effective April 1, 2005. The exchange transaction discussed in Note 3 was accounted for under this standard.

In December 2004, the Financial Accounting Standards Board issued the revised SFAS No. 123, *Share-Based Payment*, which addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for (a) equity instruments of that company or (b) liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. This statement will be effective for the Company beginning January 1, 2006. Because the Company adopted the fair value recognition provisions of SFAS No. 123 on January 1, 2003, the Company does not expect this revised standard to have a material impact on its financial statements.

Charter does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the Company's accompanying financial statements.

19. Subsequent Events

On July 29, 2005, we issued 27.2 million shares of Class A common stock in a public offering, which was effected pursuant to an effective registration statement that initially covered the issuance and sale of up to 150 million shares of Class A common stock. The shares were issued pursuant to a share lending agreement, pursuant to which Charter had previously agreed to loan up to 150 million shares to CGML. Because less than the full 150 million shares covered by the share lending agreement were sold in the offering, we remain obligated to issue, at CGML's request, up to an additional 122.8 million additional loaned shares in subsequent registered public offerings pursuant to the share lending agreement.

This offering of Charter's Class A common stock was conducted to facilitate transactions by which investors in Charter's 5.875% convertible senior notes due 2009 issued on November 22, 2004 hedged their investments in the convertible senior notes. Charter did not receive any of the proceeds from the sale of this Class A common stock. However, under the share lending agreement, Charter received a loan fee of \$.001 for each share that it lends to CGML.

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

Charter Communications, Inc. ("Charter") is a holding company whose principal assets as of June 30, 2005 are a 47% controlling common equity interest in Charter Communications Holding Company, LLC ("Charter Holdco") and "mirror" notes which are payable by Charter Holdco to Charter and have the same principal amount and terms as Charter's convertible senior notes. "We," "us" and "our" refer to Charter and its subsidiaries. We are a broadband communications company operating in the United States. We offer our customers traditional cable video programming (analog and digital video) as well as high-speed Internet services and in some areas advanced broadband services such as high definition television, video on demand, telephone and interactive television. We sell our cable video programming, high-speed Internet and advanced broadband services on a subscription basis.

The following table summarizes our customer statistics for analog and digital video, residential high-speed Internet and residential telephone as of June 30, 2005 and 2004:

	<u>Approximate as of</u>	
	<u>June 30,</u> <u>2005 (a)</u>	<u>June 30,</u> <u>2004 (a)</u>
Cable Video Services:		
Analog Video:		
Residential (non-bulk) analog video customers (b)	5,683,400	5,892,600
Multi-dwelling (bulk) and commercial unit customers (c)	259,700	240,600
Total analog video customers (b)(c)	5,943,100	6,133,200
Digital Video:		
Digital video customers (d)	2,685,600	2,650,200
Non-Video Cable Services:		
Residential high-speed Internet customers (e)	2,022,200	1,711,400
Telephone customers (f)	67,800	31,200

(a) "Customers" include all persons our corporate billing records show as receiving service (regardless of their payment status), except for complimentary accounts (such as our employees). At June 30, 2005 and 2004, "customers" include approximately 45,100 and 58,700 persons whose accounts were over 60 days past due in payment, approximately 8,200 and 6,300 persons whose accounts were over 90 days past due in payment, and approximately 4,500 and 2,000 of which were over 120 days past due in payment, respectively.

(b) "Residential (non-bulk) analog video customers" include all customers who receive video services, except for complimentary accounts (such as our employees).

(c) Included within "video customers" are those in commercial and multi-dwelling structures, which are calculated on an equivalent bulk unit ("EBU") basis. EBU is calculated for a system by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. The EBU method of estimating analog video customers is consistent with the methodology used in determining costs paid to programmers and has been consistently applied year over year. As we increase our effective analog prices to residential customers without a corresponding increase in the prices charged to commercial service or multi-dwelling customers, our EBU count will decline even if there is no real loss in commercial service or multi-dwelling customers.

(d) "Digital video customers" include all households that have one or more digital set-top terminals. Included in "digital

video customers" on June 30, 2005 and 2004 are approximately 9,700 and 11,400 customers, respectively, that receive digital video service directly through satellite transmission.

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- (e) "High-speed Internet customers" represent those customers who subscribe to our high-speed Internet service. At June 30, 2005 and 2004, approximately 1,787,600 and 1,543,000 of these high-speed Internet customers, respectively, receive video services from us and are included within our video statistics above.
- (f) "Telephone customers" include all households who subscribe to our telephone service.

Overview of Operations

We have a history of net losses. Further, we expect to continue to report net losses for the foreseeable future. Our net losses are principally attributable to insufficient revenue to cover the combination of operating costs and interest costs we incur because of our high level of debt, depreciation expenses that we incur resulting from the capital investments we have made and continue to make in our business, and amortization and impairment of our franchise intangibles. We expect that these expenses (other than amortization and impairment of franchises) will remain significant, and we therefore expect to continue to report net losses for the foreseeable future. Additionally, reported losses allocated to minority interest on the statement of operations are limited to the extent of any remaining minority interest balance on the balance sheet related to Charter Holdco. Because minority interest in Charter Holdco is substantially eliminated, Charter absorbs substantially all losses before income taxes that otherwise would be allocated to minority interest. Subject to any changes in Charter Holdco's capital structure, future losses will continue to be absorbed by Charter. Effective January 1, 2005, we ceased recognizing minority interest in earnings or losses of CC VIII, LLC for financial reporting purposes until the resolution of the dispute between Charter and Mr. Allen regarding the preferred membership units in CC VIII, LLC is determinable or other events occur.

For the three months ended June 30, 2005 and 2004, our income from operations, which includes depreciation and amortization expense and asset impairment charges but excludes interest expense, was \$110 million and \$15 million, respectively, and for the six months ended June 30, 2005 and 2004, our income from operations was \$161 million and \$190 million, respectively. We had operating margins of 8% and 1% for the three months ended June 30, 2005 and 2004, respectively, and 6% and 8% for the six months ended June 30, 2005 and 2004, respectively. The increase in income from operations and operating margins from the three months ended June 30, 2004 compared to 2005 was principally due to approximately \$85 million recorded in special charges for the three months ended June 30, 2004 as part of the terms set forth in memoranda of understanding regarding settlement of the consolidated Federal Class Action and Federal Derivative Action which did not recur in 2005. See "— Legal Proceedings." The decrease in income from operations and operating margins from the six months ended June 30, 2004 compared to 2005 was principally due to the one-time gain as a result of the sale of certain cable systems in Florida, Pennsylvania, Maryland, Delaware and West Virginia to Atlantic Broadband Finance, LLC of approximately \$106 million, recognized in the six months ended June 30, 2004, offset by \$85 million recorded in special charges discussed above.

Historically, our ability to fund operations and investing activities has depended on our continued access to credit under our credit facilities. We expect we will continue to borrow under our credit facilities from time to time to fund cash needs. The occurrence of an event of default under our credit facilities could result in borrowings from these credit facilities being unavailable to us and could, in the event of a payment default or acceleration, also trigger events of default under the indentures governing our outstanding notes and would have a material adverse effect on us. Approximately \$15 million of our debt matures during the remainder of 2005, which we expect to fund through borrowings under our revolving credit facility. See "— Liquidity and Capital Resources."

Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and the means by which we develop estimates therefor, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2004 Annual Report on Form 10-K.

Table of Contents**RESULTS OF OPERATIONS****Three Months Ended June 30, 2005 Compared to Three Months Ended June 30, 2004**

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

	Three Months Ended June 30,			
	2005		2004	
Revenues	\$ 1,323	100%	\$ 1,239	100%
Costs and expenses:				
Operating (excluding depreciation and amortization)	569	43%	515	42%
Selling, general and administrative	256	19%	244	20%
Depreciation and amortization	378	29%	364	29%
Asset impairment charges	8	1%	--	--
Loss on sale of assets, net	--	--	2	--
Option compensation expense, net	4	--	12	1%
Special charges, net	(2)	--	87	7%
	<u>1,213</u>	<u>92%</u>	<u>1,224</u>	<u>99%</u>
Income from operations	<u>110</u>	<u>8%</u>	<u>15</u>	<u>1%</u>
Interest expense, net	(451)		(410)	
Gain (loss) on derivative instruments and hedging activities, net	(1)		63	
Loss on debt to equity conversions	--		(15)	
Gain (loss) on extinguishment of debt	1		(21)	
Gain on investments	20		2	
	<u>(431)</u>		<u>(381)</u>	
Loss before minority interest and income taxes	(321)		(366)	
Minority interest	(3)		(6)	
Loss before income taxes	(324)		(372)	
Income tax expense	(31)		(43)	
Net loss	(355)		(415)	
Dividends on preferred stock - redeemable	(1)		(1)	

Net loss applicable to common stock	\$ <u>(356)</u>	\$ <u>(416)</u>
Loss per common share, basic and diluted	\$ <u>(1.18)</u>	\$ <u>(1.39)</u>
Weighted average common shares outstanding, basic and diluted	<u>303,620,347</u>	<u>300,522,815</u>

Revenues. Revenues increased by \$84 million, or 7%, from \$1.2 billion for the three months ended June 30, 2004 to \$1.3 billion for the three months ended June 30, 2005. This increase is principally the result of an increase of 310,800 high-speed Internet and 35,400 digital video customers, as well as price increases for video and high-speed Internet services, and is offset partially by a decrease of 190,100 analog video customers. Our goal is to increase revenues by improving customer service which we believe will stabilize our analog video customer base, implementing price increases on certain services and packages and increasing the number of customers who purchase high-speed Internet services, digital video and advanced products and services such as telephone, video on demand ("VOD"), high definition television and digital video recorder service.

Average monthly revenue per analog video customer increased to \$73.94 for the three months ended June 30, 2005 from \$67.02 for the three months ended June 30, 2004 primarily as a result of incremental revenues from advanced

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services and price increases. Average monthly revenue per analog video customer represents total quarterly revenue, divided by three, divided by the average number of analog video customers during the respective period.

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

	Three Months Ended June 30,					
	2005		2004		2005 over 2004	
	<u>Revenues</u>	<u>% of Revenues</u>	<u>Revenues</u>	<u>% of Revenues</u>	<u>Change</u>	<u>% Change</u>
Video	\$ 861	65%	\$ 846	68%	\$ 15	2%
High-speed Internet	226	17%	181	15%	45	25%
Advertising sales	76	6%	73	6%	3	4%
Commercial	69	5%	58	5%	11	19%
Other	91	7%	81	6%	10	12%
	<u>\$ 1,323</u>	<u>100%</u>	<u>\$ 1,239</u>	<u>100%</u>	<u>\$ 84</u>	<u>7%</u>

Video revenues consist primarily of revenues from analog and digital video services provided to our non-commercial customers. Video revenues increased by \$15 million, or 2%, from \$846 million for the three months ended June 30, 2004 to \$861 million for the three months ended June 30, 2005. Approximately \$35 million of the increase was the result of price increases and incremental video revenues from existing customers and approximately \$3 million was the result of an increase in digital video customers. The increase was offset by approximately \$23 million as a result of a decrease in analog video customers.

Revenues from high-speed Internet services provided to our non-commercial customers increased \$45 million, or 25%, from \$181 million for the three months ended June 30, 2004 to \$226 million for the three months ended June 30, 2005. Approximately \$34 million of the increase related to the increase in the average number of customers receiving high-speed Internet services, whereas approximately \$11 million related to the increase in average price of the service.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors. Advertising sales increased \$3 million, or 4%, from \$73 million for the three months ended June 30, 2004 to \$76 million for the three months ended June 30, 2005, primarily as a result of an increase in local advertising sales offset by a decline in national advertising sales. For each of the three months ended June 30, 2005 and 2004, we received \$3 million in advertising sales revenues from vendors.

Commercial revenues consist primarily of revenues from cable video and high-speed Internet services to our commercial customers. Commercial revenues increased \$11 million, or 19%, from \$58 million for the three months ended June 30, 2004 to \$69 million for the three months ended June 30, 2005, primarily as a result of an increase in commercial high-speed Internet revenues.

Other revenues consist of revenues from franchise fees, telephone revenue, equipment rental, customer installations, home shopping, dial-up Internet service, late payment fees, wire maintenance fees and other miscellaneous revenues. Other revenues increased \$10 million, or 12%, from \$81 million for the three months ended June 30, 2004 to \$91 million for the three months ended June 30, 2005. The increase was primarily the result of an increase in telephone revenue of \$4 million, franchise fees of \$3 million and installation revenue of \$2 million.

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Operating Expenses. Operating expenses increased \$54 million, or 10%, from \$515 million for the three months ended June 30, 2004 to \$569 million for the three months ended June 30, 2005. Programming costs included in the accompanying condensed consolidated statements of operations were \$351 million and \$329 million, representing 29% and 27% of total costs and expenses for the three months ended June 30, 2005 and 2004, respectively. Key expense components as a percentage of revenues were as follows (dollars in millions):

	Three Months Ended June 30,					
	2005		2004		2005 over 2004	
	Expenses	% of Revenues	Expenses	% of Revenues	Change	% Change
Programming	\$ 351	26%	\$ 329	27%	\$ 22	7%
Advertising sales	25	2%	25	2%	--	--
Service	193	15%	161	13%	32	20%
	<u>\$ 569</u>	<u>43%</u>	<u>\$ 515</u>	<u>42%</u>	<u>\$ 54</u>	<u>10%</u>

Programming costs consist primarily of costs paid to programmers for analog, premium, digital channels, VOD and pay-per-view programming. The increase in programming costs of \$22 million, or 7%, for the three months ended June 30, 2005 over the three months ended June 30, 2004, was a result of price increases, particularly in sports programming, partially offset by a decrease in analog video customers. Programming costs for the three months ended June 30, 2005, also include an \$8 million reduction related to changes in estimates of programming related liabilities associated with contract renewals. Additionally, programming costs were offset by the amortization of payments received from programmers in support of launches of new channels of \$9 million and \$14 million for the three months ended June 30, 2005 and 2004, respectively.

Our cable programming costs have increased in every year we have operated in excess of U.S. inflation and cost-of-living increases, and we expect them to continue to increase because of a variety of factors, including inflationary or negotiated annual increases, additional programming being provided to customers and increased costs to purchase or produce programming. In 2005, programming costs have and we expect they will continue to increase at a higher rate than in 2004. These costs will be determined in part on the outcome of programming negotiations in 2005 and will likely be subject to offsetting events or otherwise affected by factors similar to the ones mentioned in the preceding paragraph. Our increasing programming costs will result in declining operating margins for our video services to the extent we are unable to pass on cost increases to our customers. We expect to partially offset any resulting margin compression from our traditional video services with revenue from advanced video services, increased high-speed Internet revenues, advertising revenues and commercial service revenues.

Advertising sales expenses consist of costs related to traditional advertising services provided to advertising customers, including salaries, benefits and commissions. Advertising sales expenses remained essentially flat for the three months ended June 30, 2005 compared to the three months ended June 30, 2004. Service costs consist primarily of service personnel salaries and benefits, franchise fees, system utilities, Internet service provider fees, maintenance and pole rent expense. The increase in service costs of \$32 million, or 20%, resulted primarily from increased labor and maintenance costs to support our infrastructure, increased equipment maintenance, an increase in franchise fees as a result of increased revenues and higher fuel prices.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$12 million, or 5%, from \$244 million for the three months ended June 30, 2004 to \$256 million for the three months ended June 30, 2005. Key components of expense as a percentage of revenues were as follows (dollars in millions):

	Three Months Ended June 30,					
	2005		2004		2005 over 2004	
	Expenses	% of Revenues	Expenses	% of Revenues	Change	% Change
General and administrative	\$ 225	17%	\$ 208	17%	\$ 17	8%
Marketing	31	2%	36	3%	(5)	(14)%
	<u>\$ 256</u>	<u>19%</u>	<u>\$ 244</u>	<u>20%</u>	<u>\$ 12</u>	<u>5%</u>

General and administrative expenses consist primarily of salaries and benefits, rent expense, billing costs, call center costs, internal network costs, bad debt expense and property taxes. The increase in general and administrative expenses of \$17 million, or 8%, resulted primarily from increases in salaries and benefits of \$9 million, property taxes of \$8 million and professional fees of \$8 million offset by decreases in bad debt expense of \$5 million.

Marketing expenses decreased \$5 million, or 14%, as a result of a decrease in expenditures as a result of disciplined spending and more targeted marketing tactics. We expect marketing expenditures to increase for the remainder of 2005.

Depreciation and Amortization. Depreciation and amortization expense increased by \$14 million, or 4%, from \$364 million for the three months ended June 30, 2004 to \$378 million for the three months ended June 30, 2005. The increase in depreciation was related to an increase in capital expenditures.

Asset Impairment Charges. Asset impairment charges for the three months ended June 30, 2005 represent the write-down of assets related to a pending cable asset sale to fair value less costs to sell. See Note 3 to the condensed consolidated financial statements.

Loss on Sale of Assets, Net. The loss on sale of assets of \$2 million for the three months ended June 30, 2004 primarily represents a \$3 million pretax loss realized on the sale of the New York system to Atlantic Broadband Finance, LLC which closed on April 30, 2004, partially offset by a \$1 million gain recognized on the sale of fixed assets.

Option Compensation Expense, Net. Option compensation expense decreased by \$8 million, or 67%, from \$12 million for the three months ended June 30, 2004 to \$4 million for the three months ended June 30, 2005 primarily as a result of a decrease in the fair value of such options related to a decrease in the price of our Class A common stock combined with a decrease in the number of options issued.

Special Charges, Net. Special charges of \$(2) million for the three months ended June 30, 2005 primarily represents an agreed upon cash discount on settlement of the consolidated Federal Class Action and Federal Derivative Action. See "— Legal Proceedings." Special charges of \$87 million for the three months ended June 30, 2004 represents approximately \$85 million as part of the terms set forth in memoranda of understanding regarding settlement of the consolidated Federal Class Action and Federal Derivative Action, subject to final documentation and court approval, and approximately \$2 million of severance and related costs of our workforce reduction.

Interest Expense, Net. Net interest expense increased by \$41 million, or 10%, from \$410 million for the three months ended June 30, 2004 to \$451 million for the three months ended June 30, 2005. The increase in net interest expense was a result of approximately \$9 million of liquidated damages on our 5.875% convertible senior notes combined with an increase in our average borrowing rate from 8.77% in the second quarter of 2004 to 8.92% in the second quarter of 2005 and an increase of \$930 million in average debt outstanding from \$18.3 billion for the second quarter of 2004 compared to \$19.2 billion for the second quarter of 2005. This was offset partially by \$8 million in gains related to embedded derivatives in Charter's 5.875% convertible senior notes issued in November 2004. See Note 9 to the condensed consolidated financial statements.

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Gain (Loss) on Derivative Instruments and Hedging Activities, Net. Net gain on derivative instruments and hedging activities decreased \$64 million from a gain of \$63 million for the three months ended June 30, 2004 to a loss of \$1 million for the three months ended June 30, 2005. The decrease is primarily the result of a decrease in gains on interest rate agreements that do not qualify for hedge accounting under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which decreased from a gain of \$60 million for the three months ended June 30, 2004 to a loss of \$1 million for the three months ended June 30, 2005.

Loss on Debt to Equity Conversions. Loss on debt to equity conversions of \$15 million for the three months ended June 30, 2004 represents the loss recognized from a privately negotiated exchange of \$20 million principal amount of Charter's 5.75% convertible senior notes held by a single unrelated party for shares of Charter Class A common stock, which resulted in the issuance of more shares in the exchange transaction than would have been issued pursuant to the original terms of the convertible senior notes.

Gain (Loss) on Extinguishment of Debt. Gain on extinguishment of debt of \$1 million for the three months ended June 30, 2005 represents approximately \$3 million related to the repurchase of \$97 million principal amount of our 4.75% convertible senior notes due 2006 offset by a loss on extinguishment of debt of approximately \$1 million related to the issuance of \$62 million principal amount of Charter Operating notes in exchange for \$62 million principal amount of Charter Holdings notes. See Note 6 to the condensed consolidated financial statements. Loss on extinguishment of debt of \$21 million for the three months ended June 30, 2004 represents the write-off of deferred financing fees and third party costs related to the Charter Operating refinancing in April 2004.

Gain on investments. Gain on investments increased from \$2 million for the three months ended June 30, 2004 to \$20 million for the three months ended June 30, 2005 primarily as a result of a gain realized on an exchange of our interest in an equity investee for an investment in a larger enterprise.

Minority Interest. Minority interest represents the 2% accretion of the preferred membership interests in our indirect subsidiary, CC VIII, LLC, and in the second quarter of 2004, the pro rata share of the profits and losses of CC VIII, LLC. Effective January 1, 2005, we ceased recognizing minority interest in earnings or losses of CC VIII for financial reporting purposes until the dispute between Charter and Mr. Allen regarding the preferred membership interests in CC VIII is resolved. See Note 7 to the condensed consolidated financial statements. Additionally, reported losses allocated to minority interest on the statement of operations are limited to the extent of any remaining minority interest on the balance sheet related to Charter Holdco. Because minority interest in Charter Holdco is substantially eliminated, Charter absorbs substantially all losses before income taxes that otherwise would be allocated to minority interest. Subject to any changes in Charter Holdco's capital structure, future losses will continue to be substantially absorbed by Charter.

Income Tax Expense. Income tax expense of \$31 million and \$43 million was recognized for the three months ended June 30, 2005 and 2004, respectively. The income tax expense is recognized through increases in deferred tax liabilities related to our investment in Charter Holdco, as well as through current federal and state income tax expense and increases in the deferred tax liabilities of certain of our indirect corporate subsidiaries.

Net Loss. Net loss decreased by \$60 million, or 14%, from \$415 million for the three months ended June 30, 2004 to \$355 million for the three months ended June 30, 2005 as a result of the factors described above.

Preferred Stock Dividends. On August 31, 2001, Charter issued 505,664 shares (and on February 28, 2003 issued an additional 39,595 shares) of Series A Convertible Redeemable Preferred Stock in connection with the Cable USA acquisition, on which Charter pays or accrues a quarterly cumulative cash dividend at an annual rate of 5.75% if paid or 7.75% if accrued on a liquidation preference of \$100 per share. Beginning January 1, 2005, Charter is accruing the dividend on its Series A Convertible Redeemable Preferred Stock.

Loss Per Common Share. The loss per common share decreased by \$0.21 from \$1.39 per common share for the three months ended June 30, 2004 to \$1.18 per common share for the three months ended June 30, 2005 as a result of the factors described above.

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Six Months Ended June 30, 2005 Compared to Six Months Ended June 30, 2004

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

	<u>Six Months Ended June 30,</u>			
	<u>2005</u>		<u>2004</u>	
Revenues	\$ 2,594	100%	\$ 2,453	100%
Costs and expenses:				
Operating (excluding depreciation and amortization)	1,128	44%	1,027	42%
Selling, general and administrative	493	19%	483	19%
Depreciation and amortization	759	29%	734	30%
Asset impairment charges	39	2%	--	--
(Gain) loss on sale of assets, net	4	--	(104)	(4)%
Option compensation expense, net	8	--	26	1%
Special charges, net	2	--	97	4%
	<u>2,433</u>	<u>94%</u>	<u>2,263</u>	<u>92%</u>
Income from operations	<u>161</u>	6%	<u>190</u>	8%
Interest expense, net	(871)		(803)	
Gain on derivative instruments and hedging activities, net	26		56	
Loss on debt to equity conversions	--		(23)	
Gain (loss) on extinguishment of debt	8		(21)	
Gain on investments	21		--	
	<u>(816)</u>		<u>(791)</u>	
Loss before minority interest and income taxes	(655)		(601)	
Minority interest	<u>(6)</u>		<u>(10)</u>	
Loss before income taxes	(661)		(611)	
Income tax expense	<u>(46)</u>		<u>(97)</u>	
Net loss	(707)		(708)	
Dividends on preferred stock - redeemable	<u>(2)</u>		<u>(2)</u>	
Net loss applicable to common stock	<u>\$ (709)</u>		<u>\$ (710)</u>	
Loss per common share, basic and diluted	<u>\$ (2.34)</u>		<u>\$ (2.39)</u>	

Weighted average common shares outstanding, basic

and diluted

303,465,474297,814,091

Revenues. Revenues increased by \$141 million, or 6%, from \$2.5 billion for the six months ended June 30, 2004 to \$2.6 billion for the six months ended June 30, 2005. This increase is principally the result of an increase of 310,800 and 35,400 high-speed Internet and digital video customers, respectively, as well as price increases for video and high-speed Internet services, and is offset partially by a decrease of 190,100 analog video customers. The cable system sales to Atlantic Broadband Finance, LLC, which closed in March and April 2004 (referred to herein as the "System Sales") reduced the increase in revenues by \$29 million. Our goal is to increase revenues by improving customer service which we believe will stabilize our analog video customer base, implementing price increases on certain services and packages and increasing the number of customers who purchase high-speed Internet services, digital video and advanced products and services such as telephone, VOD, high definition television and digital video recorder service.

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Average monthly revenue per analog video customer increased to \$72.38 for the six months ended June 30, 2005 from \$65.39 for the six months ended June 30, 2004 primarily as a result of incremental revenues from advanced services and price increases. Average monthly revenue per analog video customer represents total revenue for the six months ended during the respective period, divided by six, divided by the average number of analog video customers during the respective period.

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

	Six Months Ended June 30,					
	2005		2004		2005 over 2004	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	\$ 1,703	66%	\$ 1,695	69%	\$ 8	--
High-speed Internet	441	17%	349	14%	92	26%
Advertising sales	140	5%	132	5%	8	6%
Commercial	134	5%	114	5%	20	18%
Other	176	7%	163	7%	13	8%
	<u>\$ 2,594</u>	<u>100%</u>	<u>\$ 2,453</u>	<u>100%</u>	<u>\$ 141</u>	<u>6%</u>

Video revenues consist primarily of revenues from analog and digital video services provided to our non-commercial customers. Video revenues increased by \$8 million for the six months ended June 30, 2005 compared to the six months ended June 30, 2004. Approximately \$68 million of the increase was the result of price increases and incremental video revenues from existing customers and approximately \$8 million resulted from an increase in digital video customers. The increases were offset by decreases of approximately \$21 million resulting from the System Sales and approximately an additional \$47 million related to a decrease in analog video customers.

Revenues from high-speed Internet services provided to our non-commercial customers increased \$92 million, or 26%, from \$349 million for the six months ended June 30, 2004 to \$441 million for the six months ended June 30, 2005. Approximately \$68 million of the increase related to the increase in the average number of customers receiving high-speed Internet services, whereas approximately \$27 million related to the increase in average price of the service. The increase in high-speed Internet revenues was reduced by approximately \$3 million as a result of the System Sales.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers and other vendors. Advertising sales increased \$8 million, or 6%, from \$132 million for the six months ended June 30, 2004 to \$140 million for the six months ended June 30, 2005, primarily as a result of an increase in new advertising sales customers and in advertising rates. The increase was offset by a decrease of \$1 million as a result of the System Sales. For the six months ended June 30, 2005 and 2004, we received \$7 million and \$6 million in advertising sales revenues from vendors.

Commercial revenues consist primarily of revenues from cable video and high-speed Internet services to our commercial customers. Commercial revenues increased \$20 million, or 18%, from \$114 million for the six months ended June 30, 2004 to \$134 million for the six months ended June 30, 2005, primarily as a result of an increase in commercial high-speed Internet revenues. The increase was reduced by approximately \$2 million as a result of the System Sales.

Other revenues consist of revenues from franchise fees, telephone revenue, equipment rental, customer installations, home shopping, dial-up Internet service, late payment fees, wire maintenance fees and other miscellaneous revenues. Other revenues increased \$13 million, or 8%, from \$163 million for the six months ended June 30, 2004 to \$176 million for the six months ended June 30, 2005. The increase was primarily the result of an increase in telephone revenue of \$6 million, installation revenue of \$5 million and franchise fees of \$4 million and was partially offset by approximately \$2 million as a result of the System Sales.

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Operating Expenses. Operating expenses increased \$101 million, or 10%, from \$1.0 billion for the six months ended June 30, 2004 to \$1.1 billion for the six months ended June 30, 2005. The increase in operating expenses was reduced by \$12 million as a result of the System Sales. Programming costs included in the accompanying condensed consolidated statements of operations were \$709 million and \$663 million, representing 29% of total costs and expenses for each of the six months ended June 30, 2005 and 2004, respectively. Key expense components as a percentage of revenues were as follows (dollars in millions):

	Six Months Ended June 30,					
	2005		2004		2005 over 2004	
	Expenses	% of Revenues	Expenses	% of Revenues	Change	% Change
Programming	\$ 709	28%	\$ 663	27%	\$ 46	7%
Advertising sales	50	2%	48	2%	2	4%
Service	369	14%	316	13%	53	17%
	<u>\$ 1,128</u>	<u>44%</u>	<u>\$ 1,027</u>	<u>42%</u>	<u>\$ 101</u>	<u>10%</u>

Programming costs consist primarily of costs paid to programmers for analog, premium, digital channels, VOD and pay-per-view programming. The increase in programming costs of \$46 million, or 7%, for the six months ended June 30, 2005 over the six months ended June 30, 2004 was a result of price increases, particularly in sports programming, partially offset by decreases in analog video customers. Additionally, the increase in programming costs was reduced by \$9 million as a result of the System Sales. Programming costs were offset by the amortization of payments received from programmers in support of launches of new channels of \$18 million and \$28 million for the six months ended June 30, 2005 and 2004, respectively. Programming costs for the six months ended June 30, 2004 also include a \$4 million reduction related to the settlement of a dispute with TechTV, Inc. See Note 17 to the condensed consolidated financial statements.

Our cable programming costs have increased in every year we have operated in excess of U.S. inflation and cost-of-living increases, and we expect them to continue to increase because of a variety of factors, including inflationary or negotiated annual increases, additional programming being provided to customers and increased costs to purchase programming. In 2005, programming costs have and we expect they will continue to increase at a higher rate than in 2004. These costs will be determined in part on the outcome of programming negotiations in 2005 and will likely be subject to offsetting events or otherwise affected by factors similar to the ones mentioned in the preceding paragraph. Our increasing programming costs will result in declining operating margins for our video services to the extent we are unable to pass on cost increases to our customers. We expect to partially offset any resulting margin compression from our traditional video services with revenue from advanced video services, increased high-speed Internet revenues, advertising revenues and commercial service revenues.

Advertising sales expenses consist of costs related to traditional advertising services provided to advertising customers, including salaries, benefits and commissions. Advertising sales expenses increased \$2 million, or 4%, primarily as a result of increased salary, benefit and commission costs. Service costs consist primarily of service personnel salaries and benefits, franchise fees, system utilities, Internet service provider fees, maintenance and pole rent expense. The increase in service costs of \$53 million, or 17%, resulted primarily from increased labor and maintenance costs to support our infrastructure, increased equipment maintenance, an increase in franchise fees as a result of increased revenues and higher fuel prices. The increase in service costs was reduced by \$3 million as a result of the System Sales.

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Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$10 million, or 2%, from \$483 million for the six months ended June 30, 2004 to \$493 million for the six months ended June 30, 2005. The increase in selling, general and administrative expenses was reduced by \$4 million as a result of the System Sales. Key components of expense as a percentage of revenues were as follows (dollars in millions):

	Six Months Ended June 30,					
	2005		2004		2005 over 2004	
	Expenses	% of Revenues	Expenses	% of Revenues	Change	% Change
General and administrative	\$ 427	16%	\$ 416	17%	\$ 11	3%
Marketing	66	3%	67	2%	(1)	(1)%
	<u>\$ 493</u>	<u>19%</u>	<u>\$ 483</u>	<u>19%</u>	<u>\$ 10</u>	<u>2%</u>

General and administrative expenses consist primarily of salaries and benefits, rent expense, billing costs, call center costs, internal network costs, bad debt expense and property taxes. The increase in general and administrative expenses of \$11 million, or 3%, resulted primarily from increases in professional fees of \$15 million and salaries and benefits of \$13 million, offset by the System Sales of \$4 million and decreases in bad debt expense of \$10 million.

Marketing expenses decreased \$1 million, or 1%, as a result of a decrease in expenditures as a result of disciplined spending and more targeted marketing tactics. We expect marketing expenditures to increase for the remainder of 2005.

Depreciation and Amortization. Depreciation and amortization expense increased by \$25 million, or 3%, from \$734 million for the six months ended June 30, 2004 to \$759 million for the six months ended June 30, 2005. The increase in depreciation was related to an increase in capital expenditures.

Asset Impairment Charges. Asset impairment charges for the six months ended June 30, 2005 represent the write-down of assets related to three pending cable asset sales to fair value less costs to sell. See Note 3 to the condensed consolidated financial statements.

(Gain) Loss on Sale of Assets, Net. Loss on sale of assets of \$4 million for the six months ended June 30, 2005 primarily represents the loss recognized on the disposition of plant and equipment. Gain on sale of assets of \$104 million for the six months ended June 30, 2004 primarily represents the pretax gain realized on the sale of systems to Atlantic Broadband Finance, LLC which closed on March 1 and April 30, 2004.

Option Compensation Expense, Net. Option compensation expense of \$8 million for the six months ended June 30, 2005 primarily represents options expensed in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation*. Option compensation expense of \$26 million for the six months ended June 30, 2004 primarily represents the expense of approximately \$8 million related to a stock option exchange program, under which our employees were offered the right to exchange all stock options (vested and unvested) issued under the 1999 Charter Communications Option Plan and 2001 Stock Incentive Plan that had an exercise price over \$10 per share for shares of restricted Charter Class A common stock or, in some instances, cash. The exchange offer closed in February 2004. Additionally, during the six months ended June 30, 2004, we recognized approximately \$6 million related to the performance shares granted under the Charter Long-Term Incentive Program and approximately \$12 million related to options granted following the adoption of Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation*.

Special Charges, Net. Special charges of \$2 million for the six months ended June 30, 2005 represents \$4 million of severance and related costs of our management realignment offset by approximately \$2 million related to an agreed upon cash discount on settlement of the consolidated Federal Class Action and Federal Derivative Action. See "— Legal Proceedings." Special charges of \$97 million for the six months ended June 30, 2004 represents approximately \$85 million as part of the terms set forth in memoranda of understanding regarding settlement of the consolidated Federal Class Action and Federal Derivative Action and approximately \$9 million of litigation costs related to the tentative settlement of the South Carolina national class action suit, which settlements are subject to

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final documentation and court approval and approximately \$3 million of severance and related costs of our workforce reduction.

Interest Expense, Net. Net interest expense increased by \$68 million, or 8%, from \$803 million for the six months ended June 30, 2004 to \$871 million for the six months ended June 30, 2005. The increase in net interest expense was a result of approximately \$9 million of liquidated damages on our 5.875% convertible senior notes combined with an increase in our average borrowing rate from 8.50% in the six months ended June 30, 2004 to 8.89% in the six months ended June 30, 2005 and an increase of \$997 million in average debt outstanding from \$18.4 billion for the six months ended June 30, 2004 compared to \$19.4 billion for the six months ended June 30, 2005. This was offset partially by \$27 million in gains related to embedded derivatives in Charter's 5.875% convertible senior notes issued in November 2004. See Note 9 to the condensed consolidated financial statements.

Gain on Derivative Instruments and Hedging Activities, Net. Net gain on derivative instruments and hedging activities decreased \$30 million from \$56 million for the six months ended June 30, 2004 to \$26 million for the six months ended June 30, 2005. The decrease is primarily a result of a decrease in gains on interest rate agreements, which do not qualify for hedge accounting under SFAS No. 133, which decreased from \$54 million for the six months ended June 30, 2004 to \$25 million for the six months ended June 30, 2005.

Loss on debt to equity conversions. Loss on debt to equity conversions of \$23 million for the six months ended June 30, 2004 represents the loss recognized from privately negotiated exchanges in the aggregate of \$30 million principal amount of Charter's 5.75% convertible senior notes held by two unrelated parties for shares of Charter Class A common stock, which resulted in the issuance of more shares in the exchange transaction than would have been issued under the original terms of the convertible senior notes.

Gain (loss) on extinguishment of debt. Gain on extinguishment of debt of \$8 million for the six months ended June 30, 2005 primarily represents approximately \$10 million related to the issuance of Charter Operating notes in exchange for Charter Holdings notes and approximately \$4 million related to the repurchase of \$131 million principal amount of our 4.75% convertible senior notes due 2006. These gains were offset by approximately \$5 million of losses related to the redemption of our subsidiary's, CC V Holdings, LLC, 11.875% notes due 2008. See Note 6 to the condensed consolidated financial statements. Loss on extinguishment of debt of \$21 million for the six months ended June 30, 2004 represents the write-off of deferred financing fees and third party costs related to the Charter Operating refinancing in April 2004.

Gain on investments. Gain on investments of \$21 million for the six months ended June 30, 2005 primarily represents a gain realized on an exchange of our interest in an equity investee for an investment in a larger enterprise.

Minority Interest. Minority interest represents the 2% accretion of the preferred membership interests in our indirect subsidiary, CC VIII, LLC, and in 2004, the pro rata share of the profits and losses of CC VIII, LLC. Effective January 1, 2005, we ceased recognizing minority interest in earnings or losses of CC VIII for financial reporting purposes until the dispute between Charter and Mr. Allen regarding the preferred membership interests in CC VIII is resolved. See Note 7 to the condensed consolidated financial statements. Additionally, reported losses allocated to minority interest on the statement of operations are limited to the extent of any remaining minority interest on the balance sheet related to Charter Holdco. Because minority interest in Charter Holdco is substantially eliminated, Charter absorbs substantially all losses before income taxes that otherwise would be allocated to minority interest. Subject to any changes in Charter Holdco's capital structure, future losses will continue to be substantially absorbed by Charter.

Income Tax Expense. Income tax expense of \$46 million and \$97 million was recognized for the six months ended June 30, 2005 and 2004, respectively. The income tax expense is recognized through increases in deferred tax liabilities related to our investment in Charter Holdco, as well as through current federal and state income tax expense and increases in the deferred tax liabilities of certain of our indirect corporate subsidiaries. Additionally, the sale of certain systems to Atlantic Broadband Finance, LLC on March 1, 2004 resulted in income tax expense of \$15 million for the six months ended June 30, 2004.

Net Loss. Net loss decreased by \$1 million, from \$708 million for the six months ended June 30, 2004 to \$707 million for the six months ended June 30, 2005 as a result of the factors described above.

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Preferred stock dividends. On August 31, 2001, Charter issued 505,664 shares (and on February 28, 2003 issued an additional 39,595 shares) of Series A Convertible Redeemable Preferred Stock in connection with the Cable USA acquisition, on which Charter pays a quarterly cumulative cash dividends at an annual rate of 5.75% if paid or 7.75% if accrued on a liquidation preference of \$100 per share. Beginning January 1, 2005, Charter is accruing the dividend on its Series A Convertible Redeemable Preferred Stock.

Loss Per Common Share. The loss per common share decreased by \$0.05, from \$2.39 per common share for the six months ended June 30, 2004 to \$2.34 per common share for the six months ended June 30, 2005 as a result of the factors described above.

Liquidity and Capital Resources**Introduction**

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

Overview

We have a significant level of debt. For the remainder of 2005, \$15 million of our debt matures, and in 2006, an additional \$55 million matures. In 2007 and beyond, significant additional amounts will become due under our remaining long-term debt obligations.

Our business requires significant cash to fund debt service costs, capital expenditures and ongoing operations. We have historically funded our debt service costs, operating activities and capital requirements through cash flows from operating activities, borrowings under our credit facilities, sales of assets, issuances of debt and equity securities and cash on hand. However, the mix of funding sources changes from period to period. For the six months ended June 30, 2005, we generated \$181 million of net cash flows from operating activities after paying cash interest of \$744 million. In addition, we used approximately \$542 million for purchases of property, plant and equipment. Finally, we had net cash flows used in financing activities of \$314 million, which included, among other things, approximately \$705 million in repayment of borrowings under the Charter Operating revolving credit facility. This repayment was the primary reason cash on hand decreased by \$610 million to \$40 million at June 30, 2005. We expect that our mix of sources of funds will continue to change in the future based on overall needs relative to our cash flow and on the availability of funds under our credit facilities, our access to the debt and equity markets, the timing of possible asset sales and our ability to generate cash flows from operating activities. We continue to explore asset dispositions as one of several possible actions that we could take in the future to improve our liquidity, but we do not presently consider future asset sales as a significant source of liquidity.

We expect that cash on hand, cash flows from operating activities and the amounts available under our credit facilities will be adequate to meet our cash needs for the remainder of 2005. Cash flows from operating activities and amounts available under our credit facilities may not be sufficient to fund our operations and satisfy our principal repayment obligations that come due in 2006 and, we believe, such amounts will not be sufficient to fund our operations and satisfy such repayment obligations thereafter.

It is likely that we will require additional funding to repay debt maturing after 2006. We are working with our financial advisors to address such funding requirements. However, there can be no assurance that such funding will be available to us. Although Mr. Allen and his affiliates have purchased equity from us in the past, Mr. Allen and his affiliates are not obligated to purchase equity from, contribute to or loan funds to us in the future.

Credit Facilities and Covenants

Our ability to operate depends upon, among other things, our continued access to capital, including credit under the Charter Operating credit facilities. These credit facilities, along with our indentures, contain certain restrictive covenants, some of which require us to maintain specified financial ratios and meet financial tests and to provide audited financial statements with an unqualified opinion from our independent auditors. As of June 30, 2005, we were in compliance with the covenants under our indentures and credit facilities and we expect to remain in compliance with those covenants for the next twelve months. As of June 30, 2005, we had borrowing availability

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under our credit facilities of \$870 million, none of which was restricted due to covenants. Continued access to our credit facilities is subject to our remaining in compliance with the covenants of these credit facilities, including covenants tied to our operating performance. If our operating performance results in non-compliance with these covenants, or if any of certain other events of non-compliance under these credit facilities or indentures governing our debt occurs, funding under the credit facilities may not be available and defaults on some or potentially all of our debt obligations could occur. An event of default under the covenants governing any of our debt instruments could result in the acceleration of our payment obligations under that debt and, under certain circumstances, in cross-defaults under our other debt obligations, which could have a material adverse effect on our consolidated financial condition and results of operations.

The Charter Operating credit facilities required us to redeem the CC V Holdings, LLC notes as a result of the Charter Holdings leverage ratio becoming less than 8.75 to 1.0. In satisfaction of this requirement, in March 2005, CC V Holdings, LLC redeemed all of its outstanding notes, at 103.958% of principal amount, plus accrued and unpaid interest to the date of redemption. The total cost of the redemption including accrued and unpaid interest was approximately \$122 million. We funded the redemption with borrowings under the Charter Operating credit facilities.

Specific Limitations

Our ability to make interest payments on our convertible senior notes, and, in 2006 and 2009, to repay the outstanding principal of our convertible senior notes of \$25 million and \$863 million, respectively, will depend on our ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco or its subsidiaries, including CCH II, CCO Holdings and Charter Operating. Distributions by Charter's subsidiaries to a parent company (including Charter and Charter Holdco) for payment of principal on Charter's convertible senior notes, however, are restricted by the indentures governing the CCH II notes, CCO Holdings notes, and Charter Operating notes, unless under their respective indentures there is no default and a specified leverage ratio test is met at the time of such event. During the six months ended June 30, 2005, Charter Holdings distributed \$60 million to Charter Holdco. As of June 30, 2005, Charter Holdco was owed \$62 million in intercompany loans from its subsidiaries, which were available to pay interest and principal on Charter's convertible senior notes. In addition, Charter has \$122 million of governmental securities pledged as security for the next five semi-annual interest payments on Charter's 5.875% convertible senior notes.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on the convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings' indentures and other specified tests are met. For the quarter ended June 30, 2005, there was no default under Charter Holdings' indentures and other specified tests were met. However, Charter Holdings did not meet the leverage ratio of 8.75 to 1.0 based on June 30, 2005 financial results. As a result, distributions from Charter Holdings to Charter or Charter Holdco are currently restricted and will continue to be restricted until that test is met. During this restriction period, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

In accordance with the registration rights agreement entered into with our initial sale, we were required to register for resale by April 21, 2005 our 5.875% convertible senior notes due 2009, issued in November 2004. Since these convertible notes were not registered by that date, we paid or will pay liquidated damages totaling \$0.5 million through July 14, 2005, the day prior to the effective date of the registration statement. In addition, in accordance with the share lending agreement entered into in connection with the initial sale of our 5.875% convertible senior notes due 2009, we were required to register by April 1, 2005 150 million shares of our Class A common stock that Charter was obligated to lend to Citigroup Global Markets Limited ("CGML") at CGML's request. Because this registration statement was not declared effective by such date, we paid or will pay liquidated damages totaling \$11 million from April 2, 2005 through July 17, 2005, the day before the effective date of the registration statement. The liquidated damages were recorded as interest expense in the accompanying condensed consolidated statements of operations.

Our significant amount of debt could negatively affect our ability to access additional capital in the future. No assurances can be given that we will not experience liquidity problems if we do not obtain sufficient additional financing on a timely basis as our debt becomes due or because of adverse market conditions, increased competition

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or other unfavorable events. If, at any time, additional capital or borrowing capacity is required beyond amounts internally generated or available under our credit facilities or through additional debt or equity financings, we would consider:

- issuing equity that would significantly dilute existing shareholders;
- issuing convertible debt or some other securities that may have structural or other priority over our existing notes and may also significantly dilute Charter's existing shareholders;
- further reducing our expenses and capital expenditures, which may impair our ability to increase revenue;
- selling assets; or
- requesting waivers or amendments with respect to our credit facilities, the availability and terms of which would be subject to market conditions.

If the above strategies are not successful, we could be forced to restructure our obligations or seek protection under the bankruptcy laws. In addition, if we need to raise additional capital through the issuance of equity or find it necessary to engage in a recapitalization or other similar transaction, our shareholders could suffer significant dilution and our noteholders might not receive principal and interest payments to which they are contractually entitled.

Sale of Assets

In March 2004, we closed the sale of certain cable systems in Florida, Pennsylvania, Maryland, Delaware and West Virginia to Atlantic Broadband Finance, LLC. We closed the sale of an additional cable system in New York to Atlantic Broadband Finance, LLC in April 2004. The total net proceeds from the sale of all of these systems were approximately \$735 million. The proceeds were used to repay a portion of amounts outstanding under our revolving credit facility.

Long-Term Debt

As of June 30, 2005 and December 31, 2004, long-term debt totaled approximately \$19.2 billion and \$19.5 billion, respectively. This debt was comprised of approximately \$5.4 billion and \$5.5 billion of credit facility debt, \$12.9 billion and \$13.0 billion accreted value of high-yield notes and \$863 million and \$990 million accreted value of convertible senior notes, respectively. As of June 30, 2005 and December 31, 2004, the weighted average interest rate on the credit facility debt was approximately 7.2% and 6.8%, respectively, the weighted average interest rate on the high-yield notes was approximately 9.9% and 9.9%, respectively, and the weighted average interest rate on the convertible notes was approximately 5.8% and 5.7%, respectively, resulting in a blended weighted average interest rate of 9.0% and 8.8%, respectively. The interest rate on approximately 81% and 83% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate hedge agreements as of June 30, 2005 and December 31, 2004, respectively.

4.75% Convertible Senior Notes due 2006. The 4.75% convertible senior notes are convertible at the option of the holders into shares of Class A common stock at a conversion rate, subject to certain adjustments, of 38.0952 shares per \$1,000 principal amount of notes, which is equivalent to a price of \$26.25 per share. Certain anti-dilutive provisions cause adjustments to occur automatically upon the occurrence of specified events. Additionally, the conversion ratio may be adjusted by us when deemed appropriate. During the six months ended June 30, 2005, we repurchased, in private transactions, from a small number of institutional holders, a total of \$131 million principal amount of our 4.75% convertible senior notes due 2006. Approximately \$25 million principal amount of these notes remain outstanding.

Issuance of Charter Operating Notes in Exchange for Charter Holdings Notes. In March and June 2005, our subsidiary, Charter Operating, consummated exchange transactions with a small number of institutional holders of Charter Holdings 8.25% Senior Notes due 2007 pursuant to which Charter Operating issued, in private placement, approximately \$333 million principal amount of its 8.375% senior second lien Notes due 2014 in exchange for approximately \$346 million of the Charter Holdings 8.25% senior notes due 2007. The Charter Holdings notes received in the exchange were thereafter distributed to Charter Holdings and cancelled.

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CC V Holdings, LLC Notes. The Charter Operating credit facilities required us to redeem the CC V Holdings, LLC notes as a result of the Charter Holdings leverage ratio becoming less than 8.75 to 1.0. In satisfaction of this requirement, in March 2005, CC V Holdings, LLC redeemed all of its 11.875% notes due 2008, at 103.958% of principal amount, plus accrued and unpaid interest to the date of redemption. The total cost of redemption was approximately \$122 million and was funded through borrowings under our credit facilities. Following such redemption, CC V Holdings, LLC and its subsidiaries (other than non-guarantor subsidiaries) guaranteed the Charter Operating credit facilities and granted a lien on all of their assets as to which a lien can be perfected under the Uniform Commercial Code by the filing of a financing statement.

Historical Operating, Financing and Investing Activities

We held \$40 million in cash and cash equivalents as of June 30, 2005 compared to \$650 million as of December 31, 2004. The decrease in cash and cash equivalents reflects the repayment of approximately \$705 million of borrowings under our revolving credit facilities.

Operating Activities. Net cash provided by operating activities increased \$13 million, or 8%, from \$168 million for the six months ended June 30, 2004 to \$181 million for the six months ended June 30, 2005. For the six months ended June 30, 2005, net cash provided by operating activities increased primarily as a result of changes in operating assets and liabilities that used \$92 million less cash during the six months ended June 30, 2005 than the corresponding period in 2004 combined with an increase in revenue over cash costs year over year partially offset by an increase in cash interest expense of \$117 million over the corresponding prior period.

Investing Activities. Net cash used by investing activities for the six months ended June 30, 2005 was \$477 million and net cash provided by investing activities for the six months ended June 30, 2004 was \$273 million. Investing activities used \$750 million more cash during the six months ended June 30, 2005 than the corresponding period in 2004 primarily as a result of proceeds from the sale of certain cable systems to Atlantic Broadband Finance, LLC in 2004 offset by increased cash used for capital expenditures in 2005.

Financing Activities. Net cash used in financing activities decreased \$130 million from \$444 million for the six months ended June 30, 2004 to \$314 million for the six months ended June 30, 2005. The decrease in cash used during the six months ended June 30, 2005 as compared to the corresponding period in 2004, was primarily the result of a decrease in payments for debt issuance costs and in net repayments of long-term debt.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were \$542 million and \$390 million for the six months ended June 30, 2005 and 2004, respectively. Capital expenditures increased as a result of increased spending on support capital related to our investment in service improvements; scalable infrastructure related to telephone services, VOD and digital simulcast; and customer premise equipment primarily related to the continued demand for advanced digital set-tops. See the table below for more details.

Upgrading our cable systems has enabled us to offer digital television, high-speed Internet services, VOD, interactive services, additional channels and tiers, and expanded pay-per-view options to a larger customer base. Our capital expenditures are funded primarily from cash flows from operating activities, the issuance of debt and borrowings under credit facilities. In addition, during the six months ended June 30, 2005 and 2004, our liabilities related to capital expenditures increased \$45 million and decreased \$52 million, respectively.

During 2005, we expect capital expenditures to be approximately \$1 billion. The increase in capital expenditures for 2005 compared to 2004 is the result of expected increases in telephone services and deployment of advanced digital boxes. We expect that the nature of these expenditures will continue to be composed primarily of purchases of customer premise equipment, support capital and for scalable infrastructure costs. We expect to fund capital expenditures for 2005 primarily from cash flows from operating activities and borrowings under our credit facilities.

We have adopted capital expenditure disclosure guidance, which was developed by eleven publicly traded cable system operators, including Charter, with the support of the National Cable & Telecommunications Association ("NCTA"). The disclosure is intended to provide more consistency in the reporting of operating statistics in capital

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expenditures and customers among peer companies in the cable industry. These disclosure guidelines are not required disclosure under GAAP, nor do they impact our accounting for capital expenditures under GAAP.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the three and six months ended June 30, 2005 and 2004 (dollars in millions):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Customer premise equipment (a)	\$ 142	\$ 112	\$ 228	\$ 226
Scalable infrastructure (b)	47	14	89	33
Line extensions (c)	48	30	77	53
Upgrade/Rebuild (d)	12	5	22	16
Support capital (e)	82	39	126	62
Total capital expenditures (f)	\$ 331	\$ 200	\$ 542	\$ 390

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers, revenue units and additional bandwidth revenues. It also includes customer installation costs in accordance with SFAS 51 and customer premise equipment (e.g., set-top terminals and cable modems, etc.).
- (b) Scalable infrastructure includes costs, not related to customer premise equipment or our network, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).
- (f) Represents all capital expenditures made during the three and six months ended June 30, 2005 and 2004, respectively.

Certain Trends and Uncertainties

The following discussion highlights a number of trends and uncertainties, in addition to those discussed elsewhere in this quarterly report and in the "Critical Accounting Policies and Estimates" section of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2004 Annual Report on Form 10-K, that could materially impact our business, results of operations and financial condition.

Substantial Leverage. We have a significant amount of debt. As of June 30, 2005, our total debt was approximately \$19.2 billion. For the remainder of 2005, \$15 million of our debt matures and in 2006, an additional \$55 million matures. In 2007 and beyond, significant additional amounts will become due under our remaining obligations. We believe that, as a result of our significant levels of debt and operating performance, our access to the debt markets could be limited when substantial amounts of our current indebtedness become due. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not available to us from borrowings under our credit facilities or from other sources, we may not be able to repay our debt, fund our other liquidity and capital needs, grow our business or respond to competitive challenges. Further, if we are unable to repay or refinance our debt, as it becomes due, we could be forced to restructure our obligations or seek protection under the bankruptcy laws. If we were to raise capital through the issuance of additional equity or if we were to engage in a recapitalization or other similar transaction, our shareholders could suffer significant dilution and our noteholders might not receive all principal and interest payments to which they are contractually entitled on a timely basis or at all. For more information, see the section above entitled "— Liquidity and Capital Resources."

Restrictive Covenants. Our credit facilities and the indentures governing our and our subsidiaries' other debt contain a number of significant covenants that could adversely impact our ability to operate our business, and therefore could adversely affect our results of operations and the price of our Class A common stock. These covenants restrict our and our subsidiaries' ability to:

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- incur additional debt;
- repurchase or redeem equity interests and debt;
- issue equity;
- make certain investments or acquisitions;
- pay dividends or make other distributions;
- dispose of assets or merge;
- enter into related party transactions;
- grant liens; and
- pledge assets.

Furthermore, our credit facilities require us to, among other things, maintain specified financial ratios, meet specified financial tests and provide audited financial statements with an unqualified opinion from our independent auditors. Our ability to comply with these provisions may be affected by events beyond our control.

The breach of any covenants or obligations in the foregoing indentures or credit facilities, not otherwise waived or amended, could result in a default under the applicable debt agreement or instrument and could trigger acceleration of the related debt, which in turn could trigger defaults under other agreements governing our long-term indebtedness. In addition, the secured lenders under the Charter Operating credit facilities and the Charter Operating senior second-lien notes could foreclose on their collateral, which includes equity interests in our subsidiaries, and exercise other rights of secured creditors. Any default under those credit facilities, the indentures governing our convertible notes or our subsidiaries' debt could adversely affect our growth, our financial condition and our results of operations and our ability to make payments on our notes and the credit facilities and other debt of our subsidiaries. For more information, see the section above entitled "— Liquidity and Capital Resources."

Liquidity. Our business requires significant cash to fund debt service costs, capital expenditures and ongoing operations. Our ongoing operations will depend on our ability to generate cash and to secure financing in the future. We have historically funded liquidity and capital requirements through cash flows from operating activities, borrowings under our credit facilities, issuances of debt and equity securities and cash on hand.

Our ability to operate depends upon, among other things, our continued access to capital, including credit under the Charter Operating credit facilities. These credit facilities are subject to certain restrictive covenants, some of which require us to maintain specified financial ratios and meet financial tests and to provide audited financial statements with an unqualified opinion from our independent auditors. As of June 30, 2005, we were in compliance with the covenants under our indentures and credit facilities, and we expect to remain in compliance with those covenants for the next twelve months. If our operating performance results in non-compliance with these covenants, or if any of certain other events of non-compliance under these credit facilities or indentures governing our debt occurs, funding under the credit facilities may not be available and defaults on some or potentially all of our debt obligations could occur. An event of default under the credit facilities or indentures, if not waived, could result in the acceleration of those debt obligations and, consequently, other debt obligations. Such acceleration could result in exercise of remedies by our creditors and could force us to seek the protection of the bankruptcy laws, which could materially adversely impact our ability to operate our business and to make payments under our debt instruments. As of June 30, 2005, we had borrowing availability under our credit facilities of \$870 million, none of which was restricted due to covenants.

If, at any time, additional capital or capacity is required beyond amounts internally generated or available under our credit facilities or through additional debt or equity financings, we would consider:

- issuing equity that would significantly dilute existing shareholders;
- issuing convertible debt or some other securities that may have structural or other priority over our existing notes and may also significantly dilute Charter's existing shareholders;
- further reducing our expenses and capital expenditures, which may impair our ability to increase revenue;
- selling assets; or
- requesting waivers or amendments with respect to our credit facilities, the availability and terms of which would be subject to market conditions.

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If the above strategies were not successful, we could be forced to restructure our obligations or seek protection under the bankruptcy laws. If we were to raise additional capital through the issuance of equity or find it necessary to engage in a recapitalization or other similar transaction, our shareholders could suffer significant dilution and our noteholders might not receive all or any principal and interest payments to which they are contractually entitled. For more information, see the section above entitled "— Liquidity and Capital Resources."

Acceleration of Indebtedness of Charter's Subsidiaries. In the event of a default under our credit facilities or notes, our creditors could elect to declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be due and payable. In such event, our credit facilities and indentures would not permit Charter's subsidiaries to distribute funds to Charter Holdco or Charter to pay interest or principal on their notes. If the amounts outstanding under such credit facilities or notes are accelerated, all of the debt and liabilities of Charter's subsidiaries would be payable from the subsidiaries' assets, prior to any distribution of the subsidiaries' assets to pay the interest and principal amounts on Charter's notes. In addition, the lenders under our credit facilities could foreclose on their collateral, which includes equity interests in Charter's subsidiaries, and they could exercise other rights of secured creditors. In any such case, we might not be able to repay or make any payments on our notes. Additionally, an acceleration or payment default under our credit facilities would cause a cross-default in the indentures governing the Charter Holdings notes, CCH II notes, CCO Holdings notes, Charter Operating notes and Charter's convertible senior notes and would trigger the cross-default provision of the Charter Operating credit agreement. Any default under any of our credit facilities or notes might adversely affect the holders of our notes and our growth, financial condition and results of operations and could force us to examine all options, including seeking the protection of the bankruptcy laws.

Charter Communications, Inc. Relies on its Subsidiaries to Meet its Liquidity Needs, and Charter's Convertible Senior Notes are Structurally Subordinated to all Liabilities of its Subsidiaries. We rely on our subsidiaries to make distributions or other payments to Charter Holdco and Charter to enable Charter to make payments on its convertible senior notes. The borrowers and guarantors under the Charter Operating credit facilities are Charter's indirect subsidiaries. A number of Charter's subsidiaries are also obligors under other debt instruments, including Charter Holdings, CCH II, CCO Holdings and Charter Operating, which are each a co-issuer of senior notes, senior-second lien notes and/or senior discount notes. As of June 30, 2005, our total debt was approximately \$19.2 billion, of which \$18.4 billion was structurally senior to the Charter convertible senior notes. The Charter Operating credit facilities and the indentures governing the senior notes, senior discount notes and senior second-lien notes issued by subsidiaries of Charter contain restrictive covenants that limit the ability of such subsidiaries to make distributions or other payments to Charter Holdco or Charter.

In the event of a default under our credit facilities or notes, our lenders or noteholders could elect to declare all amounts borrowed, together with accrued and unpaid interest and other fees, to be due and payable. An acceleration or certain payment events of default under our credit facilities would cause a cross-default in the indentures governing the Charter Holdings notes, CCH II notes, CCO Holdings notes, Charter Operating notes and Charter's convertible senior notes. Similarly, such a default or acceleration under any of these notes would cause a cross-default under the notes of the parent entities of the relevant entity. If the amounts outstanding under the credit facilities or notes are accelerated, all of the debt and liabilities of Charter's subsidiaries would be payable from the subsidiaries' assets, prior to any distribution of the subsidiaries' assets to pay the interest and principal amounts on Charter's notes. In addition, the lenders under our credit facilities and noteholders under our Charter Operating notes could foreclose on their collateral, which includes equity interests in Charter's subsidiaries, and they could exercise other rights of secured creditors. Any default under any of our credit facilities or notes could force us to examine all options, including seeking the protection of the bankruptcy laws. In the event of the bankruptcy, liquidation or dissolution of a subsidiary, following payment by such subsidiary of its liabilities, the lenders under our credit facilities and the holders of the other debt instruments and all other creditors of Charter's subsidiaries would have the right to be paid before holders of Charter's convertible senior notes from any of Charter's subsidiaries' assets. Such subsidiaries may not have sufficient assets remaining to make any payments to Charter as an equity holder or otherwise and may be restricted by bankruptcy and insolvency laws from making any such payments.

The foregoing contractual and legal restrictions could limit Charter's ability to make payments of principal and/or interest to the holders of its convertible senior notes. Further, if Charter made such payments by causing a subsidiary to make a distribution to it, and such transfer were deemed a fraudulent transfer or an unlawful distribution, the holders of

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Charter's convertible senior notes could be required to return the payment to (or for the benefit of) the creditors of its subsidiaries.

Securities Litigation. A number of putative federal class action lawsuits were filed against Charter and certain of its former and present officers and directors alleging violations of securities laws, which have been consolidated for pretrial purposes. In addition, a number of shareholder derivative lawsuits were filed against Charter in the same and other jurisdictions. A shareholders derivative suit was filed in the U.S. District Court for the Eastern District of Missouri against Charter and its then current directors. Also, three shareholders derivative suits were filed in Missouri state court against Charter, its then current directors and its former independent auditor. These state court actions have been consolidated. The federal shareholders derivative suit and the consolidated derivative suit each alleged that the defendants breached their fiduciary duties.

Charter entered into Stipulations of Settlement setting forth proposed terms of settlement for the above-described class actions and derivative suits. On May 23, 2005 the United States District Court for the Eastern District of Missouri conducted the final fairness hearing for the Actions, and on June 30, 2005, the Court issued its final approval of the settlements. Members of the class had 30 days from the issuance of the June 30 order approving the settlement to file an appeal challenging the approval. Two notices of appeal were filed relating to the settlement, but Charter does not yet know the specific issues presented by such appeals, nor have briefing schedules been set. See "Part II, Item 1. Legal Proceedings."

Moreover, due to (i) the inherent uncertainties of litigation and investigations, (ii) the remaining conditions to the finalization of our anticipated settlements, (iii) the possibility of appeals and objections to the settlements and (iv) the need for us to comply with, and/or otherwise implement certain covenants, conditions, undertakings, procedures and other obligations that would be or have been imposed under the terms of the settlements, Charter cannot predict with certainty the ultimate outcome of these proceedings. An unfavorable outcome in the lawsuits described above could result in substantial potential liabilities and have a material adverse effect on our consolidated financial condition and results of operations or our liquidity. Further, these proceedings, and our actions in response to these proceedings, could result in substantial additional defense costs and the diversion of management's attention, and could adversely affect our ability to execute our business and financial strategies.

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

Our principal competitor for video services throughout our territory is direct broadcast satellite television services, also known as DBS. Competition from DBS, including intensive marketing efforts, aggressive pricing, and the ability of DBS to provide certain services that we are in the process of developing, has had an adverse impact on our ability to retain customers. DBS has grown rapidly over the last several years and continues to do so. The cable industry, including Charter, has lost a significant number of subscribers to DBS competition, and we face serious challenges in this area in the future. We believe that competition from DBS service providers may present greater challenges in areas of lower population density, and that our systems serve a higher concentration of such areas than those of other major cable service providers.

Local telephone companies and electric utilities can offer video and other services in competition with us, and they increasingly may do so in the future. Certain telephone companies have begun more extensive deployment of fiber in their networks that will enable them to begin providing video services, as well as telephone and high-bandwidth Internet access services, to residential and business customers. Some of these telephone companies have obtained, and are now seeking, franchises or alternative authorizations that are less burdensome than existing Charter franchises. The subscription television industry also faces competition from free broadcast television and from other communications and entertainment media. Further loss of customers to DBS or other alternative video and data services could have a material negative impact on the value of our business and its performance.

With respect to our Internet access services, we face competition, including intensive marketing efforts and aggressive pricing, from telephone companies and other providers of "dial-up" and digital subscriber line technology, also known as DSL. DSL service is competitive with high-speed Internet service over cable systems.

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In addition, DBS providers have entered into joint marketing arrangements with Internet access providers to offer bundled video and Internet service, which competes with our ability to provide bundled services to our customers. In addition, as we expand our telephone offerings, we will face considerable competition from established telephone companies.

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

Mergers, joint ventures and alliances among franchised, wireless or private cable operators, satellite television providers, telephone companies and others, and the repeal of certain ownership rules may provide additional benefits to some of our competitors, either through access to financing, resources or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

Long-Term Indebtedness — Change of Control Payments. We may not have the ability to raise the funds necessary to fulfill our obligations under Charter's convertible senior notes, our senior and senior discount notes and our credit facilities following a change of control. Under the indentures governing the Charter convertible senior notes, upon the occurrence of specified change of control events, Charter is required to offer to repurchase all of the outstanding Charter convertible senior notes. However, we may not have sufficient funds at the time of the change of control event to make the required repurchase of the Charter convertible senior notes and Charter's subsidiaries are limited in their ability to make distributions or other payments to Charter to fund any required repurchase. In addition, a change of control under our credit facilities and indentures governing our notes could require the repayment of borrowings under those credit facilities and indentures. Because such credit facilities and notes are obligations of Charter's subsidiaries, the credit facilities and the notes would have to be repaid by Charter's subsidiaries before their assets could be available to Charter to repurchase the Charter convertible senior notes. Charter's failure to make or complete a change of control offer would place it in default under the Charter convertible senior notes. The failure of Charter's subsidiaries to make a change of control offer or repay the amounts outstanding under their credit facilities would place them in default under these agreements and could result in a default under the indentures governing the Charter convertible senior notes. See "— Certain Trends and Uncertainties — Liquidity."

Variable Interest Rates. At June 30, 2005, excluding the effects of hedging, approximately 31% of our debt bears interest at variable rates that are linked to short-term interest rates. In addition, a significant portion of our existing debt, assumed debt or debt we might arrange in the future will bear interest at variable rates. If interest rates rise, our costs relative to those obligations will also rise. As of June 30, 2005 and December 31, 2004, the weighted average interest rate on the credit facility debt was approximately 7.2% and 6.8%, respectively, the weighted average interest rate on the high-yield notes was approximately 9.9% and 9.9%, respectively, and the weighted average interest rate on the convertible notes was approximately 5.8% and 5.7%, respectively, resulting in a blended weighted average interest rate of 9.0% and 8.8%, respectively. The interest rate on approximately 81% and 83% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate hedge agreements as of June 30, 2005 and December 31, 2004, respectively.

Services. We expect that a substantial portion of our near-term growth will be achieved through revenues from high-speed Internet services, digital video, bundled service packages, and to a lesser extent various commercial services that take advantage of cable's broadband capacity. We may not be able to offer these advanced services successfully to our customers or provide adequate customer service and these advanced services may not generate adequate revenues. Also, if the vendors we use for these services are not financially viable over time, we may experience disruption of service and incur costs to find alternative vendors. In addition, the technology involved in our product and service offerings generally requires that we have permission to use intellectual property and that such property not infringe on rights claimed by others. If it is determined that the product or service being utilized infringes on the rights of others, we may be sued or be precluded from using the technology.

Increasing Programming Costs. Programming has been, and is expected to continue to be, our largest operating expense item. In recent years, the cable industry has experienced a rapid escalation in the cost of programming,

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particularly sports programming. We expect programming costs to continue to increase because of a variety of factors, including inflationary or negotiated annual increases, additional programming being provided to customers and increased costs to purchase programming. The inability to fully pass these programming cost increases on to our customers would have an adverse impact on our cash flow and operating margins. As measured by programming costs, and excluding premium services (substantially all of which were renegotiated and renewed in 2003), as of July 7, 2005 approximately 9% of our current programming contracts were expired, and approximately another 21% are scheduled to expire at or before the end of 2005. There can be no assurance that these agreements will be renewed on favorable or comparable terms. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable we may be forced to remove such programming channels from our line-up, which could result in a further loss of customers.

Share Lending Agreement. The issuance of up to a total of 150 million shares of common stock (of which 27.2 million were issued in July 2005) pursuant to a share lending agreement executed by Charter in connection with the issuance of the 5.875% convertible senior notes in November 2004, is essentially analogous to a sale of shares coupled with a forward contract for the reacquisition of the shares at a future date. An instrument that requires physical settlement by repurchase of a fixed number of shares in exchange for cash is considered a forward purchase instrument. While the share lending agreement does not require a cash payment upon return of the shares, physical settlement is required (i.e., the shares borrowed must be returned at the end of the arrangement.) The net effect on shareholders' deficit of the share lending agreement (exclusive of the adjustment for the fair value of the stock borrow facility discussed below) which includes our requirement to lend the shares and the counterparties' requirement to return the shares, is expected to be de minimis and will represent the cash received upon lending of the shares and will be equal to the par value of the common stock to be issued.

The shares to be issued are required to be returned, in accordance with the contractual arrangement, and will be treated in basic and diluted earnings per share as if they were already returned and retired. Consequently, there will be no impact of the shares of common stock lent under the share lending agreement in the earnings per share calculation.

The share lending agreement was entered into to facilitate the ability of the purchasers of the 5.875% convertible senior notes to improve or enhance their yield on the notes and as such was a cost of the 5.875% notes issuance transaction. We determined that the fair value of the stock borrow facility was approximately \$13 million on the date of issuance of these notes. Therefore, we recorded such value at issuance as an increase to deferred financing fees and additional paid in capital in our consolidated financial statements. We are amortizing the value of the stock borrow facility to interest expense over the 5-year term of these notes.

Utilization of Net Operating Loss Carryforwards. As of June 30, 2005, we had approximately \$5.9 billion of tax net operating losses (resulting in a gross deferred tax asset of approximately \$2.3 billion), expiring in the years 2005 through 2025. Due to uncertainties in projected future taxable income, valuation allowances have been established against the gross deferred tax assets for book accounting purposes except for deferred benefits available to offset certain deferred tax liabilities. Currently, such tax net operating losses can accumulate and be used to offset any of our future taxable income. An "ownership change" as defined in the applicable federal income tax rules, would place significant limitations, on an annual basis, on the use of such net operating losses to offset any future taxable income we may generate. Such limitations, in conjunction with the net operating loss expiration provisions, could effectively eliminate our ability to use a substantial portion of our net operating losses to offset future taxable income.

The issuance of up to a total of 150 million shares of common stock (of which 27.2 million were issued in July 2005) offered pursuant to a share lending agreement executed by Charter in connection with the issuance of the 5.875% convertible senior notes in November 2004, as well as possible future conversions of our convertible notes, significantly increases the risk that we will experience an ownership change in the future for tax purposes, resulting in a material limitation on the use of a substantial amount of our existing net operating loss carryforwards. We do not believe that the issuance of shares associated with the share lending agreement would result in our experiencing an ownership change. However, future transactions and the timing of such transactions could cause an ownership change. Such transactions include additional issuances of common stock by us (including but not limited to issuances upon future conversion of our 5.875% convertible senior notes or as issued in the proposed settlement of derivative class action litigation), reacquisitions of the borrowed shares by us, or acquisitions or sales of shares by certain holders of our shares, including persons who have held, currently hold, or accumulate in the future five percent or more of our outstanding stock (including upon an exchange by Paul Allen or his affiliates, directly or

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indirectly, of membership units of Charter Holdco into our Class A common stock). Many of the foregoing transactions are beyond our control.

Class A Common Stock and Notes Price Volatility. The market price of our Class A common stock and our publicly traded notes has been and is likely to continue to be highly volatile. We expect that the price of our securities may fluctuate in response to various factors, including the factors described in this section and various other factors, which may be beyond our control. These factors beyond our control could include: financial forecasts by securities analysts; new conditions or trends in the cable or telecommunications industry; general economic and market conditions and specifically, conditions related to the cable or telecommunications industry; any change in our debt ratings; the development of improved or competitive technologies; the use of new products or promotions by us or our competitors; changes in accounting rules or interpretations; new regulatory legislation adopted in the United States; and any action taken or requirements imposed by NASDAQ if our Class A common stock trades below \$1.00 per share for over 30 consecutive trading days. On June 30, 2005, our Class A common stock closed on NASDAQ at \$1.18 per share.

In addition, the securities market in general, and the Nasdaq National Market and the market for cable television securities in particular, have experienced significant price fluctuations. Volatility in the market price for companies may often be unrelated or disproportionate to the operating performance of those companies. These broad market and industry factors may seriously harm the market price of our Class A common stock and our notes, regardless of our operating performance. In the past, securities litigation has often commenced following periods of volatility in the market price of a company's securities, and several purported class action lawsuits were filed against us in 2001 and 2002, following a decline in our stock price.

Economic Slowdown; Global Conflict. It is difficult to assess the impact that the general economic slowdown and global conflict will have on future operations. However, the economic slowdown has resulted and could continue to result in reduced spending by customers and advertisers, which could reduce our revenues, and also could affect our ability to collect accounts receivable and maintain customers. Reductions in operating revenues would likely negatively affect our ability to make expected capital expenditures and could also result in our inability to meet our obligations under our financing agreements. These developments could also have a negative impact on our financing and variable interest rate agreements through disruptions in the market or negative market conditions.

Regulation and Legislation. Cable system operations are extensively regulated at the federal, state, and local level, including rate regulation of basic service and equipment and municipal approval of franchise agreements and their terms, such as franchise requirements to upgrade cable plant and meet specified customer service standards. Additional legislation and regulation is always possible.

Cable operators also face significant regulation of their channel carriage. They currently can be required to devote substantial capacity to the carriage of programming that they would not carry voluntarily, including certain local broadcast signals, local public, educational and government access programming, and unaffiliated commercial leased access programming. This carriage burden could increase in the future, particularly if cable systems were required to carry both the analog and digital versions of local broadcast signals (dual carriage) or to carry multiple program streams included with a single digital broadcast transmission (multicast carriage). Additional government mandated broadcast carriage obligations could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity and limit our ability to offer services that would maximize customer appeal and revenue potential. Although the FCC issued a decision on February 10, 2005, confirming an earlier ruling against mandating either dual carriage or multicast carriage, that decision has been appealed. In addition, the FCC could modify its position or Congress could legislate additional carriage obligations.

Over the past several years, proposals have been advanced that would require cable operators offering Internet service to provide non-discriminatory access to its network to competing Internet service providers. In a June 2005 ruling, commonly referred to as *Brand X*, the Supreme Court upheld an FCC decision making it less likely that any non-discriminatory "open" access requirements (which are generally associated with common carrier regulation of "telecommunications services") will be imposed on the cable industry by local, state or federal authorities. The Supreme Court held that the FCC was correct in classifying cable-provided Internet service as an "information service," rather than a "telecommunications service." This favorable regulatory classification limits the ability of various governmental authorities to impose open access requirements on cable-provided Internet service. Given the recency of the *Brand X* decision, however, the nature of any legislative or regulatory response remains uncertain. The imposition of open access requirements could materially affect our business.

Table of Contents**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

No material changes in reported market risks have occurred since the filing of our December 31, 2004 Form 10-K.

Item 4. Controls and Procedures.

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

There was no change in our internal control over financial reporting during the quarter ended June 30, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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

Table of Contents**PART II. OTHER INFORMATION.****Item 1. Legal Proceedings.****Securities Class Actions and Derivative Suits**

Fourteen putative federal class action lawsuits (the "Federal Class Actions") were filed against Charter and certain of its former and present officers and directors in various jurisdictions allegedly on behalf of all purchasers of Charter's securities during the period from either November 8 or November 9, 1999 through July 17 or July 18, 2002. Unspecified damages were sought by the plaintiffs. In general, the lawsuits alleged that Charter utilized misleading accounting practices and failed to disclose these accounting practices and/or issued false and misleading financial statements and press releases concerning Charter's operations and prospects. The Federal Class Actions were specifically and individually identified in public filings made by Charter prior to the date of this quarterly report. On March 12, 2003, the Panel transferred the six Federal Class Actions not filed in the Eastern District of Missouri to that district for coordinated or consolidated pretrial proceedings with the eight Federal Class Actions already pending there. The Court subsequently consolidated the Federal Class Actions into a single action (the "Consolidated Federal Class Action") for pretrial purposes. On August 5, 2004, the plaintiff's representatives, Charter and the individual defendants who were the subject of the suit entered into a Memorandum of Understanding setting forth agreements in principle to settle the Consolidated Federal Class Action. These parties subsequently entered into Stipulations of Settlement dated as of January 24, 2005 (described more fully below) which incorporate the terms of the August 5, 2004 Memorandum of Understanding.

The Consolidated Federal Class Action is entitled:

- In re Charter Communications, Inc. Securities Litigation, MDL Docket No. 1506 (All Cases), StoneRidge Investments Partners, LLC, Individually and On Behalf of All Others Similarly Situated, v. Charter Communications, Inc., Paul Allen, Jerald L. Kent, Carl E. Vogel, Kent Kalkwarf, David G. Barford, Paul E. Martin, David L. McCall, Bill Shreffler, Chris Fenger, James H. Smith, III, Scientific-Atlanta, Inc., Motorola, Inc. and Arthur Andersen, LLP, Consolidated Case No. 4:02-CV-1186-CAS.

On September 12, 2002, a shareholders derivative suit (the "State Derivative Action") was filed in the Circuit Court of the City of St. Louis, State of Missouri (the "Missouri State Court"), against Charter and its then current directors, as well as its former auditors. The plaintiffs alleged that the individual defendants breached their fiduciary duties by failing to establish and maintain adequate internal controls and procedures.

The consolidated State Derivative Action is entitled:

- Kenneth Stacey, Derivatively on behalf of Nominal Defendant Charter Communications, Inc., v. Ronald L. Nelson, Paul G. Allen, Marc B. Nathanson, Nancy B. Peretsman, William Savoy, John H. Tory, Carl E. Vogel, Larry W. Wangberg, and Charter Communications, Inc.

On March 12, 2004, an action substantively identical to the State Derivative Action was filed in Missouri State Court against Charter and certain of its current and former directors, as well as its former auditors. On July 14, 2004, the Court consolidated this case with the State Derivative Action.

This action is entitled:

- Thomas Schimmel, Derivatively on behalf on Nominal Defendant Charter Communications, Inc., v. Ronald L. Nelson, Paul G. Allen, Marc B. Nathanson, Nancy B. Peretsman, William D. Savoy, John H. Tory, Carl E. Vogel, Larry W. Wangberg, and Arthur Andersen, LLP, and Charter Communications, Inc.

Separately, on February 12, 2003, a shareholders derivative suit (the "Federal Derivative Action"), was filed against Charter and its then current directors in the United States District Court for the Eastern District of Missouri. The plaintiff in that suit alleged that the individual defendants breached their fiduciary duties and grossly mismanaged Charter by failing to establish and maintain adequate internal controls and procedures.

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The Federal Derivative Action is entitled:

- Arthur Cohn, Derivatively on behalf of Nominal Defendant Charter Communications, Inc., v. Ronald L. Nelson, Paul G. Allen, Marc B. Nathanson, Nancy B. Peretsman, William Savoy, John H. Tory, Carl E. Vogel, Larry W. Wangberg, and Charter Communications, Inc.

As noted above, Charter and the individual defendants entered into a Memorandum of Understanding on August 5, 2004 setting forth agreements in principle regarding settlement of the Consolidated Federal Class Action, the State Derivative Action(s) and the Federal Derivative Action (the "Actions"). Charter and various other defendants in those actions subsequently entered into Stipulations of Settlement dated as of January 24, 2005, setting forth a settlement of the Actions in a manner consistent with the terms of the Memorandum of Understanding. The Stipulations of Settlement, along with various supporting documentation, were filed with the Court on February 2, 2005. On May 23, 2005 the United States District Court for the Eastern District of Missouri conducted the final fairness hearing for the Actions, and on June 30, 2005, the Court issued its final approval of the settlements. Members of the class had 30 days from the issuance of the June 30 order approving the settlement to file an appeal challenging the approval. Two notices of appeal were filed relating to the settlement, but Charter does not yet know the specific issues presented by such appeals, nor have briefing schedules been set.

As amended, the Stipulations of Settlement provide that, in exchange for a release of all claims by plaintiffs against Charter and its former and present officers and directors named in the Actions, Charter would pay to the plaintiffs a combination of cash and equity collectively valued at \$144 million, which will include the fees and expenses of plaintiffs' counsel. Of this amount, \$64 million would be paid in cash (by Charter's insurance carriers) and the \$80 million balance was to be paid (subject to Charter's right to substitute cash therefor described below) in shares of Charter Class A common stock having an aggregate value of \$40 million and ten-year warrants to purchase shares of Charter Class A common stock having an aggregate warrant value of \$40 million, with such values in each case being determined pursuant to formulas set forth in the Stipulations of Settlement. However, Charter had the right, in its sole discretion, to substitute cash for some or all of the aforementioned securities on a dollar for dollar basis. Pursuant to that right, Charter elected to fund the \$80 million obligation with 13.4 million shares of Charter Class A common stock (having an aggregate value of approximately \$15 million pursuant to the formula set forth in the Stipulations of Settlement) with the remaining balance (less an agreed upon \$2 million discount in respect of that portion allocable to plaintiffs' attorneys' fees) to be paid in cash. In addition, Charter had agreed to issue additional shares of its Class A common stock to its insurance carrier having an aggregate value of \$5 million; however, by agreement with its carrier Charter has paid \$4.5 million in cash in lieu of issuing such shares. Charter delivered the settlement consideration to the claims administrator on July 8, 2005, and it will be held in escrow pending any appeals of the approval. On July 14, 2005, the Circuit Court for the City of St. Louis dismissed with prejudice the State Derivative Actions.

As part of the settlements, Charter has committed to a variety of corporate governance changes, internal practices and public disclosures, some of which have already been undertaken and none of which are inconsistent with measures Charter is taking in connection with the recent conclusion of the SEC investigation.

Government Investigations

In August 2002, Charter became aware of a grand jury investigation being conducted by the U.S. Attorney's Office for the Eastern District of Missouri into certain of its accounting and reporting practices, focusing on how Charter reported customer numbers, and its reporting of amounts received from digital set-top terminal suppliers for advertising. The U.S. Attorney's Office publicly stated that Charter was not a target of the investigation. Charter was also advised by the U.S. Attorney's Office that no current officer or member of its board of directors was a target of the investigation. On July 24, 2003, a federal grand jury charged four former officers of Charter with conspiracy and mail and wire fraud, alleging improper accounting and reporting practices focusing on revenue from digital set-top terminal suppliers and inflated customer account numbers. Each of the indicted former officers pled guilty to single conspiracy counts related to the original mail and wire fraud charges and were sentenced April 22, 2005. Charter fully cooperated with the investigation, and following the sentencings, the U.S. Attorney's Office for the Eastern District of Missouri announced that its investigation was concluded and that no further indictments would issue.

Table of Contents**Indemnification**

Charter was generally required to indemnify, under certain conditions, each of the named individual defendants in connection with the matters described above pursuant to the terms of its bylaws and (where applicable) such individual defendants' employment agreements. In accordance with these documents, in connection with the grand jury investigation, a now-settled SEC investigation and the above-described lawsuits, some of Charter's current and former directors and current and former officers have been advanced certain costs and expenses incurred in connection with their defense. On February 22, 2005, Charter filed suit against four of its former officers who were indicted in the course of the grand jury investigation. These suits seek to recover the legal fees and other related expenses advanced to these individuals. One of these former officers has counterclaimed against Charter alleging, among other things, that Charter owes him additional indemnification for legal fees that Charter did not pay and another of these former officers has counterclaimed against Charter for accrued sick leave.

Other Litigation

In addition to the matters set forth above, Charter is also party to other lawsuits and claims that arose in the ordinary course of conducting its business. In the opinion of management, after taking into account recorded liabilities, the outcome of these other lawsuits and claims are not expected to have a material adverse effect on our consolidated financial condition, results of operations or our liquidity.

Item 3. Defaults Upon Senior Securities

We did not declare or pay the scheduled dividend payments on our Series A Convertible Redeemable Preferred Stock at March 31, 2005 or June 30, 2005. Accordingly, such amounts were accrued, and, since March 31, 2005, dividends have accrued at an increased rate of 7.75% of the redemption value of the shares (which totals approximately \$55 million) and will continue to accrue at that rate until accrued dividends have been paid in full. At June 30, 2005, the total accrued dividends equaled \$2 million.

Item 6. Exhibits.

The index to the exhibits begins on page 56 of this quarterly report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, Charter Communications, Inc. has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMUNICATIONS, INC.,

CHARTER

Registrant

Dated: August 2, 2005

By: /s/ Paul E. Martin

Name: Paul E. Martin

Title: *Senior Vice President,
Interim Chief Financial Officer,
Principal Accounting Officer and
Corporate Controller
(Principal Financial Officer and
Principal Accounting Officer)*

EXHIBIT INDEX

Exhibit Number	Description of Document
3.1(a)	Restated Certificate of Incorporation of Charter Communications, Inc. (Originally incorporated July 22, 1999) (Incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887)).
3.1(b)	Certificate of Amendment of Restated Certificate of Incorporation of Charter Communications, Inc. filed May 10, 2001 (Incorporated by reference to Exhibit 3.1(b) to the annual report on Form 10-K filed by Charter Communications, Inc. on March 29, 2002 (File No. 000-27927)).
3.2	Amended and Restated By-laws of Charter Communications, Inc. as of June 6, 2001 (Incorporated by reference to Exhibit 3.2 to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on November 14, 2001 (File No. 000-27927)).
3.3	Fourth Amendment to Amended and Restated By-laws of Charter Communications, Inc. as of October 3, 2003 (Incorporated by reference to Exhibit 3.3 to Charter Communications, Inc.'s quarterly report on Form 10-Q filed on November 3, 2003 (File No. 000-27927)).
3.4	Fifth Amendment to Amended and Restated By-laws of Charter Communications, Inc. as of October 28, 2003 (Incorporated by reference to Exhibit 3.4 to Charter Communications, Inc.'s quarterly report on Form 10-Q filed on November 3, 2003 (File No. 000-27927)).
3.5	Sixth Amendment to Amended and Restated By-laws of Charter Communications, Inc. (Incorporated by reference to Charter Communications, Inc.'s current report on Form 8-K filed on September 30, 2004).
3.6	Seventh Amendment to Amended and Restated By-laws of Charter Communications, Inc. (Incorporated by reference to Charter Communications, Inc.'s current report on Form 8-K filed on October 22, 2004).
10.1 (a)	Stipulation of Settlement, dated as of January 24, 2005, regarding settlement of Consolidated Federal Class Action entitled In Re Charter Communications, Inc. Securities Litigation. (Incorporated by reference to Exhibit 10.48 to the annual report on Form 10-K filed by Charter Communications, Inc. on March 3, 2005 (File No. 000-27927)).
10.1 (b)	Amendment to Stipulation of Settlement, dated as of May 23, 2005, regarding settlement of Consolidated Federal Class Action entitled In Re Charter Communications, Inc. Securities Litigation. (incorporated by reference to Exhibit 10.35(b) to Amendment No. 3 to the registration statement on Form S-1 filed by Charter Communications, Inc. on June 8, 2005 (File No. 333-121186)).
10.2+	Employment Agreement dated as of April 1, 2005, by and between Michael J. Lovett and Charter Communications, Inc. (Incorporated by reference to Exhibit 10.11 to the quarterly report on Form 10-Q filed by Charter Communications, Inc. on May 3, 2005 (File No. 000-27927)).
10.3+	Letter Agreement, dated April 15, 2005, by and between Charter Communications, Inc. and Paul E. Martin (incorporated by reference to Exhibit 99.1 to the current report on Form 8-K of Charter Communications, Inc. filed April 19, 2005 (File No. 0000-27927)).
10.4+	2005 Executive Cash Award Plan dated as of June 9, 2005 (incorporated by reference to Exhibit 99.1 to the current report on Form 8-K of Charter Communications, Inc. filed June 15, 2005 (File No. 0000-27927)).
10.5+	Restricted Stock Agreement, dated as of July 13, 2005, by and between Robert P. May and Charter Communications, Inc. (incorporated by reference to Exhibit 99.1 to the current report on Form 8-K of Charter Communications, Inc. filed July 13, 2005 (File No. 000-27927)).
10.6+	Restricted Stock Agreement, dated as of July 13, 2005, by and between Michael J. Lovett and Charter Communications, Inc. (incorporated by reference to Exhibit 99.2 to the current report on Form 8-K of Charter Communications, Inc. filed July 13, 2005 (File No. 000-27927)).
15.1*	Letter re Unaudited Interim Financial Statements.
31.1*	Certificate of Interim Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certificate of Interim Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Interim Chief Executive Officer).
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the

Sarbanes-Oxley Act of 2002 (Interim Chief Financial Officer).

* Document attached

+ Management compensatory plan or arrangement

