Risk Factors Comparison 2024-02-02 to 2023-01-27 Form: 10-K

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Risks Related to Our Business We operate in a very competitive business environment, which affects our ability to attract and retain customers and can adversely affect our business, operations and financial results. 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, access to better financing and greater and more favorable brand name recognition. Increasing consolidation in the telecommunications and content industries have provided additional benefits to certain of our competitors, either through access to financing, resources, or efficiencies of scale including the ability to launch new ~~video~~ **products and** services. Our Internet service faces competition from other companies' FTTH, fixed wireless broadband, Internet delivered via satellite and DSL services. Various operators offer wireless Internet services delivered over networks which they continue to enhance to deliver faster speeds and also continue to expand 5G mobile services. Our voice and mobile services compete with wireless and wireline phone providers, as well as other forms of communication, such as text, instant messaging, social networking services, video conferencing and email. Competition from these companies, including intensive marketing efforts with aggressive pricing ~~and exclusive programming~~ , may have an adverse impact on our ability to attract and retain customers. Our video service faces competition from a number of sources, including DBS services, and companies that deliver linear network programming, movies and television shows on demand and other video content over broadband Internet connections to televisions, computers, tablets and mobile devices often with password sharing among multiple users and security that makes content susceptible to piracy. Newer products and services, particularly alternative methods for the distribution, sale and viewing of content **may** ~~will likely~~ continue to be developed, further increasing the number of competitors that we face. The increasing number of choices available to audiences, including low- cost or free choices, could negatively impact not only consumer demand for our products and services, but also advertisers' willingness to purchase advertising from us. We compete for the sale of advertising revenue with television networks and stations, as well as other advertising platforms, such as online media, radio and print. Competition related to our service offerings to businesses continues to increase as well, as more companies deploy more fiber to more buildings, which may negatively impact our growth and put pressure on margins. A failure to effectively anticipate or adapt to new technologies **(including those that use artificial intelligence (" AI"))** and changes in customer expectations and behavior could significantly adversely affect our competitive position with respect to the leisure time and discretionary spending of our customers and, as a result, affect our business and results of operations. Competition may also reduce our expected growth of future cash flows which may contribute to future impairments of our franchises and goodwill and our ability to meet cash flow requirements, including debt service requirements. For additional information regarding the competition we face, see " Item 1. Business- Competition " and "- Regulation and Legislation. " We depend on third- party service providers, suppliers and licensors; thus, if we are unable to procure the necessary services, equipment, software or licenses on reasonable terms and on a timely basis, our ability to offer services could be impaired, and our growth, operations, business, financial results and financial condition could be materially adversely affected. We depend on a limited number of third- party service providers, suppliers and licensors to supply some of the services, hardware, software and operational support necessary to provide some of our services and execute our network evolution and rural construction initiatives. Some of our hardware, software and operational support vendors ~~,~~ and service providers represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. Our ability to provide some services and complete our network evolution and rural construction initiatives might be materially adversely affected, or the need to procure or develop alternative sources of the affected materials or services might interrupt or delay our ability to serve existing and new customers, if any of these parties experience or engage in the following: • breach or terminate or elect not to renew their agreements with us or otherwise fail to perform their obligations in a timely manner; • demand exceeds these vendors' capacity; • tariffs are imposed that impact vendors ~~'~~ **'** ability to perform their obligations or significantly increase the amount we pay; • experience operating or financial difficulties; • significantly increase the amount we are required to pay (including demands for substantial non- monetary compensation) for necessary products or services; or • cease production of any necessary product due to lack of demand, profitability or a change in ownership or are otherwise unable to provide the equipment or services we need in a timely manner at our specifications and at reasonable prices. ~~Our third- party service providers, suppliers and licensors have been disrupted by worker absenteeism, quarantines, restrictions on employees' ability to work, office and factory closures, disruptions to ports and other shipping infrastructure, border closures, or other travel or health- related restrictions over the last three years.~~ In addition, the existence of only a limited number of vendors of key technologies can lead to less product innovation and higher costs. **Any of** ~~These~~ **these** events could materially and adversely affect our ability to retain and attract customers and our operations, business, financial results and financial condition. We may not have the ability to pass on to our customers all of the increases in programming costs, which could adversely affect our cash flow and operating margins. Programming costs are **one of** our ~~single~~ largest expense ~~item~~ **items** . Our programming costs have historically increased in excess of customary inflationary and cost- of- living type increases. While decreases in video customers combined with a change in the mix of customers choosing lower cost packages have ~~lowered~~ **offset** total programming cost increases, we expect contractual programming rates per service subscriber to continue to increase as a result of annual increases pursuant to our programming contracts and contract renewals with programmers. Although we pass along amounts paid for local broadcast station retransmission consent to the majority of our customers, the inability to fully pass programming cost increases on to our customers has had, and is expected in the future to have, an adverse impact on our cash flow and operating margins associated with the video product. Additionally, the demands of large media companies, with additional selling power as a result of media and broadcast station ~~groups~~ **group** consolidation, who link carriage of their most popular networks to carriage and cost increases of their less popular networks, and require us to carry their most popular networks to a large percentage of our video subscribers, have limited our flexibility in selling more tailored and cost- sensitive programming packages for consumers. In order to mitigate impacts to our operating margins due to increasing programming rates, we continue to review our pricing and programming packaging strategies. **Further, some programmers have begun to simulcast and / or move popular programming to DTC apps which, in some cases, are no longer accessible by our customers through their current video subscription, despite increasing rates, driving customer dissatisfaction and in turn, customer losses. We are seeking to obtain access to these DTC apps, where applicable, as we renew agreements, so that we may include in our customers' video subscriptions.** Increases in the cost of sports programming and the amounts paid for local broadcast station retransmission **-** consent have been the largest contributors to the growth in our programming costs over the last few years. Federal law allows commercial television broadcast stations to make an election between “ must- carry ” rights and an alternative “ retransmission- consent ” regime. When a station opts for the retransmission **-** consent regime, we are not allowed to carry the station’ s signal without that station’ s permission. In retransmission- consent negotiations, broadcasters often condition consent with respect to one station on carriage of one or more other stations or programming services in which they or their affiliates have an interest. Carriage of these other services, as well as increased fees for retransmission rights, may increase our programming expenses ~~and diminish the amount of capacity we have available to introduce new services,~~ which could have an adverse effect on our business and financial results. Our programming contracts are generally for a fixed period of time, with potentially significant spend subject to negotiated renewal in any particular year. We will seek to renew these agreements on terms that we believe are favorable. 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 have been, and may in the future be, forced to remove such programming channels from our line- up, which may result in a loss of customers. Any failure to carry programming that is attractive to our customers could adversely impact our customer levels, operations and financial results. Any failure to respond to technological developments and meet customer demand for new products and services could adversely affect our ability to compete effectively. We operate in a highly competitive, consumer- driven and rapidly changing environment. From time to time, we may pursue strategic initiatives to launch products or enhancements to our products. Our success is, to a large extent, dependent on our ability to acquire, develop, adopt, upgrade and exploit new and existing technologies to address consumers’ changing demands and distinguish our services from those of our competitors. We may not be able to accurately predict technological trends or the success of new products and services. If we choose technologies or equipment that are less effective, cost- efficient or attractive to customers than those chosen by our competitors, if technologies or equipment on which we have chosen to rely cease to be available to us on reasonable terms or conditions, if we offer services that fail to appeal to consumers, are not available at competitive prices or that do not function as expected, if we are not able to fund the expenditures necessary to keep pace with technological developments, or if we are no longer able to make our services available to our customers on a third- party device on which a substantial number of customers have relied to access our services, our competitive position could deteriorate, and our business and financial results could suffer. The ability of some of our competitors to introduce new technologies, products and services more quickly than we do may adversely affect our competitive position. Furthermore, advances in technology, decreases in the cost of existing technologies or changes in competitors’ product and service offerings may require us in the future to make additional research and development expenditures or to offer, at no additional charge or at a lower price, certain products and services that we currently offer to customers separately or at a premium. In addition, the uncertainty of our ability, and the costs, to obtain intellectual property rights from third parties could impact our ability to respond to technological advances in a timely and effective manner. Any failure to maintain and expand our upgraded systems and provide advanced services in a timely manner, or to anticipate the demands of the marketplace, could materially adversely affect our ability to attract and retain customers. In addition, as we continue to grow our mobile services using virtual network operator rights from a third party, we expect continued growth- related sales and marketing and other customer acquisition costs as well as negative working capital impacts from the timing of device- related cash flows when we provide devices pursuant to equipment installation plans. We also continue to consider and pursue opportunities in the mobile space which may include the acquisition of additional licensed spectrum and may include entering into or expanding joint ventures or partnerships with wireless or cable providers which may require significant investment. For example, we now hold CBRS PALs to support existing and future mobile services. These licenses are subject to revocation and expiration. Although we expect to be able to maintain and renew these licenses, the loss of one or more licenses could significantly impair our ability to offload mobile traffic and achieve cost reductions. If we are unable to continue to grow our mobile business and achieve the outcomes we expect from our investments in the mobile business, our growth, financial condition and results of operations could be adversely affected. Our business may be adversely affected if we cannot continue to license or enforce the intellectual property rights on which our business depends. We rely on patent, copyright, trademark and trade secret laws and licenses and other agreements with our employees, customers, suppliers and other parties to establish and maintain our intellectual property rights in technology and the products and services used in our operations. Also, because of the rapid pace of technological change, we both develop our own technologies, products and services and rely on technologies developed or licensed by third parties. However, any of our intellectual property rights, or the rights of our suppliers, could be challenged or invalidated, or such intellectual property rights may not be sufficient to permit us to take advantage of current industry trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of certain product or service offerings or other competitive harm. We may not be able to obtain or continue to obtain licenses from these third parties on reasonable terms, if at all. In addition, claims of intellectual property infringement could require us to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question, which could require us to change our business practices or offerings and limit our ability to compete effectively. Even unsuccessful claims can be time- consuming and costly to defend and may divert management' s attention and resources away from our business. Infringement claims continue to be brought frequently in the communications and entertainment industries, and we are also often a party to such litigation alleging that certain of our services or technologies infringe the intellectual property rights of others. Various events could disrupt or result in unauthorized access to our networks, information systems or properties and could impair our operating activities and negatively impact our reputation and financial results. Network and information systems technologies are critical to our operating activities, both for our internal uses, such as network management, and supplying services to our customers, including customer service operations and programming delivery. Network or information system shutdowns or other service disruptions caused by events such as computer hacking, phishing, dissemination of computer viruses, worms and other destructive or disruptive software, " cyber attacks " such as ransomware, process breakdowns, denial of service attacks and other malicious activity pose increasing risks. Both unsuccessful and successful " cyber attacks " on companies have continued to increase in frequency, scope and potential harm in recent years **, and the increasing use of AI may intensify these cybersecurity risks** . While we develop and maintain systems seeking to prevent systems- related events and security breaches from occurring, the development and maintenance of these systems is costly and requires ongoing monitoring and updating as techniques used in such attacks become more sophisticated and change frequently. We, and the third parties on which we rely, may be unable to anticipate these techniques or implement adequate preventive measures. While from time to time attempts have been made to access our network, these events have not as yet resulted in any material release of information, degradation or disruption to our network and information systems. Our network and information systems are also vulnerable to damage or interruption from power outages, telecommunications failures, accidents, natural disasters (including extreme weather arising from short- term or any long- term changes in weather patterns), terrorist attacks and similar events. Our system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Any of these events, if directed at, or experienced by, us or technologies upon which we depend, could have adverse consequences on our network, our customers and our business, including degradation of service, service disruption, excessive call volume to call centers, and damage to our or our customers' equipment and data. Large expenditures may be necessary to repair or replace damaged property, networks or information systems or to protect them from similar events in the future. Moreover, the amount and scope of insurance that we maintain against losses resulting from any such events or security breaches may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result. Any such significant service disruption could result in damage to our reputation and credibility, customer dissatisfaction and ultimately a loss of customers or revenue. Any significant loss of customers or revenue, or significant increase in costs of serving those customers, could adversely affect our growth, financial condition and results of operations. Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems and networks and those of our third- party vendors, including customer, personnel and vendor data. We provide certain confidential, proprietary and personal information to third parties in connection with our business, and there is a risk that this information may be compromised. We process, store, and transmit large amounts of data, including the personal information of our customers. Ongoing increases in the potential for misuse of personal information, the public' s awareness of the importance of safeguarding personal information, and the volume of legislation that has been adopted or is being considered regarding the protection, privacy ~~,~~ and security of personal information have resulted in increases to our information- related risks. We could be exposed to significant costs if such risks were to materialize, and such events could damage our reputation, credibility and business and have a negative impact on our revenue. We could be subject to regulatory actions and claims made by consumers in private litigations involving privacy issues related to consumer data collection and use practices. We also could be required to expend significant capital and other resources to remedy any such security breach **. Issues related to the development and use of AI could give rise to legal or regulatory action, damage our reputation or otherwise materially harm our business. We currently incorporate AI technology in certain parts of our business operations. Our research and development of such technology remains ongoing. AI presents risks, challenges and unintended consequences that could affect our and our customers' adoption and use of this technology. AI algorithms and training methodologies may be flawed. Additionally, AI technologies are complex and rapidly evolving. While we aim to develop and use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. AI- related issues, deficiencies or failures could give rise to legal or regulatory action, including with respect to proposed legislation regulating AI or as a result of new applications of existing data protection, privacy, intellectual property and other laws, and could damage our reputation or otherwise materially harm our business** . Our exposure to the economic conditions of our current and potential customers, vendors and third parties could adversely affect our cash flow, results of operations and financial condition. We are exposed to risks associated with the economic conditions of our current and potential customers, the potential financial instability of our customers and their financial ability to purchase our products. If there were a prolonged general economic downturn, we may experience increased cancellations or non- payment by our customers or unfavorable changes in the mix of products purchased. This may include an increase in the number of homes that replace their video service with Internet- delivered ~~and /~~ or over- air content, as well as an increase in the number of Internet and voice customers substituting mobile data and voice products for wireline services, which would negatively impact our ability to attract customers, increase rates and maintain or increase revenue. In addition, our ability to gain new customers is dependent to some extent on growth in occupied housing in our service areas, which is influenced by both national and local economic conditions. Weak economic conditions may also have a negative impact on our advertising revenue. These events have adversely affected us in the past, and may adversely affect our cash flow, results of operations and financial condition if a downturn were to continue. In addition, we are susceptible to risks associated with the potential financial instability of the vendors and third parties on which we rely to provide products and services or to which we outsource certain functions. The same economic conditions that may affect our customers, as well as volatility and disruption in the capital and credit markets, also could adversely affect vendors and third parties and lead to significant increases in prices, reduction in output or the bankruptcy of our vendors or third parties upon which we rely. **Further, inflationary pressures may impact the ability of vendors and other third parties to satisfy their obligations to us.** Any interruption in the services provided by our vendors or by third parties could adversely affect our cash flow, results of operation and financial condition. If we are unable to retain key employees, our ability to manage our business could be adversely affected. Our operational results have depended, and our future results will depend, upon the retention and continued performance of our management team. Our ability to **hire and** retain ~~and hire new~~ key employees for management positions could be impacted adversely by the competitive environment for management talent in the broadband communications and technology industries. The loss of the services of key members of management and the inability or delay in hiring new key employees could adversely affect our ability to manage our business and our future operational and financial results. Risks Related to Our Indebtedness We have a significant amount of debt and expect to incur significant additional debt, including secured debt, in the future, which could adversely affect our financial condition and our ability to react to changes in our business. We have a significant amount of debt and expect to (subject to applicable restrictions in our debt instruments) incur additional debt in the future as ~~we~~ **Charter** ~~maintain~~ **maintains** ~~our~~ **its** stated objective of 4. 0 to 4. 5 times Adjusted EBITDA leverage (net debt divided by the last twelve months Adjusted EBITDA). As of December 31, ~~2022~~ **2023** , our total principal amount of debt was approximately $ 97. ~~4~~ **6** billion ~~with a~~ **and Charter' s** leverage ratio ~~of~~ **was** 4. ~~47~~ **42** times Adjusted EBITDA. As of December 31, ~~2022~~ **2023** , $ 70. ~~7~~ **3** billion of our debt was rated investment grade and $ ~~26~~ **27** . ~~7~~ **3** billion was rated high yield debt. This split rating allows us to access both the investment grade debt market and the high yield debt market. Our significant amount of debt could have **adverse** consequences, such as: • impact our ability to raise additional capital at reasonable rates, or at all; • make us vulnerable to interest rate increases, in part because approximately ~~15~~ **14** % of our borrowings as of December 31, ~~2022~~ **2023** were, and may continue to be, subject to variable rates of interest; • expose us to increased interest expense to the extent we refinance existing debt with higher cost debt; • require us to dedicate a significant portion of our cash flow from operating activities to make payments on our debt, reducing our funds available for ~~working capital,~~ capital expenditures ~~,~~ and other general corporate ~~expenses~~ **purposes** ; • limit our flexibility in planning for, or reacting to, changes in our business, the cable and telecommunications industries, and the economy at large; • place us at a disadvantage compared to our competitors that have proportionately less debt; and • adversely affect our relationship with customers and suppliers. To the extent our current debt amounts increase more than expected, our ~~business~~ **operating** results are lower than expected, or credit rating agencies downgrade our debt **thereby increasing our costs of borrowing and potentially** limiting our access to investment grade markets, the related risks that we now face will intensify. ~~In addition, a portion of our variable rate indebtedness may use London Interbank Offering Rate (“ LIBOR ”) as a benchmark for establishing the rate. The United Kingdom’ s Financial Conduct Authority, which regulates LIBOR, stopped publishing one week and 2 month U. S. Dollar (“ USD ”) LIBOR rates after 2021 with remaining USD LIBOR rates ceasing to be published after June 30, 2023. In the United States, the U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has proposed the Secured Overnight Financing Rate (“ SOFR ”), a new index calculated by short- term repurchase agreements backed by Treasury securities, as an alternative to LIBOR. In addition, the overall financial markets may be disrupted as a result of the phase- out or replacement of LIBOR. Uncertainty as to the nature of such phase out and selection of an alternative reference rate, together with disruption in the financial markets, could increase the cost of our variable rate indebtedness. As a result of the pending cessation of LIBOR, we amended the Charter Operating credit agreement to replace LIBOR with SOFR as the interest rate benchmark for the revolving credit facility and certain of the term loans thereunder. SOFR may fluctuate based on general economic conditions, general interest rates, Federal Reserve rates and the supply of and demand for credit in the market.~~ The agreements and instruments governing our debt contain restrictions and limitations that could significantly affect our ability to operate our business, as well as significantly affect our liquidity. The indentures governing the CCO Holdings, LLC (~~"~~ **“** CCO Holdings ~~"~~ **”**) notes contain a number of significant covenants that could adversely affect our **operations** ~~ability to operate our business~~ , ~~our~~ liquidity ~~,~~ and ~~our~~ results of operations. These covenants restrict, among other things, CCO Holdings, CCO Holdings Capital Corp. and all of their restricted subsidiaries’ ability to: • incur additional debt; • pay dividends on equity or repurchase equity; • make investments; • sell all or substantially all of their assets or merge with or into other companies; • sell assets; • in the case of restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to CCO Holdings, guarantee their parent companies **'** debt, or issue specified equity interests; • engage in certain transactions with affiliates; and • grant liens (with respect to only CCO Holdings). Additionally, the Charter **Communications** Operating **, LLC (" Charter Operating")** credit facilities require Charter Operating to comply with a maximum total leverage covenant and a maximum first lien leverage covenant. The Charter Operating credit facilities, the Charter Operating notes, the **Time Warner Cable, LLC ("** TWC, LLC **")** senior notes and debentures, and the **Time Warner Cable Enterprises, LLC ("** TWCE **")** debentures include customary negative covenants, including restrictions on the ability to incur liens securing indebtedness for borrowed money and consolidating, merging or conveying or transferring substantially all of the respective obligor’ s assets. The breach of any covenants or obligations in our indentures or credit facilities, not otherwise waived or amended, could result in a default under the applicable debt obligations and could trigger acceleration of those obligations, which in turn could trigger cross defaults under other agreements governing our long- term indebtedness. In addition, the secured lenders under our secured notes and the Charter Operating credit facilities could foreclose on their collateral, which includes equity interests in substantially all of our subsidiaries, and exercise other rights of secured creditors. Risks Related to Ownership Position of Liberty Broadband Corporation and Advance / Newhouse Partnership Liberty Broadband Corporation (~~"~~ **“** Liberty Broadband ~~"~~ **”**) and Advance / Newhouse Partnership (“ A / N ”) have governance rights that give them influence over corporate transactions and other matters. Liberty Broadband currently owns a significant amount of Charter Class A common stock and is entitled to certain governance rights with respect to Charter. A / N currently owns Charter Class A common stock and a significant amount of membership interests in our subsidiary **,** Charter Holdings, which are convertible into Charter Class A common stock, and is entitled to certain governance rights with respect to Charter. Members of ~~the~~ Charter **' s** ~~board~~ **Board** of ~~directors~~ **Directors** include a director who is also an officer and director of Liberty Broadband and directors who are current or former officers and directors of A / N. Mr. Greg Maffei is the President and Chief Executive Officer of Liberty Broadband. Steven Miron is the Chief Executive Officer of A / N and Michael Newhouse is co- president of the parent of A / N and its affiliates. As of December 31, ~~2022~~ **2023** , Liberty Broadband beneficially held approximately ~~27~~ **28** . ~~64~~ **50** % of Charter' s voting stock and A / N beneficially held approximately 12. ~~48~~ **46** % of Charter' s voting stock. Pursuant to the Amended and Restated Stockholders Agreement among Charter, Liberty Broadband and A / N, dated as of May 23, 2015 (as amended, the " Stockholders Agreement "), Liberty Broadband currently has the right to designate up to three directors as nominees for Charter' s ~~board~~ **Board** of ~~directors~~ **Directors** and A / N currently has the right to designate up to two directors as nominees for Charter' s ~~board~~ **Board** of ~~directors~~ **Directors** . Each of A / N and Liberty Broadband is entitled to nominate at least one director to each of the committees of Charter' s ~~board~~ **Board** of ~~directors~~ **Directors** , subject to applicable stock exchange listing rules and certain specified voting or equity ownership thresholds for each of A / N and Liberty Broadband, and provided that the Nominating and Corporate Governance Committee and the Compensation and ~~Benefit~~ **Benefits** Committee each have at least a majority of directors independent from A / N, Liberty Broadband and Charter (referred to as the " unaffiliated directors " in the Stockholders Agreement). The Stockholders Agreement and Charter' s amended and restated certificate of incorporation fixes the size of the board at 13 directors. Liberty Broadband and A / N are required to vote (subject to the applicable voting cap) their respective shares of Charter Class A common stock and Charter Class B common stock for the director nominees nominated by the ~~nominating~~ **Nominating** and ~~corporate~~ **Corporate** ~~governance~~ **Governance** ~~committee~~ **Committee** ~~of the board of directors~~ , including the respective designees of Liberty Broadband and A / N, and against any other nominees, except that, with respect to the unaffiliated directors, Liberty Broadband and A / N must instead vote in the same proportion as the voting securities are voted by stockholders other than A / N and Liberty Broadband or any group which includes any of them are voted, if doing so would cause a different outcome with respect to the unaffiliated directors. As a result of their rights under the Stockholders Agreement and their significant equity and voting stakes in Charter, Liberty Broadband and / or A / N, who may have interests different from those of other stockholders, will be able to exercise substantial influence over certain matters relating to the governance of Charter, including the approval of significant corporate actions, such as mergers and other business combination transactions. The Stockholders Agreement provides A / N and Liberty Broadband with preemptive rights with respect to issuances of Charter equity in connection with certain transactions, and in the event that A / N or Liberty Broadband exercises these rights, holders of Charter Class A common stock may experience further dilution. The Stockholders Agreement provides that A / N and Liberty Broadband will have certain contractual preemptive rights over issuances of Charter equity securities in connection with capital raising transactions. Holders of Charter Class A common stock will not be entitled to similar preemptive rights with respect to such transactions. As a result, if Liberty Broadband and / or A / N elect to exercise their preemptive rights, (i) these parties would not experience the dilution experienced by the other holders of Charter Class A common stock, and (ii) such other holders of Charter Class A common stock may experience further dilution of their interest in Charter upon such exercise. Risks Related to Regulatory and Legislative Matters Our business is subject to extensive governmental legislation and regulation, which could adversely affect our business. **The services we offer are subject to numerous laws and** ~~Regulation~~ **regulations that can** ~~of the cable industry has increased~~ - **increase** ~~cable operators'~~ operational and administrative expenses and **reduce** ~~limited their~~ revenues **,** ~~. Cable operators are subject to numerous laws and regulations~~ including those covering the following: • the provision of high- speed Internet service, including ~~net neutrality and~~ **network management,** broadband label **, broadband availability reporting, digital discrimination and** transparency rules; • the provision of **fixed and mobile** voice communications, including rules for emergency communications, **network and / or 911** outage reporting, ~~Customer Proprietary Network Information ("~~ CPNI ~~")~~ **safeguards and** reporting ~~and~~ **, local number portability,** efforts to limit unwanted robocalls **, and, for mobile devices, hearing aid compatibility, safety and emission requirements; • the fees that must be included in our advertised prices and bills, and the means by which our customers can cancel services; • access by law enforcement** ; • cable franchise renewals and transfers; • the provisioning, marketing and billing of cable and Internet equipment; • customer and employee privacy and data security; • copyright royalties for retransmitting broadcast signals; • the circumstances when a cable system must carry a broadcast station and the circumstances when it first must obtain retransmission consent to carry a broadcast station; • limitations on our ability to enter into exclusive agreements with multiple dwelling unit complexes and control our inside wiring; • equal employment opportunity; • the resiliency of our networks to maintain service during and after disasters and power outages; • emergency alert systems, disability access, pole attachments, commercial leased access and technical standards; • marketing practices, customer service, and consumer protection; and • approval for mergers and acquisitions often accompanied by the imposition of restrictions and requirements on an applicant' s business in order to secure approval of the proposed transaction. Legislators and regulators at all levels of government frequently consider changing, and sometimes do change, existing statutes, rules, regulations, or interpretations thereof, or prescribe new ones. Any future legislative, judicial, regulatory or administrative actions may increase our costs or impose additional restrictions on our businesses. Changes to **the** existing **legal and** ~~statutes, rules, regulations~~ **regulatory** ~~,~~ **framework under which we operate** or **the** ~~interpretations thereof, or adoption of new ones, or participation in new~~ regulatory programs **in which we or our competitors participate, including the possible elimination of the federal broadband ACP subsidy for low- income consumers** , could ~~have an adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business. There are ongoing efforts to amend or expand the federal, state ~~,~~ and local regulation of some of the services offered over our cable systems, particularly our retail broadband Internet access service. Potential legislative and regulatory changes could adversely impact our business by increasing our costs and competition and limiting our ability to offer services in a manner that would maximize our revenue potential. These changes **have in the past, and** could **in the future,** include, for example, the reclassification of Internet services as regulated telecommunications services or other utility- style regulation of Internet services; restrictions on how we manage our Internet access services and networks; the adoption of new **customer service or service quality requirements for our Internet access services; the adoption of new** privacy restrictions on our collection, use and disclosure of certain customer information; new data security and cybersecurity mandates that could result in additional network and information security and cyber incident reporting requirements for our business; new restraints on our discretion over programming decisions; new restrictions on the rates we charge to consumers for one or more of the services or equipment options we offer; changes to the cable industry' s compulsory copyright ~~license~~ to ~~carry~~ **retransmit** broadcast signals; new requirements to assure the availability of navigation devices from third- party providers; new Universal Service Fund contribution obligations on our Internet service revenues that would add to the cost of that service; increases in government-administered broadband subsidies to rural areas that could result in subsidized overbuilding of our facilities; ~~the exhaustion of funding for the FCC' s ACP or any changes to that program that could make it more difficult for us to provide services to low-income consumers;~~ changes to the FCC' s administration of spectrum; pending court challenges to the legality of the FCC' s Universal Service programs, which, if successful, could adversely affect our receipt of universal service funds, including but not limited to FCC RDOF grants to expand our network, FCC E- rate funds to serve schools and libraries and FCC Rural Health Care funds to serve eligible health care providers; and changes in the regulatory framework for VoIP telephone service, including the scope of regulatory obligations associated with our VoIP telephone service and our ability to interconnect our VoIP telephone service with incumbent providers of traditional telecommunications service **. We participate in the federal ACP that provides up to a $ 30 monthly subsidy enabling eligible low- income households to purchase our Internet products at a discount or, for a portion of those households, at no cost. The FCC has announced that ACP funding is expected to run out in April 2024 and has prohibited service providers from enrolling new ACP customers after February 7, 2024. If Congress does not provide additional funding, this will be disruptive to our business. We will lose customers and revenues and could face greater difficulty in providing services to low- income households in the future** . As a winning bidder in the FCC' s RDOF auction in 2020, we must comply with numerous FCC and state requirements to continue receiving such funding. To comply with these requirements, in RDOF areas, we have chosen to offer certain of our VoIP telephone services, such as our Lifeline services, subject to certain traditional federal and state common carrier regulations. Additionally, in some areas where we are building pursuant to subsidy programs, we will offer certain of our broadband Internet access services subject to required discounts and other marketing- related terms. If we fail to comply with those requirements, the governing regulatory agency could consider us in default and we could incur substantial penalties or forfeitures. If we fail to attain certain specified infrastructure build- out requirements under the RDOF program, the FCC could also withhold future support payments until those shortcomings are corrected. Any failure to comply with the rules and requirements of a subsidy grant could result in us being suspended or disbarred from future governmental programs or contracts for a significant period of time, which could adversely affect our results of operations and financial condition. If any laws or regulations are enacted that would expand the regulation of our services, they could affect our operations and require significant expenditures. We cannot predict future developments in these areas, and any changes to the regulatory framework for our Internet, video, mobile or VoIP services could have a negative impact on our business and results of operations. It remains uncertain what rule changes, if any, will ultimately be adopted by Congress, the FCC **, the FTC** and state legislatures, and what operating or financial impact any such rules might have on us, including on the operation of our broadband networks, customer privacy and the user experience. In addition, the FCC, the FTC, and various state agencies and attorney generals actively investigate industry practices and could impose substantial forfeitures for alleged regulatory violations. Tax legislation and administrative initiatives or challenges to our tax and fee positions could adversely affect our results of operations and financial condition. We **offer services and** operate cable systems in locations throughout the United States and, as a result, we are subject to the tax laws and regulations of federal, state and local governments. From time to time, legislative and administrative bodies change laws and regulations that change our effective tax rate or tax payments. Certain states and localities have imposed or are considering imposing new or additional taxes or fees on our services or changing the methodologies or base on which certain fees and taxes are computed. Potential changes include additional taxes or fees on our services which could impact our customers, changes to income tax sourcing rules and other changes to general business taxes, central / unit- level assessment of property taxes and other matters that could increase our income, franchise, sales, use and / or property tax liabilities. In addition, federal, state and local tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge. Our cable system franchises are subject to non- renewal or termination and are non- exclusive. The failure to renew a franchise or the grant of additional franchises in one or more service areas could adversely affect our business. Our cable systems generally operate pursuant to franchises, permits ~~,~~ and similar authorizations issued by a state or local governmental authority controlling the public rights- of-way. Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non- compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In some instances, local franchises have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities. We cannot assure you that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisors have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, we cannot assure you that we will be able to renew, or to renew as favorably, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more service areas could adversely affect our business in the affected geographic area. Our cable system franchises are non- exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with us on more favorable terms.