

TIME WARNER CABLE INC.

Form 424B3

September 26, 2007

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**Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-143580**

**PROSPECTUS**

**Time Warner Cable Inc.**

**OFFER TO EXCHANGE**

**\$1,500,000,000 in aggregate principal amount of 5.40% Notes due 2012, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding 5.40% Notes due 2012.**

**\$2,000,000,000 in aggregate principal amount of 5.85% Notes due 2017, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding 5.85% Notes due 2017.**

**\$1,500,000,000 in aggregate principal amount of 6.55% Debentures due 2037, which have been registered under the Securities Act of 1933, as amended, for any and all outstanding 6.55% Debentures due 2037.**

**The exchange debt securities will be fully and unconditionally guaranteed on a senior unsecured basis by our subsidiaries Time Warner Entertainment Company, L.P. and TW NY Cable Holding Inc.**

We are conducting the exchange offer in order to provide you with an opportunity to exchange your unregistered outstanding debt securities for freely tradeable exchange debt securities that have been registered under the Securities Act of 1933.

**The Exchange Offer**

We will exchange all outstanding debt securities that are validly tendered and not validly withdrawn for an equal principal amount of exchange debt securities that are freely tradeable.

You may withdraw tenders of outstanding debt securities at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on October 25, 2007, unless we extend it.

The exchange of outstanding debt securities for exchange debt securities in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

The terms of the exchange debt securities to be issued in the exchange offer are substantially identical to the outstanding debt securities, except that the exchange debt securities will be registered under the Securities Act of 1933, as amended, and will not have any transfer restrictions, registration rights or rights to additional interest.

No public market exists for the initial debt securities or exchange debt securities. We do not intend to apply for listing of the exchange debt securities or to arrange for them to be quoted on a quotation system.

We will not receive any proceeds from the exchange offer.

**You should carefully consider the Risk Factors beginning on page 14 of this prospectus before participating in the exchange offer.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange debt securities to be distributed in the exchange offer or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is September 25, 2007.

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**SUMMARY**

*Except as the context otherwise requires, references in this prospectus to TWC, the Company, we, our or us are to Time Warner Cable Inc. and references to Time Warner are to our parent corporation, Time Warner Inc. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this prospectus. This summary does not contain all of the information that you should consider before making an investment. You should read the entire prospectus carefully. Please see Forward-Looking Statements for more information regarding these statements.*

*Except as the context otherwise requires, references to information being pro forma or on a pro forma basis assume that the transactions with Adelphia Communications Corporation ( Adelphia ) and its affiliates and subsidiaries and Comcast Corporation ( Comcast ) and its affiliates and the dissolution of Texas and Kansas City Cable Partners, L.P. ( TKCCP ), including the distribution of TKCCP's cable systems in Kansas City, south and west Texas and New Mexico (the Kansas City Pool ), occurred on January 1, 2006, as described in our unaudited pro forma condensed combined financial statements contained herein. See Unaudited Pro Forma Condensed Combined Financial Information. Certain of the subscriber data contained in this prospectus includes subscribers in the Kansas City Pool for all periods presented. Prior to January 1, 2007, we managed, but did not consolidate the financial results of, the Kansas City Pool.*

*The term initial debt securities refers to the 5.40% Notes due 2012 (the 2012 initial notes ), the 5.85% Notes due 2017 (the 2017 initial notes ) and the 6.55% Debentures due 2037 (the 2037 initial debentures ) that were issued on April 9, 2007 in an offering pursuant to Rule 144A and Regulation S under the Securities Act of 1933, as amended (the Securities Act ). The term exchange debt securities refers to the 5.40% Notes due 2012 (the 2012 exchange notes ) and, together with the 2012 initial notes, the 2012 notes ), the 5.85% Notes due 2017 (the 2017 exchange notes ) and, together with the 2017 initial notes, the 2017 notes ) and the 6.55% Debentures due 2037 (the 2037 exchange debentures ) and, together with the 2037 initial debentures, the 2037 debentures ) offered with this prospectus. The term debt securities refers to the initial debt securities and the exchange debt securities, collectively. The term 2007 Bond Offering refers to the issuance of the initial debt securities.*

**Our Company**

We, together with our subsidiaries, are the second-largest cable operator in the U.S. and are an industry leader in developing and launching innovative video, data and voice services. At June 30, 2007, we had cable systems that passed approximately 26 million U.S. homes in well-clustered locations and had approximately 14.7 million customer relationships. Approximately 85% of these homes passed were located in one of five principal geographic areas: New York state, the Carolinas, Ohio, southern California and Texas. As of June 30, 2007, we were the largest cable system operator in a number of large cities, including New York City and Los Angeles.

As part of our strategy to expand our cable footprint and improve the clustering of our cable systems, on July 31, 2006, a subsidiary of ours, Time Warner NY Cable LLC ( TW NY ), and Comcast completed their respective acquisitions of assets comprising in the aggregate substantially all of the cable systems of Adelphia. TW NY paid approximately \$8.9 billion in cash (after giving effect to certain purchase price adjustments) and shares of our Class A common stock, par value \$.01 per share ( Class A common stock ), representing approximately 16% of our outstanding common stock for the portion of the Adelphia assets it acquired. Immediately prior to the Adelphia acquisition, we and our subsidiary, Time Warner Entertainment Company, L.P. ( TWE ), redeemed Comcast's interests in us (the TWC Redemption ) and TWE (the TWE Redemption ) and, together with the TWC Redemption, the Redemptions ), respectively, with the result that Comcast no longer had an interest in either company. In addition, TW NY exchanged certain cable systems with subsidiaries of Comcast (the Exchange ). As a result of the closing of these transactions

(referred to generally herein as the Transactions ), we acquired systems with approximately 4.0 million basic video subscribers and disposed of systems with approximately 0.8 million basic video subscribers that were transferred to Comcast

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in connection with the Redemptions and the Exchange for a net gain of approximately 3.2 million basic video subscribers.

In addition, effective January 1, 2007, we began consolidating the results of the Kansas City Pool we received upon the distribution of the assets of TKCCP to us and Comcast. Prior to January 1, 2007, our interest in TKCCP was reported as an equity method investment. TKCCP was formally dissolved on May 15, 2007.

For the presentation of subscriber information, cable systems we acquired in and retained after the Transactions are referred to herein as the Acquired Systems, and systems we owned before and retained after the Transactions, as well as the Kansas City Pool, are referred to herein as the Legacy Systems. For the presentation of financial information, however, Legacy Systems refers only to those systems that the Company owned both before and after the Transactions and does not include the Kansas City Pool. The Acquired Systems have the same definition as above.

On February 13, 2007, Adelphia's Chapter 11 reorganization plan became effective and, under applicable securities law regulations and provisions of the U.S. bankruptcy code, we became a public company subject to the requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act). Under the terms of the reorganization plan, most of the 155,913,430 shares of our Class A common stock that Adelphia received in the Adelphia acquisition (representing approximately 16% of our outstanding common stock) are being distributed to Adelphia's creditors. As of June 30, 2007, approximately 91% of these shares had been distributed to Adelphia's creditors. The remaining shares are expected to be distributed during the coming months as the remaining disputes are resolved by the bankruptcy court. On March 1, 2007, our Class A common stock began trading on the New York Stock Exchange (the NYSE) under the symbol TWC.

Time Warner currently owns approximately 84.0% of our common stock (representing a 90.6% voting interest). The financial results of our operations are consolidated by Time Warner.

As the marketplace for basic video services has matured, the cable industry has responded by introducing new services, including enhanced video services like high definition television (HDTV) and video-on-demand (VOD), high-speed Internet access and Internet protocol (IP)-based telephony. As of June 30, 2007, approximately 7.7 million (or 58%) of our 13.4 million basic video customers subscribed to digital video services, 7.2 million (or 28%) of high-speed data service-ready homes subscribed to a residential high-speed data service such as our Road Runner service and 2.3 million (or 12%) of voice service-ready homes subscribed to Digital Phone. We launched Digital Phone broadly in the Legacy Systems during 2004 and as of June 30, 2007, it was available to over 40% of the homes passed in the Acquired Systems. As of June 30, 2007, in the Legacy Systems, approximately 59% of our 9.6 million basic video customers subscribed to digital video services and over 32% of high-speed data service-ready homes subscribed to a residential high-speed data service.

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**SUMMARY OF THE EXCHANGE OFFER**

We are offering to exchange (i) \$1,500,000,000 aggregate principal amount of our 2012 exchange notes for a like aggregate principal amount of our 2012 initial notes, (ii) \$2,000,000,000 aggregate principal amount of our 2017 exchange notes for a like aggregate principal amount of our 2017 initial notes and (iii) \$1,500,000,000 aggregate principal amount of our 2037 exchange debentures for a like aggregate principal amount of our 2037 initial debentures. In order to exchange your initial debt securities, you must properly tender them and we must accept your tender. We will exchange all outstanding initial debt securities that are validly tendered and not validly withdrawn.

Exchange Offer	We will exchange our exchange debt securities for a like aggregate principal amount at maturity of our initial debt securities.
Expiration Date	This exchange offer will expire at 5:00 p.m., New York City time, on October 25, 2007, unless we extend it.
Conditions to the Exchange Offer	<p>We will complete this exchange offer only if:</p> <ul style="list-style-type: none"><li>the exchange offer does not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission (the SEC );</li><li>no action or proceeding shall have been instituted or threatened in any court or by any governmental agency which might materially impair our ability to proceed with the exchange offer, and no material adverse development shall have occurred in any existing action or proceeding with respect to us; and</li><li>we obtain all the governmental approvals we deem necessary to complete this exchange offer.</li></ul> <p>Please refer to the section in this prospectus entitled "The Exchange Offer" Conditions to the Exchange Offer.</p>
Procedures for Tendering Initial Debt Securities	To participate in this exchange offer, you must complete, sign and date the letter of transmittal or its facsimile and transmit it, together with your initial debt securities to be exchanged and all other documents required by the letter of transmittal, to The Bank of New York, as exchange agent, at its address indicated under "The Exchange Offer" Exchange Agent. In the alternative, you can tender your initial debt securities by book-entry delivery following the procedures described in this prospectus. For more information on tendering your initial debt securities, please refer to the section in this prospectus entitled "The Exchange Offer" Procedures for Tendering Initial Debt Securities.
Special Procedures for Beneficial Owners	If you are a beneficial owner of initial debt securities that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your initial debt securities in the exchange offer, you should contact the registered holder promptly and instruct that person to tender on your behalf.



Guaranteed Delivery Procedures

If you wish to tender your initial debt securities and you cannot get the required documents to the exchange agent on time, you may tender your initial debt securities by using the guaranteed delivery procedures described under the section of this prospectus entitled

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The Exchange Offer Procedures for Tendering Initial Debt Securities Guaranteed Delivery Procedure.

Withdrawal Rights

You may withdraw the tender of your initial debt securities at any time before 5:00 p.m., New York City time, on the expiration date of the exchange offer. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address indicated under The Exchange Offer Exchange Agent before 5:00 p.m., New York City time, on the expiration date of the exchange offer.

Acceptance of Initial Debt Securities and Delivery of Exchange Debt Securities

If all the conditions to the completion of this exchange offer are satisfied, we will accept any and all initial debt securities that are properly tendered in this exchange offer on or before 5:00 p.m., New York City time, on the expiration date. We will return to you any initial debt security that we do not accept for exchange without expense promptly after the expiration date. We will deliver the exchange debt securities to you promptly after the expiration date and acceptance of your initial debt securities for exchange. Please refer to the section in this prospectus entitled The Exchange Offer Acceptance of Initial Debt Securities for Exchange; Delivery of Exchange Debt Securities.

Federal Income Tax Considerations Relating to the Exchange Offer

Exchanging your initial debt securities for exchange debt securities will not be a taxable event to you for United States federal income tax purposes. Please refer to the section of this prospectus entitled Certain Material U.S. Federal Income Tax Consequences.

Exchange Agent

The Bank of New York is serving as exchange agent in the exchange offer.

Fees and Expenses

We will pay all expenses related to this exchange offer. Please refer to the section of this prospectus entitled The Exchange Offer Fees and Expenses.

Use of Proceeds

We will not receive any proceeds from the issuance of the exchange debt securities. We are making this exchange offer solely to satisfy certain of our obligations under a registration rights agreement entered into among our company, the guarantors and the initial purchasers of the debt securities (the Registration Rights Agreement ) in connection with the issuance of the initial debt securities.

Consequences to Holders Who Do Not Participate in the Exchange Offer

If you do not participate in this exchange offer:

except as set forth in the next paragraph, you will not be able to require us to register your initial debt securities under the Securities Act;

you will not be able to resell, offer to resell or otherwise transfer your initial debt securities unless they are registered under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration



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requirements of, or in a transaction not subject to, the Securities Act; and

the trading market for your initial debt securities will become more limited to the extent other holders of initial debt securities participate in the exchange offer.

You will not be able to require us to register your initial debt securities under the Securities Act unless:

changes in applicable law or the interpretations of the staff of the SEC do not permit us to effect the exchange offer;

for any reason the exchange offer is not consummated by January 4, 2008;

any holder notifies us prior to the 30<sup>th</sup> day following consummation of this exchange offer that it is prohibited by law or SEC policy from participating in the exchange offer;

in the case of any holder who participates in the exchange offer, such holder notifies us prior to the 30<sup>th</sup> day following the consummation of the exchange offer that it did not receive exchange debt securities that may be sold without restriction under state and federal securities laws (other than due solely to the status of such holder as an affiliate of ours within the meaning of the Securities Act); or

any initial purchaser of the debt securities so requests with respect to initial debt securities that have, or that are reasonably likely to be determined to have, the status of unsold allotments in an initial distribution.

In these cases, the Registration Rights Agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of the holders of the initial debt securities described in this paragraph. We do not currently anticipate that we will register under the Securities Act any initial debt securities that remain outstanding after completion of the exchange offer.

Please refer to the section of this prospectus entitled "The Exchange Offer - Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences."

**Resales**

It may be possible for you to resell the debt securities issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to the conditions described under "Obligations of Broker-Dealers" below.

To tender your initial debt securities in this exchange offer and resell the exchange debt securities without compliance with the registration and

prospectus delivery requirements of the Securities Act, you must make the following representations:

you are authorized to tender the initial debt securities and to acquire exchange debt securities, and that we will acquire good and unencumbered title to the initial debt securities,

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the exchange debt securities acquired by you are being acquired in the ordinary course of business,

you have no arrangement or understanding with any person to participate in a distribution of the exchange debt securities and are not participating in, and do not intend to participate in, the distribution of such exchange debt securities,

you are not an affiliate, as defined in Rule 405 under the Securities Act, of ours, or you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable,

if you are not a broker-dealer, you are not engaging in, and do not intend to engage in, a distribution of exchange debt securities, and

if you are a broker-dealer, initial debt securities to be exchanged were acquired by you as a result of market-making or other trading activities and you will deliver a prospectus in connection with any resale, offer to resell or other transfer of such exchange debt securities.

Please refer to the sections of this prospectus entitled The Exchange Offer Procedure for Tendering Initial Debt Securities Proper Execution and Delivery of Letters of Transmittal, Risk Factors Risks Relating to the Exchange Offer Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange debt securities and Plan of Distribution.

**Obligations of Broker-Dealers**

If you are a broker-dealer (1) that receives exchange debt securities, you must acknowledge that you will deliver a prospectus in connection with any resales of the exchange debt securities, (2) who acquired the initial debt securities as a result of market-making or other trading activities, you may use the exchange offer prospectus as supplemented or amended, in connection with resales of the exchange debt securities, or (3) who acquired the initial debt securities directly from the issuers in the initial offering and not as a result of market-making and trading activities, you must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with resales of the exchange debt securities.

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**Summary of Terms of the Exchange Debt Securities**

The following summary is not intended to be complete. For a more detailed description of the debt securities, see Description of the Debt Securities and the Guarantees.

Issuer	Time Warner Cable Inc.
Exchange Debt Securities	\$1,500,000,000 aggregate principal amount of 5.40% Notes due 2012; \$2,000,000,000 aggregate principal amount of 5.85% Notes due 2017; and \$1,500,000,000 aggregate principal amount of 6.55% Debentures due 2037. The forms and terms of the exchange debt securities are substantially identical to the forms and terms of the initial debt securities except that the exchange debt securities will be registered under the Securities Act, will not bear legends restricting their transfer and will not be entitled to registration rights under the Registration Rights Agreement or additional interest. The exchange debt securities will evidence the same debt as the initial debt securities, and both the initial debt securities and the exchange debt securities will be governed by the same indenture.
Maturity	2012 notes: July 2, 2012 2017 notes: May 1, 2017 2037 debentures: May 1, 2037
Interest Payment Dates	Interest on the 2012 notes is payable semi-annually in arrears on January 2 and July 2 of each year, beginning on July 2, 2007. Interest on the 2017 notes and the 2037 debentures is payable semi-annually in arrears on May 1 and November 1 of each year, beginning on November 1, 2007. Interest began to accrue from April 9, 2007.
Guarantors	Our subsidiaries, TWE and TW NY Cable Holding Inc. ( TW NY Holding and, together with TWE, the guarantors ).
Guarantees	The debt securities are fully, irrevocably and unconditionally guaranteed by the guarantors.
Ranking	The debt securities are our unsecured senior obligations and rank equally with our other unsecured and unsubordinated obligations.  The guarantees are unsecured senior obligations of the guarantors and rank equally with other unsecured and unsubordinated obligations of the guarantors.  The debt securities and the guarantees effectively rank junior in right of payment to any obligations, including trade payables, of all of our other subsidiaries that do not guarantee the debt securities. Please read Description of the Debt Securities and the Guarantees Ranking and Description of the Debt Securities and the Guarantees Guarantees in this prospectus for a discussion of the structural subordination of the debt securities with respect to the assets of certain of our subsidiaries.

Optional Redemption

We may redeem some or all of the debt securities at any time or from time to time, at our option, at the redemption prices described in this prospectus. See Description of the Debt Securities and the Guarantees Optional Redemption.



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Absence of Public Market for the Exchange Debt Securities	The exchange debt securities are new securities with no established market for them. We cannot assure you that a market for these exchange debt securities will develop or that this market will be liquid.
Form of the Exchange Debt Securities	The exchange debt securities will be represented by one or more permanent global securities in registered form deposited on behalf of The Depository Trust Company with The Bank of New York, as custodian. You will not receive exchange debt securities in certificated form unless one of the events described in the section of this prospectus entitled <b>Book-Entry, Delivery and Form Exchange of Book-Entry Notes for Certificated Debt Securities</b> occurs. Instead, beneficial interests in the exchange debt securities will be shown on, and transfers of these exchange debt securities will be effected only through, records maintained in book-entry form by The Depository Trust Company with respect to its participants.
No Listing	We do not intend to apply for the listing of the debt securities on any securities exchange or for the quotation of the debt securities in any dealer quotation system.
Governing Law	New York.
Risk Factors	Investing in the debt securities involves risk. You should carefully consider the risks, uncertainties and assumptions discussed under the section <b>Risk Factors</b> in this prospectus, together with all the other information contained in this prospectus.

**Corporate Information**

Although we and our predecessors have been in the cable business for over 30 years in various legal forms, Time Warner Cable Inc. was incorporated as a Delaware corporation in March 2003. Our principal executive offices are located at One Time Warner Center, North Tower, New York, New York 10019. Our telephone number is (212) 364-8200 and our corporate website is [www.timewarnercable.com](http://www.timewarnercable.com). Information included on or accessible through our website does not constitute a part of this prospectus.

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**Summary Financial and Subscriber Data**

Our summary financial and subscriber data are set forth on the following tables. The summary historical balance sheet data as of December 31, 2005 and 2006 and statement of operations data for each of the years ended December 31, 2004, 2005 and 2006 have been derived from our audited financial statements included elsewhere in this prospectus. The summary historical balance sheet data as of December 31, 2004 have been derived from our audited financial statements not included in this prospectus. The summary balance sheet data as of June 30, 2007 and the statement of operations data for the six months ended June 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements contained elsewhere in this prospectus. The summary historical balance sheet data as of June 30, 2006 have been derived from our unaudited financial statements not included in this prospectus. In the opinion of management, the unaudited financial data reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of our results of operations for those periods. Our results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results that can be expected for the full year or for any future period.

The summary unaudited pro forma statement of operations data set forth below give effect to the Transactions, the dissolution of TKCCP, including TKCCP's distribution of the Kansas City Pool to us, and the other matters described under Unaudited Pro Forma Condensed Combined Financial Information, as if the Transactions and the dissolution of TKCCP occurred on January 1, 2006. The unaudited pro forma information does not purport to represent what our results of operations or financial position would have been if the Transactions, the dissolution of TKCCP and such other matters had occurred as of the dates indicated or what those results will be for future periods.

The subscriber data set forth below covers cable systems serving 13.4 million basic video subscribers as of June 30, 2007. Subscriber numbers for all periods presented have been recast to include the subscribers in the Kansas City Pool and to exclude the subscribers that were transferred to Comcast in connection with the Transactions.

The following information should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Information, Capitalization, Use of Proceeds, Management's Discussion and Analysis of Results of Operations and Financial Condition, our consolidated financial statements and related notes, Adelphia's consolidated financial statements and related notes and Comcast's special purpose combined carve-out financial statements of the former Comcast Los Angeles, Dallas and Cleveland cable system operations and related notes, each of which is included elsewhere in this prospectus.

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	Year Ended December 31,			Six Months Ended June 30,			
	2004	2005	2006	Pro Forma 2006	2006	Pro Forma 2006	2007
(in millions, except per share data)							
<b>Statement of Operations Data:<sup>(1)</sup></b>							
Revenues:							
Video	\$ 5,706	\$ 6,044	\$ 7,632	\$ 9,821	\$ 3,199	\$ 4,881	\$ 5,083
High-speed data	1,642	1,997	2,756	3,271	1,169	1,574	1,818
Voice <sup>(2)</sup>	29	272	715	818	297	361	549
Advertising	484	499	664	850	242	384	415
Total revenues	7,861	8,812	11,767	14,760	4,907	7,200	7,865
Costs and expenses:							
Costs of revenues	3,456	3,918	5,356	6,974	2,202	3,430	3,755
Selling, general and administrative	1,450	1,529	2,126	2,569	883	1,242	1,343
Depreciation	1,329	1,465	1,883	2,360	768	1,144	1,318
Amortization	72	72	167	317	37	157	143
Merger-related and restructuring costs		42	56	56	21	21	16
Impairment of long-lived assets				9		9	
Total costs and expenses	6,307	7,026	9,588	12,285	3,911	6,003	6,575
Operating Income	1,554	1,786	2,179	2,475	996	1,197	1,290
Interest expense, net	(465)	(464)	(646)	(909)	(225)	(451)	(454)
Income from equity investments, net	41	43	129		42		7
Minority interest expense, net	(56)	(64)	(108)	(122)	(43)	(51)	(79)
Other income (expense), net	11	1	2	(4)	1	(4)	143
Income before income taxes, discontinued operations and cumulative effect of accounting change	1,085	1,302	1,556	1,440	771	691	907
Income tax provision	(454)	(153)	(620)	(579)	(307)	(280)	(359)
Income before discontinued operations and cumulative effect of accounting change	631	1,149	936	\$ 861	464	\$ 411	548
	95	104	1,038		64		

Discontinued operations, net of tax Cumulative effect of accounting change, net of tax				2		2								
Net income	\$	726	\$	1,253	\$	1,976	\$	530	\$	548				
Basic income per common share before discontinued operations and cumulative effect of accounting change	\$	0.63	\$	1.15	\$	0.95	\$	0.88	\$	0.47	\$	0.42	\$	0.56
Discontinued operations Cumulative effect of accounting change		0.10		0.10		1.05				0.06				
Basic net income per common share	\$	0.73	\$	1.25	\$	2.00	\$	0.53	\$	0.56				
Average basic common shares		1,000.0		1,000.0		990.4		976.9		1,000.0		976.9		976.9
Diluted income per common share before discontinued operations and cumulative effect of accounting change	\$	0.63	\$	1.15	\$	0.95	\$	0.88	\$	0.47	\$	0.42	\$	0.56
Discontinued operations Cumulative effect of accounting change		0.10		0.10		1.05				0.06				
Diluted net income per common share	\$	0.73	\$	1.25	\$	2.00	\$	0.53	\$	0.56				
Average diluted common shares		1,000.0		1,000.0		990.4		976.9		1,000.0		976.9		977.1
OIBDA <sup>(3)</sup>	\$	2,955	\$	3,323	\$	4,229	\$	5,152	\$	1,801	\$	2,498	\$	2,751

	2004	December 31, 2005	2006	June 30, 2006	2007
			(in millions)		

**Balance Sheet Data:**<sup>(1)</sup>

Cash and equivalents	\$	102	\$	12	\$	51	\$	26	\$	70
Total assets		43,138		43,677		55,743		44,010		55,873
Total debt and preferred equity <sup>(4)</sup>		7,299		6,863		14,732		6,523		14,171



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	Year Ended December 31,			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	(in millions)				
<b>Other Operating Data:<sup>(1)</sup></b>					
Cash provided by operating activities	\$ 2,661	\$ 2,540	\$ 3,595	\$ 1,541	\$ 2,204
Free Cash Flow <sup>(5)</sup>	851	435	735	388	591
Capital expenditures from continuing operations	(1,559)	(1,837)	(2,718)	(1,018)	(1,551)

	December 31,			June 30,	
	2004	2005	2006	2006	2007
	(in thousands, except percentages)				
<b>Subscriber Data:<sup>(1)(6)</sup></b>					
Customer relationships <sup>(7)</sup>	9,904	10,088	14,565	10,260	14,677
Revenue generating units <sup>(8)</sup>	17,128	19,301	29,527	20,750	30,983
Video:					
Homes passed <sup>(9)</sup>	15,977	16,338	26,062	16,613	26,335
Basic subscribers <sup>(10)</sup>	9,336	9,384	13,402	9,469	13,391
Basic penetration <sup>(11)</sup>	58.4%	57.4%	51.4%	57.0%	50.8%
Digital subscribers <sup>(12)</sup>	4,067	4,595	7,270	4,971	7,732
Digital penetration <sup>(13)</sup>	43.6%	49.0%	54.2%	52.5%	57.7%
High-speed data:					
Service-ready homes passed <sup>(14)</sup>	15,870	16,227	25,691	16,399	26,033
Residential subscribers <sup>(15)</sup>	3,368	4,141	6,644	4,649	7,188
Residential high-speed data penetration <sup>(16)</sup>	21.2%	25.5%	25.9%	28.3%	27.6%
Commercial accounts <sup>(15)</sup>	151	183	245	199	263
Voice:					
Service-ready homes passed <sup>(17)</sup>	8,814	14,308	16,623	15,140	19,863
Subscribers <sup>(18)</sup>	206	998	1,860	1,462	2,335
Penetration <sup>(19)</sup>	2.3%	7.0%	11.2%	9.7%	11.8%

(1) Our 2006 and 2007 financial and subscriber results include the impact of the Transactions for periods subsequent to the closing of the Transactions on July 31, 2006. Our 2007 financial results include the impact of the consolidation of the Kansas City Pool on January 1, 2007.

(2) Pro forma voice revenues include revenues of \$71 million and \$38 million for the year ended December 31, 2006 and the six months ended June 30, 2006, respectively, associated with subscribers acquired from Comcast who receive traditional, circuit-switched telephone service (approximately 106,000 and 136,000 subscribers at December 31, 2006 and June 30, 2006, respectively). Additionally, voice revenues for the year ended December 31, 2006 and the six months ended June 30, 2007 include approximately \$27 million and \$25 million, respectively, of revenues associated with approximately 106,000 subscribers and 74,000 subscribers as of December 31, 2006 and June 30, 2007, respectively, receiving traditional, circuit-switched telephone service. We continue to provide traditional, circuit-switched services to some of those subscribers and, in some areas, have begun the process of discontinuing the circuit-switched offering in accordance with regulatory requirements. In those areas where the circuit-switched offering is discontinued, Digital Phone will be the only voice service we provide.

- (3) Operating Income before Depreciation and Amortization ( OIBDA ) is a financial measure not calculated and presented in accordance with U.S. generally accepted accounting principles ( GAAP ). We define OIBDA as Operating Income before depreciation of tangible assets and amortization of intangible assets. Management utilizes OIBDA, among other measures, in evaluating the performance of our business because OIBDA eliminates the uneven effect across our business of considerable amounts of depreciation of tangible assets and amortization of intangible assets recognized in business combinations. Additionally, management utilizes OIBDA because it believes this measure provides valuable insight into the underlying performance of our individual cable systems by removing the effects of items that are not within the control of local personnel charged with managing these systems such as income tax provision, other income (expense), net, minority interest expense, net, income from equity investments, net, and interest expense, net. In this regard, OIBDA is a significant measure used in our annual incentive compensation programs. OIBDA also is a metric used by our parent, Time Warner, to evaluate our performance and is an important measure in the Time Warner reportable segment disclosures. Management also uses OIBDA because it believes it provides an indication of our ability to service debt and fund capital expenditures, as OIBDA removes the impact of depreciation and amortization. A limitation of this measure, however, is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. To compensate for this limitation, management evaluates the investments in such tangible and intangible assets through other financial measures, such as capital expenditure budget variances, investment spending levels and return on capital analyses. Another limitation of this measure is that it does not reflect the significant costs borne by us for income taxes, debt servicing costs, the share of OIBDA related to the minority ownership, the results of our equity investments or other non-operational income or expense. Management compensates for this limitation through other financial measures such as a review of net income and earnings per share. Additionally, OIBDA should be considered in addition to, and not as a substitute for, Operating Income, net income and other measures of financial performance reported in accordance with GAAP and may not be comparable to similarly titled measures used by other companies.

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The following is a reconciliation of Net income and Operating Income to OIBDA:

	<b>Year Ended December 31,</b>			<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2006</b>	<b>2007</b>
	<b>(in millions)</b>				
Net income	\$ 726	\$ 1,253	\$ 1,976	\$ 530	\$ 548
Reconciling items:					
Discontinued operations, net of tax	(95)	(104)	(1,038)	(64)	
Cumulative effect of accounting change, net of tax			(2)	(2)	
Income tax provision	454	153	620	307	359
Other income, net	(11)	(1)	(2)	(1)	(143)
Minority interest expense, net	56	64	108	43	79
Income from equity investments, net	(41)	(43)	(129)	(42)	(7)
Interest expense, net	465	464	646	225	454
 Operating Income	 1,554	 1,786	 2,179	 996	 1,290
Depreciation	1,329	1,465	1,883	768	1,318
Amortization	72	72	167	37	143
 OIBDA	 \$ 2,955	 \$ 3,323	 \$ 4,229	 \$ 1,801	 \$ 2,751

The following is a reconciliation of pro forma Income before discontinued operations and cumulative effect of accounting change and pro forma Operating Income to pro forma OIBDA:

	<b>Pro Forma Year Ended December 31, 2006</b>	<b>Pro Forma Six Months Ended June 30, 2006</b>
	<b>(in millions)</b>	
Income before discontinued operations and cumulative effect of accounting change	\$ 861	\$ 411
Reconciling items:		
Income tax provision	579	280
Other expense, net	4	4
Minority interest expense, net	122	51
Interest expense, net	909	451
 Operating Income	 2,475	 1,197



Depreciation	2,360	1,144
Amortization	317	157
OIBDA	\$ 5,152	\$ 2,498

- (4) Total debt and preferred equity includes debt due within one year of \$2 million at June 30, 2007 (none at June 30, 2006) and \$4 million and \$1 million at December 31, 2006 and December 31, 2004, respectively (none at December 31, 2005), long-term debt, mandatorily redeemable preferred membership units issued by a subsidiary and mandatorily redeemable preferred equity issued by a subsidiary.
- (5) Free Cash Flow is a non-GAAP financial measure. We define Free Cash Flow as cash provided by operating activities (as defined under GAAP) plus excess tax benefits from the exercise of stock options, less cash provided by (used by) discontinued operations, capital expenditures, partnership distributions and principal payments on capital leases. Management uses Free Cash Flow to evaluate our business. It is also a significant component of our annual incentive compensation programs. We believe this measure is an important indicator of our liquidity, including our ability to reduce net debt (defined as total debt less cash and equivalents) and make strategic investments, because it reflects our operating cash flow after considering the significant capital expenditures required to operate our business. A limitation of this measure, however, is that it does not reflect payments made in connection with investments and acquisitions, which reduce liquidity. To compensate for this limitation, management evaluates such expenditures through other financial measures such as return on investment analyses. Free Cash Flow should not be considered as an alternative to net cash provided by operating activities as a measure of liquidity, and may not be comparable to similarly titled measures used by other companies.

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The following is a reconciliation of Cash provided by operating activities to Free Cash Flow:

	Year Ended December 31,			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	(in millions)				
Cash provided by operating activities	\$ 2,661	\$ 2,540	\$ 3,595	\$ 1,541	\$ 2,204
Reconciling items:					
Discontinued operations, net of tax	(95)	(104)	(1,038)	(64)	
Adjustments relating to the operating cash flow of discontinued operations	(145)	(133)	926	(55)	(46)
Cash provided by continuing operating activities	2,421	2,303	3,483	1,422	2,158
Add: Excess tax benefit from exercise of stock options			4		5
Less:					
Capital expenditures from continuing operations	(1,559)	(1,837)	(2,718)	(1,018)	(1,551)
Partnership tax distributions, stock option distributions and principal payments on capital leases of continuing operations	(11)	(31)	(34)	(16)	(21)
Free Cash Flow	\$ 851	\$ 435	\$ 735	\$ 388	\$ 591

- (6) As a result of the closing of the Transactions, we acquired systems with approximately 4.0 million basic video subscribers and disposed of systems with approximately 0.8 million basic video subscribers that were transferred to Comcast in connection with the Redemptions and the Exchange for a net gain of approximately 3.2 million basic video subscribers.
- (7) Customer relationships represent the number of subscribers that receive at least one level of service, including circuit-switched telephone service, encompassing video, high-speed data and voice services, without regard to the service(s) purchased. For example, a subscriber who purchases only high-speed data service and no video service will count as one customer relationship, and a subscriber who purchases both video and high-speed data services will also count as only one customer relationship.
- (8) Revenue generating units represent the total of all basic video, digital video, high-speed data, Digital Phone and circuit-switched telephone service customers. Therefore, a subscriber who purchases basic video, digital video, high-speed data and Digital Phone services will count as four revenue generating units.
- (9) Homes passed represent the estimated number of service-ready single residence homes, apartment and condominium units and commercial establishments passed by our cable systems without further extending our transmission lines.
- (10) Basic video subscriber numbers reflect billable subscribers who receive basic video service.
- (11) Basic video penetration represents basic video subscribers as a percentage of homes passed.
- (12) Digital video subscriber numbers reflect billable subscribers who receive any level of video service via digital technology.

- (13) Digital video penetration represents digital video subscribers as a percentage of basic video subscribers.
- (14) High-speed data service-ready homes passed represent the estimated number of high-speed data service-ready single residence homes, apartment and condominium units and commercial establishments passed by our cable systems without further extending our transmission lines.
- (15) High-speed data subscriber numbers reflect billable subscribers who receive Road Runner high-speed data service or any of the other high-speed data services offered by us.
- (16) Residential high-speed data penetration represents residential high-speed data subscribers as a percentage of high-speed data service-ready homes passed.
- (17) Voice service-ready homes passed represent the estimated number of voice service-ready single residence homes, apartment and condominium units and commercial establishments passed by our cable systems without further extending our transmission lines.
- (18) Voice subscriber numbers reflect billable subscribers who receive IP-based telephony service and exclude subscribers acquired from Comcast who receive traditional, circuit-switched telephone service (approximately 106,000 and 74,000 subscribers at December 31, 2006 and June 30, 2007, respectively).
- (19) Voice penetration represents voice subscribers as a percentage of voice service-ready homes passed.

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**RISK FACTORS**

*You should carefully consider the risks described below and the other information in this prospectus before deciding to invest in these debt securities. If any of the following risks or uncertainties actually occur, our business, financial condition and operating results would likely suffer. Certain statements in Risk Factors are forward-looking statements. See Forward-Looking Statements.*

**Risks Related to Competition**

*We face a wide range of competition, which could affect our future results of operations.*

Our industry is and will continue to be highly competitive. Some of our principal competitors in particular, direct broadcast satellite operators and incumbent local telephone companies either offer or are making significant capital investments that will allow them to offer services that provide directly comparable features and functions to those we offer, and they are aggressively seeking to offer them in bundles similar to ours.

Incumbent local telephone companies have recently increased their efforts to provide video services. The two major incumbent local telephone companies AT&T Inc. ( AT&T ) and Verizon Communications Inc. ( Verizon ) have both announced that they intend to make fiber upgrades of their networks, although each is using a different architecture. AT&T is expected to utilize one of a number of fiber architectures, including fiber-to-the-node ( FTTN ), and Verizon utilizes a fiber architecture known as fiber-to-the-home ( FTTH ). Some upgraded portions of these networks are or will be capable of carrying video services that are technically comparable to ours, high-speed data services that operate at speeds as high or higher than those we make available to customers in these areas and digital voice services that are similar to ours. In addition, these companies continue to offer their traditional phone services as well as bundles that include wireless voice services provided by them or affiliated companies. In areas where they have launched video services, these parties are aggressively marketing video, voice and data bundles.

Our video business faces intense competition from direct broadcast satellite providers. These providers compete with us based on aggressive promotional pricing and exclusive programming (e.g., NFL Sunday Ticket, which is not available to cable operators). Direct broadcast satellite services are comparable in many respects to our analog and digital video services, including our digital video recorder ( DVR ) service. In addition, the two largest direct broadcast satellite providers are launching DVR services intended to provide a VOD-like user experience, and they offer some interactive programming features. These providers are working to increase the number of HDTV channels they offer in order to differentiate their service from services offered by cable operators.

In some areas, incumbent local telephone companies and direct broadcast satellite operators have entered into co-marketing arrangements that allow both parties to offer synthetic bundles (i.e., video services provided principally by the direct broadcast satellite operator, and digital subscriber line ( DSL ) and traditional phone service offered by the telephone companies). From a consumer standpoint, the synthetic bundles appear similar to our bundles and result in a single bill. AT&T is offering a service in some areas that utilizes direct broadcast satellite video but in an integrated package with AT&T's DSL product, which enables an Internet-based return path that allows the user to order a video-on-demand-like product and other services that we provide using our two-way network.

We operate our cable systems under non-exclusive franchises granted by state or local authorities. The existence of more than one cable system operating in the same territory is referred to as an overbuild. In some of our operating areas, other operators have overbuilt our systems and offer video, data and/or voice services in competition with us.

In addition to these competitors, we face competition on individual services from a range of competitors. For instance, our video service faces competition from providers of paid television services (such as satellite master antenna services) and from video delivered over the Internet. Our high-speed data service faces competition from, among others, incumbent local telephone companies utilizing their newly-upgraded fiber networks and/or DSL lines, Wi-Fi, Wi-Max and 3G wireless broadband services provided by mobile carriers

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such as Verizon Wireless, broadband over power line providers, municipal Wi-Fi services and from providers of traditional dial-up Internet access. Our voice service faces competition for voice customers from incumbent local telephone companies, cellular telephone service providers, Internet phone providers, such as Vonage, and others.

Any inability to compete effectively or an increase in competition with respect to video, voice or high-speed data services could have an adverse effect on our financial results and return on capital expenditures due to possible increases in the cost of gaining and retaining subscribers and lower per subscriber revenue, could slow or cause a decline in our growth rates, reduce our revenues, reduce the number of our subscribers or reduce our ability to increase penetration rates for services. As we expand and introduce new and enhanced products and services, we may be subject to competition from other providers of those products and services, such as telecommunications providers, Internet service providers ( ISP ) and consumer electronics companies, among others. We cannot predict the extent to which this competition will affect our future financial results or return on capital expenditures.

Future advances in technology, as well as changes in the marketplace and in the regulatory and legislative environments, may result in changes to the competitive landscape. For additional information regarding the regulatory and legal environment, see Risks Related to Government Regulation and Business Regulatory Matters.

***We operate our cable systems under franchises that are non-exclusive. State and local franchising authorities can grant additional franchises and foster additional competition.***

Our cable systems are constructed and operated under non-exclusive franchises granted by state or local governmental authorities. Federal law prohibits franchising authorities from unreasonably denying requests for additional franchises. Consequently, competing operators may build systems in areas in which we hold franchises. In the past, competing operators most of them relatively small have obtained such franchises and offered competing services in some areas in which we hold franchises. More recently, incumbent local telephone companies with significant resources, particularly Verizon and AT&T, have obtained or have sought to obtain such franchises in connection with or in preparation for offering of video, high-speed data and digital voice services in some of our service areas. See We face a wide range of competition, which could affect our future results of operations above. The existence of more than one cable system operating in the same territory is referred to as an overbuild.

We face competition from incumbent local telephone companies and other overbuilders in many of the areas we serve, including within each of our five major geographic operating areas. In New York City, we face competition from Verizon and another overbuilder, RCN Corporation ( RCN ). In upstate New York, overbuild activity is focused primarily in the Binghamton and Rochester areas, where competitors include Delhi Telephone in Binghamton and Empire Video Corporation and Frontier in Rochester. In the Carolinas, a number of local telephone companies, including Horry Telephone Cooperative, Southern Coastal Cable and Knology, are offering competing services, principally in South Carolina. Our Ohio operations face competition from local telephone companies such as Cincinnati Bell, New Knoxville Telephone Company, Wide Open West, Telephone Service Company and Columbus Grove Telephone Company. Recently, AT&T was granted franchises in the Cleveland, Columbus and Milwaukee areas. There is also local telephone company and other overbuild competition in our Texas region in the areas of Dallas, San Antonio, Waco, Austin and other areas in south and west Texas that we serve. Competing providers include FISION, Grande Communications, Wide Open West, and Western Integrated Networks. AT&T and Verizon have also been granted state-issued franchises in Texas. In southern California, we face competition from RCN, AT&T and Verizon. Verizon also has a statewide franchise in California.

Additional overbuild situations may occur in these and our other operating areas. In particular, Verizon and AT&T have both indicated that they will continue to upgrade their networks to enable the delivery of video and high-speed data services, in addition to their existing telephone services. In addition, companies that traditionally have not provided cable services and that have substantial financial resources may also decide to obtain franchises and seek to

provide competing services.

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Increased competition from any source, including overbuilders, could require us to charge lower prices for existing or future services than we otherwise might or require us to invest in or otherwise obtain additional services more quickly or at higher costs than we otherwise might. These actions, or the failure to take steps to allow us to compete effectively, could adversely affect our growth, financial condition and results of operations.

***We face risks relating to competition for the leisure and entertainment time of audiences, which has intensified in part due to advances in technology.***

In addition to the various competitive factors discussed above, our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, movies, live events, radio broadcasts, home video products, console games, print media and the Internet. Technological advancements, such as VOD, new video formats, and Internet streaming and downloading, many of which have been beneficial to our business, have nonetheless increased the number of entertainment and information delivery choices available to consumers and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could negatively impact not only consumer demand for our products and services, but also advertisers' willingness to purchase advertising from us. If we do not respond appropriately to further increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate, and our financial results could suffer.

***Our competitive position could suffer if we are unable to develop a compelling wireless offering.***

We offer high-quality information, entertainment and communication services over sophisticated broadband cable networks. We believe these networks currently provide the most efficient means to provide such services to consumers' homes. However, consumers are increasingly interested in accessing information, entertainment and communication services outside the home as well.

We are exploring various means by which we can offer our customers mobile services but there can be no assurance that we will be successful in doing so or that any such services we offer will appeal to consumers. In November 2005, we and several other cable operators, together with Sprint Nextel Corporation (Sprint), announced the formation of a joint venture that would develop integrated cable and wireless products that the venture's owners could offer to customers bundled with cable services. In 2006, we began offering under the Pivot brand name a service bundle that includes Sprint wireless voice service in limited operating areas and will continue to roll this product out in 2007. There can be no assurance that these offerings will be accepted by consumers or, even if accepted, that the offerings will be profitable. A separate joint venture formed by the same cable operators was the winning bidder of 137 licenses in the Federal Communications Commission (FCC) Auction 66 for Advanced Wireless Spectrum. The FCC awarded these licenses to the venture on November 29, 2006. There can be no assurance that the venture will successfully develop mobile voice and related wireless services or otherwise benefit from the acquired spectrum.

Until recently, our telephone competitors have only been able to include mobile services in their offerings through co-marketing relationships with affiliated wireless providers, which we do not believe have proven particularly compelling to consumers. However, we anticipate that, in the future, our competitors will either gain greater ownership of, or enter into more effective marketing arrangements with, these wireless providers. For instance, AT&T has acquired 100% ownership of Cingular Wireless, LLC, a wireless provider of which it previously owned only 60%. In addition, if our competitors begin to expand their service bundles to include compelling mobile features before we have developed and rolled out an equivalent or more compelling offering, we may not be in a position to provide a competitive product offering and our business and financial results could suffer.

If we pursue wireless strategies intended to provide us with a competitive response to offerings such as those described above, there can be no assurance that such strategies will succeed. For instance, we could, in pursuing such



a strategy, select technologies, products and services that fail to appeal to consumers. In addition, we could incur significant costs in gaining access to, developing and marketing, such services. If we

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incurred such costs, and the resulting products and services were not competitive with other parties' products or appealing to our customers, our business and financial results could suffer.

**Additional Risks of our Operations**

***Our business is characterized by rapid technological change, and if we do not respond appropriately to technological changes, our competitive position may be harmed.***

We operate in a highly competitive, consumer-driven and rapidly changing environment and are, to a large extent, dependent on our ability to acquire, develop, adopt and exploit new and existing technologies to distinguish our services from those of our competitors. This may take long periods of time and require significant capital investments. In addition, we may be required to anticipate far in advance which technologies and equipment we should adopt for new products and services or for future enhancements of or upgrades to our existing products and services. If we choose technologies or equipment that are less effective, cost-efficient or attractive to our customers than those chosen by our competitors, or if we offer products or services that fail to appeal to consumers, are not available at competitive prices or that do not function as expected, our competitive position could deteriorate, and our business and financial results could suffer.

Our competitive position also may be adversely affected by various timing factors, such as the ability of our competitors to acquire or develop and introduce new technologies, products and services more quickly than we do. Furthermore, advances in technology, decreases in the cost of existing technologies or changes in competitors' product and service offerings also 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 we currently offer to customers separately or at a premium. In addition, the uncertainty of the costs for obtaining intellectual property rights from third parties could impact our ability to respond to technological advances in a timely manner.

The combination of increased competition, more technologically advanced platforms, products and services, the increasing number of choices available to consumers and the overall rate of change in media and entertainment industries requires companies such as us to become more responsive to consumer needs and to adapt more quickly to market conditions than has been necessary in the past. We could have difficulty managing these changes while at the same time maintaining our rates of growth and profitability.

***We face certain challenges relating to the integration of the systems acquired in the Transactions into our existing systems and we may not realize the anticipated benefits of the Transactions.***

The Transactions have combined cable systems that were previously owned and operated by three different companies. The successful integration of the Acquired Systems will depend primarily on our ability to manage the combined operations and integrate into our operations the Acquired Systems (including management information, marketing, purchasing, accounting and finance, sales, billing, customer support and product distribution infrastructure, personnel, payroll and benefits, regulatory compliance and technology systems). The integration of these systems, including the upgrade of certain portions of the Acquired Systems, requires significant capital expenditures and may require us to use financial resources we would otherwise devote to other business initiatives, including marketing, customer care, the development of new products and services and the expansion of our existing cable systems. While we have planned for certain capital expenditures for, among other things, improvements to plant and technical performance and upgrading system capacity of the Acquired Systems, we may be required to spend more than anticipated for those purposes. Furthermore, these integration efforts may require more attention from our management and impose greater strains on our technical resources than anticipated. If we fail to successfully integrate the Acquired Systems, it could limit our ability to introduce our advanced services, which we believe is critical to improving the performance of certain of the Acquired Systems, and could have a material adverse effect on our

business and financial results.

Additionally, to the extent we encounter significant difficulties in integrating systems or other operations, our customer care efforts may be hampered. For instance, we may experience higher-than-normal call volumes under such circumstances, which might interfere with our ability to take orders, assist customers not impacted

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by the integration difficulties, and conduct other ordinary course activities. In addition, depending on the scope of the difficulties, we may be the subject of negative press reports or customer perception.

We have transitional services arrangements with Comcast under which Comcast has agreed to assist us by providing certain services to applicable Acquired Systems as we integrate those systems into our existing systems. Any failure by Comcast to perform under our agreements may cause the integration of the applicable Acquired Systems to be delayed and may increase the amount of time and money we need to devote to the integration of the applicable Acquired Systems.

We expect that we will realize cost savings and other financial and operating benefits as a result of the Transactions. However, due to the complexity of and risks relating to the integration of these systems, among other factors, we cannot predict with certainty when these cost savings and benefits will occur or the extent to which they actually will be achieved, if at all.

***We face risks inherent to our voice services business.***

We may encounter unforeseen difficulties as we introduce our voice services in new operating areas, including the Acquired Systems, and/or increase the scale of our voice service offerings in areas in which they have already been launched. First, we face heightened customer expectations for the reliability of voice services as compared with our video and high-speed data services. We have undertaken significant training of customer service representatives and technicians, and we will continue to need a highly trained workforce. To ensure reliable service, we may need to increase our expenditures, including spending on technology, equipment and personnel. If the service is not sufficiently reliable or we otherwise fail to meet customer expectations, our voice services business could be adversely affected. Second, the competitive landscape for voice services is intense; we face competition from providers of Internet phone services, as well as incumbent local telephone companies, cellular telephone service providers and others. See Risks Related to Competition We face a wide range of competition, which could affect our future results of operations. Third, our voice services depend on interconnection and related services provided by certain third parties. As a result, our ability to implement changes as the service grows may be limited. Finally, we expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment. Consequently, we are unable to predict the effect that ongoing or future developments in these areas might have on our voice services business and operations.

In addition, our launch of voice services in the Acquired Systems may pose certain risks. We will be unable to provide our voice services in some of the Acquired Systems without first upgrading the facilities. Additionally, we may need to obtain certain services from third parties prior to deploying voice services in the Acquired Systems. If we encounter difficulties or significant delays in launching voice services in the Acquired Systems, our business and financial results may be adversely affected.

***Significant increases in the use of bandwidth-intensive Internet-based services could increase our costs.***

The rising popularity of bandwidth-intensive Internet-based services poses special risks for our high-speed data business. Examples of such services include peer-to-peer file sharing services, gaming services, the delivery of video via streaming technology and by download, as well as Internet phone services. If heavy usage of bandwidth-intensive services grows beyond our current expectations, we may need to invest more capital than currently anticipated to expand the bandwidth capacity of our systems or our customers may have a suboptimal experience when using our high-speed data service. In addition, in order to continue to provide quality service at attractive prices, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands, to manage bandwidth usage efficiently and to make upgrades to our broadband facilities. Our ability to do these things could be restricted by legislative efforts to impose so-called net neutrality requirements on cable operators. See Risks

Related to Government Regulation Our business is subject to extensive governmental regulation, which could adversely affect our business.

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***Our ability to attract new basic video subscribers is dependent in part on growth in new housing in our service areas.***

Providing basic video services is an established and highly penetrated business. As a result, our ability to achieve incremental growth in basic video subscribers is dependent in part on growth in new housing in our service areas, which is influenced by various factors outside of our control, including both national and local economic conditions. If growth in new housing falls or if there are population declines in our operating areas, opportunities to gain new basic subscribers will decrease, which may have a material adverse effect on our growth, business and financial results or financial condition.

***We rely on network and information systems and other technology, and a disruption or failure of such networks, systems or technology as a result of computer viruses, misappropriation of data or other malfeasance, as well as outages, natural disasters, accidental releases of information or similar events, may disrupt our business.***

Because network and information systems and other technologies are critical to our operating activities, network or information system shutdowns caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters, terrorist attacks and similar events, pose increasing risks. Such an event could have an adverse impact on us and our customers, including degradation of service, service disruption, excessive call volume to call centers and damage to equipment and data. Such an event also could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events in the future. Significant incidents could result in a disruption of our operations, customer dissatisfaction, or a loss of customers and revenues.

Furthermore, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification and accidental release or loss of information maintained in our information technology systems and networks, including customer, personnel and vendor data. We could be exposed to significant costs if such risks were to materialize, and such events could damage our reputation and credibility. We also could be required to expend significant capital and other resources to remedy any such security breach. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection and security of personal information, information-related risks are increasing, particularly for businesses like ours that handle a large amount of personal customer data.

***If we are unable to retain senior executives and attract and retain other qualified employees, our growth might be hindered, which could impede our ability to run our business and potentially reduce our revenues and profitability.***

Our success depends in part on our ability to attract, hire, train and retain qualified managerial, sales, customer service and marketing personnel. We face significant competition for these types of personnel. We may be unsuccessful in attracting and retaining the required personnel to conduct and expand our operations successfully and, in such an event, our revenues and profitability could decline. Our success also depends to a significant extent on the continued service of our senior management team, including Messrs. Britt and Hobbs, with whom we have employment agreements. The loss of any member of our senior management team or other qualified employees could impair our ability to execute our business plan and growth strategy, cause us to lose subscribers and reduce our net sales, or lead to employee morale problems and/or the loss of key employees. In addition, key personnel may leave us and compete against us.

***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. However, any of our intellectual property

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rights 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. Additionally, from time to time we receive notices from others claiming that we infringe their intellectual property rights, and the number of these claims could increase in the future. 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 and limit our ability to compete effectively. Even if we believe that the claims are without merit, the claims can be time-consuming and costly to defend and divert management's attention and resources away from our businesses. Also, because of the rapid pace of technological change, we rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses from these third parties on reasonable terms, if at all. See also Risks Related to our Relationship with Time Warner We are party to agreements with Time Warner governing the use of our brand names, including the Time Warner Cable brand name, that may be terminated by Time Warner if we fail to perform our obligations under those agreements or if we undergo a change of control.

***The accounting treatment of goodwill and other identified intangibles could result in future asset impairments, which would be recorded as operating losses.***

Financial Accounting Standards Board ( FASB ) Statement No. 142, *Goodwill and Other Intangible Assets* ( FAS 142 ) requires that goodwill, including the goodwill included in the carrying value of investments accounted for using the equity method of accounting, and other intangible assets deemed to have indefinite useful lives, such as franchise agreements, cease to be amortized. FAS 142 requires that goodwill and certain intangible assets be tested at least annually for impairment. If we find that the carrying value of goodwill or a certain intangible asset exceeds its fair value, it will reduce the carrying value of the goodwill or intangible asset to the fair value, and we will recognize an impairment loss. Any such impairment losses are required to be recorded as noncash operating losses.

Our 2006 annual impairment analysis, which was performed during the fourth quarter, did not result in an impairment charge. For one reporting unit, the 2006 estimated fair value was within 10% of the respective book value. Applying a hypothetical 10% decrease to the fair value of this reporting unit would result in a greater book value than fair value for cable franchises in the amount of approximately \$20 million. Other intangible assets not subject to amortization are tested for impairment annually, or more frequently if events or circumstances indicate that the asset might be impaired. See Management's Discussion and Analysis of Results of Operations and Financial Condition Critical Accounting Policies Asset Impairments Goodwill and Indefinite-lived Intangible Assets and Finite-lived Intangible Assets.

The impairment tests require us to make an estimate of the fair value of intangible assets, which is primarily determined using discounted cash flow methodologies, research analyst estimates, market comparisons and a review of recent transactions. Since a number of factors may influence determinations of fair value of intangible assets, including those set forth in this discussion of Risk Factors, we are unable to predict whether impairments of goodwill or other indefinite-lived intangibles will occur in the future. Any such impairment would result in us recognizing a corresponding operating loss.

***The IRS and state and local tax authorities may challenge the tax characterizations of the Adelpia acquisition, the Redemptions and the Exchange, or our related valuations, and any successful challenge by the IRS or state or local tax authorities could materially adversely affect our tax profile, significantly increase our future cash tax payments and significantly reduce our future earnings and cash flow.***

The Adelpia acquisition was designed to be a fully taxable asset sale, the TWC Redemption was designed to qualify as a tax-free split-off under section 355 of the Internal Revenue Code of 1986, as amended (the Tax Code ), the TWE



Redemption was designed as a redemption of Comcast's partnership interest in TWE, and the Exchange was designed as an exchange of designated cable systems. There can be no assurance, however, that the Internal Revenue Service (the IRS) or state or local tax authorities (collectively with the

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IRS, the Tax Authorities ) will not challenge one or more of such characterizations or our related valuations. Such a successful challenge by the Tax Authorities could materially adversely affect our tax profile (including our ability to recognize the intended tax benefits from the Transactions), significantly increase our future cash tax payments and significantly reduce our future earnings and cash flow. The tax consequences of the Adelfia acquisition, the Redemptions and the Exchange are complex and, in many cases, subject to significant uncertainties, including, but not limited to, uncertainties regarding the application of federal, state and local income tax laws to various transactions and events contemplated therein and regarding matters relating to valuation.

***As a result of the indebtedness incurred in connection with the Transactions, we will be required to use an increased amount of the cash provided by our operating activities to service our debt obligations, which could limit our flexibility to grow our business and take advantage of new business opportunities.***

As a result of our funding needs for the Transactions, our obligations to make principal and interest payments related to our indebtedness have increased. Our increased amount of indebtedness and debt servicing obligations will require us to dedicate a larger amount of our cash flow from operations to making payments on our indebtedness than we have in the past. This reduces the availability of our cash flow to fund working capital and capital expenditures and for other general corporate purposes, may increase our vulnerability to general adverse economic and industry conditions, may limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, may limit our ability to make strategic acquisitions or pursue other business opportunities and may limit our ability to borrow additional funds and may increase the cost of any such borrowings.

## **Risks Related to Dependence on Third Parties**

***Increases in programming costs could adversely affect our operations, business or financial results.***

Video programming costs represent a major component of our expenses and are expected to continue to increase, reflecting contractual rate increases, subscriber growth and the expansion of service offerings, and it is expected that our video service margins will decline over the next few years as programming cost increases outpace growth in video revenues.

In addition, increased demands by owners of some broadcast stations for carriage of other services or payments to those broadcasters for retransmission consent could further increase our programming costs. 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 latter, cable operators are not allowed to carry the station's signal without the station's permission. We currently have multi-year agreements with most of the retransmission consent stations that we carry. In some cases, we carry stations under short-term arrangements while we attempt to negotiate new long-term retransmission agreements. If negotiations with these programmers prove unsuccessful, they could require us to cease carrying their signals, possibly for an indefinite period. Any loss of stations could make our video service less attractive to subscribers, which could result in less subscription and advertising revenue. 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 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.

Current and future programming providers that provide content that is desirable to our subscribers may enter into exclusive affiliation agreements with our cable and non-cable competitors and may be unwilling to enter into affiliation agreements with us on acceptable terms, if at all.

***We may not be able to obtain necessary hardware, software and operational support.***

We depend on third party suppliers and licensors to supply some of the hardware, software and operational support necessary to provide some of our services. We obtain these items from a limited number of vendors, some of which do not have a long operating history. Some of our hardware, software and

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operational support vendors represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. If demand exceeds these vendors' capacity or if these vendors experience operating or financial difficulties, our ability to provide some services might be materially adversely affected, or the need to procure or develop alternative sources of the affected materials might delay the provision of services. These events could materially and adversely affect our ability to retain and attract subscribers, and have a material negative impact on our operations, business, financial results and financial condition.

A limited number of vendors of key technologies can lead to less product innovation and higher costs. For these reasons, we generally endeavor to establish alternative vendors for materials we consider critical, but may not be able to establish these relationships or be able to obtain required materials on favorable terms. For example, each of our systems currently purchase set-top boxes from a limited number of vendors. This is due to the fact that each of our cable systems use one of two proprietary conditional access security schemes, which allows us to regulate subscriber access to some services, such as premium channels. We believe that the proprietary nature of these conditional access schemes makes other manufacturers reluctant to produce set-top boxes. Future innovation in set-top boxes may be restricted until these issues are resolved. In addition, we believe that the general lack of compatibility among set-top box operating systems has slowed the industry's development and deployment of digital set-top box applications. We have developed a user interface and interactive programming guide, designed to operate across different manufacturers' set-top boxes and other devices, that we expect to introduce during 2007. No assurance can be given that our user interface and guide will operate correctly, will be popular with consumers or will be compatible with other products and services that our customers value.

In addition, we have agreements with Verizon and Sprint under which these companies assist us in providing Digital Phone service to customers by routing voice traffic to the public switched network, delivering enhanced 911 service and assisting in local number portability and long distance traffic carriage. In July 2006, we agreed to expand our multi-year relationship with Sprint, selecting Sprint as our primary provider of these services, including in the Acquired Systems. Our transition to and reliance on a single provider for the bulk of these services may render us vulnerable to service disruptions and other operational difficulties, which could have an adverse effect on our business and financial results.

***We may encounter substantially increased pole attachment costs.***

Under federal law, we have the right to attach cables carrying video services to telephone and similar poles of investor-owned utilities at regulated rates. However, because these cables carry services other than video services, such as high-speed data services or new forms of voice services, some utility pole owners have sought to impose additional fees for pole attachment. The U.S. Supreme Court has rejected the efforts of some utility pole owners to make cable attachments carrying Internet traffic ineligible for regulatory protection. Pole owners have, however, made arguments in other areas of pole regulation that, if successful, could significantly increase our costs. In addition, our pole attachment rates may increase insofar as our systems are providing voice services.

Some of the poles we use are exempt from federal regulation because they are owned by utility cooperatives and municipal entities. These entities may not renew our existing agreements when they expire, and they may require us to pay substantially increased fees. A number of these entities are currently seeking to impose substantial rate increases. Any inability to secure continued pole attachment agreements with these cooperatives or municipal utilities on commercially reasonable terms could cause our business, financial results or financial condition to suffer.

***The adoption of, or the failure to adopt, certain consumer electronics devices or computers may negatively impact our offerings of new and enhanced services.***

Customer acceptance and use of new and enhanced services depend, to some extent, on customers having ready access and exposure to these services. One of the ways this access is facilitated is through the user interface included in our digital set-top boxes. The consumer electronics industry's provision of cable ready and digital cable ready televisions and other devices, as well as the IT industry's provision of computing

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devices capable of tuning, storing and displaying cable video signals, means customers owning these devices may use a different user interface from the one we provide and/or may not be able to access services requiring two-way transmission capabilities unless they also have a set-top box. Accordingly, customers using these devices without set-top boxes may have limited exposure and access to our advanced video services, including our interactive program guide and VOD and subscription-video-on-demand ( SVOD ). If such devices attain wide consumer acceptance, our revenue from equipment rental and two-way transmission-based services could decrease, and there could be a negative impact on our ability to sell advanced services to customers. We cannot predict the extent to which different interfaces will affect our future business and operations. See Business Regulatory Matters Communications Act and FCC Regulation.

We and other cable operators are involved in various efforts to ensure that consumer electronics and IT industry devices are capable of utilizing our two-way services, including: direct arrangements with a handful of consumer electronics companies that will lead to the deployment of a limited number of two-way capable televisions and other devices; continuing efforts (unsuccessful to date) to negotiate two-way interoperability standards with the broad consumer electronics industry; the development of an open software architecture layer that such devices could use to accept two-way applications; and an effort to develop a downloadable security system for consumer electronics devices. No assurances can be given that these or other efforts will be successful or that, if successful, consumers will widely adopt devices utilizing these technologies.

## **Risks Related to Government Regulation**

***Our business is subject to extensive governmental regulation, which could adversely affect our business.***

Our video and voice services are subject to extensive regulation at the federal, state, and local levels. In addition, the federal government also has been exploring possible regulation of high-speed data services. Additional regulation, including regulation relating to rates, equipment, technologies, programming, levels and types of services, taxes and other charges, could have an adverse impact on our services. Among the regulatory risks, if Congress or regulators were to disallow the use of certain technologies we use today or to mandate the implementation of other technologies, our services and results of operations could suffer. We expect that legislative enactments, court actions, and regulatory proceedings will continue to clarify and in some cases change the rights of cable companies and other entities providing video, data and voice services under the Communications Act of 1934, as amended (the Communications Act ) and other laws, possibly in ways that we have not foreseen. The results of these legislative, judicial, and administrative actions may materially affect our business operations in areas such as:

*Cable Franchising.* At the federal level, various provisions have been introduced in connection with broader Communications Act reform that would streamline the video franchising process to facilitate entry by new competitors. To date, no such measures have been adopted by the United States Congress ( Congress ). In December 2006, the FCC adopted an order in which the agency concluded that the current franchise approval process constitutes an unreasonable barrier to entry that impedes the development of cable competition and broadband deployment. As a result, the agency adopted new rules intended to limit the ability of county- and municipal-level franchising authorities to delay or refuse the grant of competitive franchises. Among other things, the new rules: establish deadlines for franchising authorities to act on applications; prohibit franchising authorities from placing unreasonable build-out demands on applicants; specify that certain fees, costs, and other compensation to franchising authorities will count towards the statutory five-percent cap on franchise fees; prohibit franchising authorities from requiring applicants to undertake certain obligations concerning the provision of public, educational, and governmental access programming and institutional networks; and preempt local level-playing-field regulations, and similar provisions, to the extent they impose restrictions on applicants greater than those in the FCC's new rules.

At the state level, several states, including California, New Jersey, North Carolina, South Carolina and Texas, have enacted statutes intended to streamline entry by additional video competitors. Some of these statutes provide more favorable treatment to new entrants than to existing providers. Similar bills are pending or may be enacted in additional states. To the extent federal or state laws or regulations

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facilitate additional competitive entry or create more favorable regulatory treatment for new entrants, our operations could be materially and adversely affected. The FCC is currently considering whether, and to what extent, to adopt similar rules for incumbent cable operators.

*A la carte Video Services.* There has from time to time been federal legislative interest in requiring cable operators to offer historically bundled programming services on an à la carte basis. Currently, no such legislation is pending. In November 2004, the FCC released a study concluding that à la carte would raise costs for consumers and reduce programming choices. In February 2006, the FCC's Media Bureau issued a revised report that concluded, contrary to the findings of the earlier study, that à la carte could be beneficial in some instances. There are no pending proceedings related to à la carte at the FCC.

*Carriage Regulations.* In 2005, the FCC reaffirmed its earlier decision rejecting multi-casting (i.e., carriage of more than one program stream per broadcaster) requirements with respect to carriage of broadcast signals pursuant to must-carry rules. Certain parties filed petitions for reconsideration. To date, no action has been taken on these reconsideration petitions, and we are unable to predict what requirements, if any, the FCC might adopt. On September 11, 2007, the FCC adopted an order that will require cable operators to provide to subscribers both analog and digital feeds of must-carry broadcast stations beginning February 18, 2009. This obligation, subject to FCC review, will end after three years. In addition, the FCC has launched proceedings related to leased access and program carriage. With respect to leased access, the FCC is seeking comment on how leased access is being used in the marketplace, and whether any rule changes are necessary to better effectuate statutory objectives. With respect to program carriage, the FCC is re-examining both its substantive and procedural rules. We are unable to predict whether any such proceedings will lead to any changes in existing regulations.

*Voice Communications.* Traditional providers of voice services generally are subject to significant regulations. It is unclear to what extent those regulations (or other regulations) apply to providers of nontraditional voice services, including ours. In 2004, the FCC broadly inquired how Voice-over Internet Protocol should be classified for purposes of the Communications Act, and how it should be regulated. To date, however, the FCC has not issued an order comprehensively resolving that inquiry. Instead, the FCC has addressed certain individual issues on a piecemeal basis. In particular, the FCC declared in 2004 that certain nontraditional voice services are not subject to state certification or tariffing obligations. The full extent of this preemption is unclear. In orders over the past several years, the FCC subjected nontraditional voice service providers to a number of obligations applicable to traditional voice service, including to provide 911 emergency service, to accommodate law enforcement requests for information and wiretapping, to contribute to the federal universal service fund and to comply with customer privacy rules. We were already operating in accordance with these requirements when they were adopted. To the extent that the FCC (or Congress) imposes additional burdens, our operations could be adversely affected. See Business Regulatory Matters Regulation of Telephony.

***Net neutrality legislation or regulation could limit our ability to operate our high-speed data business profitably, to manage our broadband facilities efficiently and to make upgrades to those facilities sufficient to respond to growing bandwidth usage by our high-speed data customers.***

Several disparate groups have adopted the term "net neutrality" in connection with their efforts to persuade Congress and regulators to adopt rules that could limit the ability of broadband providers to manage their networks efficiently and profitably. Although the positions taken by these groups are not well defined and are sometimes inconsistent with one another, most would directly or indirectly limit the ability of broadband providers to apply differential pricing or network management policies to different uses of the Internet. Proponents of such regulation also seek to prohibit broadband providers from recovering the costs of rising bandwidth usage from any parties other than retail customers. The average bandwidth usage of our high-speed data customers has been increasing significantly in recent years as the



amount of high-bandwidth content and the number of applications available on the Internet continues to grow. In order to continue to provide quality service at attractive prices, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands, to manage bandwidth usage efficiently and to make

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upgrades to our broadband facilities. As a result, depending on the form it might take, net neutrality legislation or regulation could impact our ability to operate our high-speed data network profitably and to undertake the upgrades that may be needed to continue to provide high quality high-speed data services. We are unable to predict the likelihood that such regulatory proposals will be adopted. For a description of current regulatory proposals, see Business Regulatory Matters Communications Act and FCC Regulation.

***Rate regulation could materially adversely impact our operations, business, financial results or financial condition.***

Under current FCC regulations, rates for basic video service and associated equipment are permitted to be regulated. In many localities, we are not subject to basic video rate regulation, either because the local franchising authority has not asked the FCC for permission to regulate rates or because the FCC has found that there is effective competition. Also, there is currently no rate regulation for our other services, including high-speed data services. It is possible, however, that the FCC or Congress will adopt more extensive rate regulation for our video services or regulate other services, such as high-speed data and voice services, which could impede our ability to raise rates, or require rate reductions, and therefore could cause our business, financial results or financial condition to suffer.

***Changes in carriage regulations could impose significant additional costs on us.***

Although we would likely choose to carry almost all local full power analog broadcast signals voluntarily, so called must carry rules require us to carry video programming that we might not otherwise carry, including some local broadcast television signals on some of our cable systems. In addition, we are required to carry unaffiliated commercial leased access video programming and, under some of our franchises, public, educational and government access video programming. These regulations require us to use a substantial part of our capacity for this video programming and, for the most part, we must carry this programming without payment or compensation from the programmer.

Our carriage burden might increase due to changes in regulation in connection with the transition to digital broadcasting, which is scheduled for February 17, 2009. FCC regulations require most television broadcast stations to broadcast in digital format as well as in analog format during the transition period leading up to that date. The FCC has concluded that, during the transition period, cable operators will not be required to carry the digital signals of broadcasters that are broadcasting in both analog and digital format. The few stations that broadcast solely in digital format are entitled to carriage of a single digital program stream during the transition period. Some broadcast parties have asked that the FCC reconsider these determinations. If the FCC does so and changes the decision, our carriage burden could become more onerous.

If our carriage burden becomes more onerous, we could be compelled to carry more programming over which we are not able to assert editorial control. Consequently, our mix of programming could become less attractive to subscribers. Moreover, if the FCC adopts rules that are not competitively neutral, cable operators could be placed at a disadvantage versus other multi-channel video providers.

***We may have to pay fees in connection with our cable modem service.***

Local franchising authorities generally require cable operators to pay a franchise fee of five percent of revenue, which cable operators collect in turn from their subscribers. We have taken the position that under the Communications Act, local franchising authorities are allowed to impose a franchise fee only on revenue from cable services. Following the FCC's March 2002 determination that cable modem service does not constitute a cable service, we and most other multiple system operators stopped collecting and paying franchise fees on cable modem revenue.

The FCC has initiated a rulemaking proceeding to explore the consequences of its March 2002 order. If either the FCC or a court were to determine that, despite the March 2002 order, we are required to pay franchise fees on cable modem revenue, our franchise fee burden could increase going forward. We would be permitted to collect those increased fees from our subscribers, but doing so could impair our competitive position as compared to high-speed data service providers who are not required to collect and pay franchise

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fees. We could also become liable for franchise fees back to the time we stopped paying them. We may not be able to recover those fees from subscribers. Most courts interpreting the rules, including several involving our company, have determined that cable operators are not required to pay these fees on cable modem service. Recently, an intermediate state appellate court decided, in a case not involving our company, that cable operators can be required to pay franchise fees on cable modem service. This decision may encourage other franchise authorities to seek such fees.

***Our competitors may not be required to comply with certain FCC set-top box rules to which we are subject.***

Currently, many cable subscribers rent set-top boxes from us that perform both signal-reception functions and conditional-access security functions, as well as enable delivery of advanced services. In 1996, Congress enacted a statute seeking to allow cable subscribers to use set-top boxes obtained from certain third parties, including third-party retailers. Effective July 1, 2007, cable operators must offer separate equipment that provides only the security functions and not the signal-reception functions (so that cable subscribers can purchase set-top boxes or other navigational devices from third parties) and cease placing into service new set-top boxes that have integrated security and signal-reception functions. The FCC has indicated that direct broadcast satellite operators and certain telephone companies are not required to comply with certain FCC set-top box rules. We may be at a competitive disadvantage insofar as our competitors are not required to comply with the rule prohibiting set-top boxes with integrated security.

***Applicable law is subject to change.***

The exact requirements of applicable law are not always clear, and the rules affecting our businesses are always subject to change. For example, the FCC may interpret its rules and regulations in enforcement proceedings in a manner that is inconsistent with the judgments we have made. Likewise, regulators and legislators at all levels of government may sometimes change existing rules or establish new rules. Congress, for example, considers new legislative requirements for cable operators virtually every year, and there is always a risk that such proposals will ultimately be enacted. See Business Regulatory Matters.

**Risks Related to our Relationship with Time Warner**

***Some of our officers and directors may have interests that diverge from ours in favor of Time Warner because of past and ongoing relationships with Time Warner and its affiliates.***

Some of our officers and directors may experience conflicts of interest with respect to decisions involving business opportunities and similar matters that may arise in the ordinary course of our business or the business of Time Warner and its affiliates. One of our directors is also an executive officer of Time Warner, another is an executive officer of a subsidiary of Time Warner that is a sister company of ours and four of our directors (including Glenn A. Britt, our President and Chief Executive Officer) served as executive officers of Time Warner or its predecessors in the past. A number of our directors and all of our executive officers also have restricted shares, restricted stock units and/or options to purchase shares of Time Warner common stock. In addition, many of our directors and executive officers have invested in Time Warner common stock through their participation in Time Warner's and our savings plans. These past and ongoing relationships with Time Warner and any significant financial interest in Time Warner by these persons may present conflicts of interest that could materially adversely affect our business, financial results or financial condition. For example, these decisions could be materially related to:

the nature, quality and cost of services rendered to us by Time Warner;

the desirability of corporate opportunities, such as the entry into new businesses or pursuit of potential acquisitions, particularly those that might allow us to compete with Time Warner; and

employee retention or recruiting.

Our amended and restated certificate of incorporation (our Certificate of Incorporation ) requires that our board of directors include independent members, subject to certain limitations, and our amended and

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repeated by-laws (our By-Laws ) require that certain related party transactions be approved by a majority of these independent directors.

***Time Warner and its affiliates may compete with us in one or more lines of business and may provide some services under the Time Warner brand or similar brand names.***

Time Warner and its affiliates are engaged in a diverse range of entertainment and media-related businesses, including filmed entertainment, home video and Internet-related businesses, and these businesses may have interests that conflict with or compete in some manner with our business. Time Warner and its affiliates are generally under no obligation to share any future business opportunities available to it with us and our Certificate of Incorporation contains provisions that release Time Warner and its affiliates, including our directors who are also Time Warner's employees or executive officers, from this obligation and any liability that would result from breach of this obligation. Time Warner may deliver video, high-speed data, voice and wireless services over DSL, satellite or other means using the Time Warner brand name or similar brand names, potentially causing confusion among customers and complicating our marketing efforts. For instance, Time Warner has licensed the use of Time Warner Telecom, until July 2008, and TW Telecom and TWTC to Time Warner Telecom Inc., a former affiliate of Time Warner and a provider of managed voice and data networking solutions to enterprise organizations, which may compete with our commercial offerings. Any competition directly with Time Warner or its affiliates could materially adversely impact our business, financial results or financial condition.

***We are party to agreements with Time Warner governing the use of our brand names, including the Time Warner Cable brand name that may be terminated by Time Warner if we fail to perform our obligations under those agreements or if we undergo a change of control.***

Some of the agreements governing the use of our brand names may be terminated by Time Warner if we:

commit a significant breach of our obligations under such agreements;

undergo a change of control, even if Time Warner causes that change of control by selling some or all of its interest in us; or

materially fail to maintain the quality standards established for the use of these brand names and the products and services related to these brand names.

We license our brand name, Time Warner Cable, and the trademark Road Runner from affiliates of Time Warner. We believe the Time Warner Cable and Road Runner brand names are valuable, and their loss could materially adversely affect our business, financial results or financial condition.

If Time Warner terminates these brand name license agreements, we would lose the goodwill associated with our brand names and be forced to develop new brand names, which would likely require substantial expenditures, and our business, financial results or financial condition would likely be materially adversely affected.

***Time Warner controls approximately 90.6% of the voting power of our outstanding common stock and has the ability to elect a majority of our directors, and its interest may conflict with the interests of our other stockholders.***

Time Warner indirectly holds all of our outstanding Class B common stock and approximately 82.7% of our outstanding Class A common stock. The common stock held by Time Warner represents approximately 90.6% of our combined voting power and 84.0% of the total number of shares of capital stock outstanding of all classes of our voting stock. Accordingly, Time Warner can control the outcome of most matters submitted to a vote of our

stockholders. In addition, Time Warner, because it is the indirect holder of all of our outstanding Class B common stock, and because it also indirectly holds more than a majority of our outstanding Class A common stock, is able to elect all of our directors and will continue to be able to do so as long as it owns a majority of our Class A common stock and Class B common stock. As a result of Time Warner's share ownership and representation on our board of directors, Time Warner is able to influence all of

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our affairs and actions, including matters requiring stockholder approval such as the election of directors and approval of significant corporate transactions. The interests of Time Warner may differ from the interests of our other stockholders. Our Certificate of Incorporation requires that our board of directors include independent members, subject to certain limitations, and our By-Laws require that certain related party transactions be approved by a majority of these independent directors.

***Time Warner's approval right over our ability to incur indebtedness may harm our liquidity and operations and restrict our growth.***

Under a shareholder agreement entered into between us and Time Warner on April 20, 2005 (the Shareholder Agreement), which became effective in July 2006, until Time Warner no longer considers us to have an impact on its credit profile, we must obtain the approval of Time Warner prior to incurring additional debt or rental expense (other than with respect to certain approved leases) or issuing preferred equity, if our consolidated ratio of debt, including preferred equity, plus six times our annual rental expense to consolidated earnings before interest, taxes, depreciation and amortization (each as defined in the Shareholder Agreement) (EBITDA) plus rental expense, or EBITDAR, then exceeds, or would as a result of that incurrence exceed, 3:1, calculated without including any of our indebtedness or preferred equity held by Time Warner and its wholly owned subsidiaries. As of June 30, 2007, this ratio did not exceed 3:1. Although Time Warner has consented to ordinary course issuances of commercial paper or borrowings under our current revolving credit facility up to the limit of that credit facility, if the ratio were exceeded, any other incurrence of debt or rental expense (other than with respect to certain approved leases) or the issuance of preferred stock would require Time Warner's approval. As a result, we may in the future have a limited ability to incur future debt and rental expense (other than with respect to certain approved leases) and issue preferred equity without the consent of Time Warner, which if needed to raise additional capital, could limit our flexibility in exploring and pursuing financing alternatives and could have a material adverse effect on our liquidity and operations and restrict our growth.

***Time Warner's capital markets and debt activity could adversely affect capital resources available to us.***

Our ability to obtain financing in the capital markets and from other private sources may be adversely affected by future capital markets activity undertaken by Time Warner and its other subsidiaries. Capital raised by or committed to Time Warner for matters unrelated to us may reduce the supply of capital available for us as a result of increased leverage of Time Warner on a consolidated basis or reluctance in the market to incur additional credit exposure to Time Warner on a consolidated basis. In addition, our ability to undertake significant capital raising activities may be constrained by competing capital needs of other Time Warner businesses unrelated to us. As of June 30, 2007, Time Warner had unused committed capacity of \$4.0 billion, including approximately \$890 million of cash and equivalents, under its \$7.0 billion committed credit facility, and we had approximately \$3.4 billion of available borrowing capacity, including approximately \$70 million of cash and equivalents, under our \$14.0 billion committed credit facilities.

***We are exempt from certain corporate governance requirements since we are a controlled company within the meaning of the NYSE rules and, as a result, our stockholders do not have the protections afforded by these corporate governance requirements.***

Time Warner controls more than 50% of the voting power of our outstanding common stock. As a result, we are considered to be a controlled company for the purposes of the NYSE listing requirements and therefore are permitted to, and have, opted out of the NYSE listing requirements that would otherwise require our board of directors to have a majority of independent directors and our compensation and nominating and governance committees to be comprised entirely of independent directors. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements. However, our



Certificate of Incorporation contains provisions requiring that independent directors constitute at least 50% of our board of directors and our By-Laws require that certain related party transactions be approved by a majority of these independent directors.

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As a condition to the consummation of the Adelphia acquisition, our Certificate of Incorporation provides that this provision may not be amended, altered or repealed, and no provision inconsistent with this requirement may be adopted, until August 1, 2009 (three years following the closing of the Adelphia acquisition) without, among other things, the consent of a majority of the holders of the Class A common stock other than Time Warner and its affiliates.

**Risks Related to the Exchange Offer**

*The issuance of the exchange debt securities may adversely affect the market for the initial debt securities.*

To the extent the initial debt securities are tendered and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted initial debt securities could be adversely affected. Because we anticipate that most holders of the initial debt securities will elect to exchange their initial debt securities for exchange debt securities due to the absence of restrictions on the resale of exchange debt securities under the Securities Act, we anticipate that the liquidity of the market for any initial debt securities remaining after the completion of this exchange offer may be substantially limited. Please refer to the section in this prospectus entitled "The Exchange Offer: Your Failure to Participate in the Exchange Offer Will Have Adverse Consequences."

*Some persons who participate in the exchange offer must deliver a prospectus in connection with resales of the exchange debt securities.*

Based on interpretations of the staff of the SEC contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling LLP, SEC no-action letter (July 2, 1983), we believe that you may offer for resale, resell or otherwise transfer the exchange debt securities without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under "Plan of Distribution," you will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer your exchange debt securities. In these cases, if you transfer any exchange debt securities without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from registration of your exchange debt securities under the Securities Act, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, this liability.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, particularly statements anticipating future growth in revenues, OIBDA, cash provided by operating activities and other financial measures. Words such as anticipates, estimates, expects, projects, intends, plans, and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. These forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are inherently susceptible to uncertainty and changes in circumstances, and we are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

Various factors could adversely affect our operations, business or financial results in the future and cause our actual results to differ materially from those contained in the forward-looking statements, including those factors discussed in detail in Risk Factors and in our other filings made from time to time with the SEC after the date of this prospectus. In addition, we operate in a highly competitive, consumer and technology-driven and rapidly changing business. Our business is affected by government regulation, economic, strategic, political and social conditions, consumer response to new and existing products and services, technological developments and, particularly in view of new technologies, our continued ability to protect and secure any necessary intellectual property rights. Our actual results could differ materially from management's expectations because of changes in such factors.

Further, lower than expected valuations associated with our cash flows and revenues may result in our inability to realize the value of recorded intangibles and goodwill. Additionally, achieving our financial objectives could be adversely affected by the factors discussed in detail in Risk Factors above, as well as:

economic slowdowns;

the impact of terrorist acts and hostilities;

changes in our plans, strategies and intentions;

the impacts of significant acquisitions, dispositions and other similar transactions;

the failure to meet earnings expectations; and

decreased liquidity in the capital markets, including any reduction in our ability to access the capital markets for debt securities or bank financings.

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**USE OF PROCEEDS**

We will not receive any cash proceeds from the issuance of the exchange debt securities in exchange for the outstanding initial debt securities. We are making this exchange solely to satisfy our obligations under the Registration Rights Agreement. In consideration for issuing the exchange debt securities, we will receive initial debt securities in like aggregate principal amount. The initial debt securities surrendered in the exchange for the exchange debt securities will be cancelled and cannot be reissued. Accordingly, issuance of the exchange debt securities will not result in any change in our indebtedness.

The net proceeds from the 2007 Bond Offering were \$4.955 billion, after deducting the private placement discount and our estimated offering expenses. We used the net proceeds from the 2007 Bond Offering to repay all of the outstanding indebtedness under our \$4.0 billion three-year term loan facility (\$2.0 billion was repaid on each of April 11, 2007 and April 13, 2007) and a portion of the outstanding indebtedness under our \$4.0 billion five-year term loan facility (on April 27, 2007), each of which bore interest at a rate of LIBOR plus 0.40% as of the date of the respective repayment.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash position and capitalization as of June 30, 2007. You should read this information in conjunction with Summary Financial and Subscriber Data, Management's Discussion and Analysis of Results of Operations and Financial Condition and our historical financial statements and related notes, each of which is included elsewhere in this prospectus.

	<b>June 30, 2007</b> <b>(in millions)</b>
Cash and equivalents	\$ 70
Debt:	
Bank credit agreements and commercial paper program <sup>(1)</sup>	\$ 5,542
TWE notes and debentures: <sup>(2)</sup>	
\$600 million 7.250% senior debentures due 2008	602
\$250 million 10.150% senior notes due 2012	269
\$350 million 8.875% senior notes due 2012	367
\$1.0 billion 8.375% senior debentures due 2023	1,042
\$1.0 billion 8.375% senior debentures due 2033	1,054
TWC notes and debentures:	
\$1.5 billion 5.40% notes due 2012	1,497
\$2.0 billion 5.85% notes due 2017	1,996
\$1.5 billion 6.55% debentures due 2037	1,490
Capital leases and other	12
Total debt	13,871
Mandatorily redeemable preferred membership units issued by a subsidiary <sup>(3)</sup>	300
Minority interests	1,674
Shareholders' equity:	
Class A common stock, par value \$0.01 per share; 20 billion shares authorized, 902 million shares issued and outstanding, actual and as adjusted	9
Class B common stock, par value \$0.01 per share; 5 billion shares authorized, 75 million shares issued and outstanding, actual and as adjusted	1
Additional paid-in capital	19,307
Accumulated other comprehensive loss, net	(143)
Retained earnings	4,884
Total shareholders' equity	24,058
Total capitalization	\$ 39,903

(1) Represents amounts borrowed under our credit facilities and commercial paper program. For more information, please see Management's Discussion and Analysis of Results of Operations and Financial Condition Financial Condition and Liquidity Bank Credit Agreements and Commercial Paper Program.

(2)

The recorded value of each series of TWE's debt securities exceeds that series' face value because it includes an unamortized fair value adjustment recorded in connection with the 2001 merger of AOL LLC (formerly America Online, Inc.) (AOL) and Historic TW Inc., which is being amortized as a reduction of the weighted-average interest expense over the term of the indebtedness. The aggregate amount of the fair value adjustment for all classes of debt securities was approximately \$134 million as of June 30, 2007. For more information regarding our outstanding debt, please see Management's Discussion and Analysis of Results of Operations and Financial Condition Financial Condition and Liquidity.

- (3) The mandatorily redeemable preferred membership units issued by a subsidiary represent mandatorily redeemable non-voting Series A Preferred Equity Membership Units (the TW NY Series A Preferred Membership Units) issued by TW NY in connection with the Transactions, which pay quarterly cash distributions at an annual rate equal to 8.21% of the sum of the liquidation preference thereof and any accrued but unpaid dividends thereon. The TW NY Series A Preferred Membership Units mature and are redeemable on August 1, 2013.

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The accompanying unaudited pro forma condensed combined statement of operations of our company for the year ended December 31, 2006 and for the six months ended June 30, 2006 is presented as if the Transactions and the dissolution of TKCCP, including TKCCP's distribution to us of the Kansas City Pool, had occurred on January 1, 2006. The unaudited pro forma condensed combined financial information is presented based on information available, is intended for informational purposes only and is not necessarily indicative of and does not purport to represent what our future financial condition or operating results will be after giving effect to the Transactions and the dissolution of TKCCP and does not reflect actions that may be undertaken by management in integrating these businesses (e.g., the cost of incremental capital expenditures). Additionally, this information does not reflect financial and operating benefits we expect to realize as a result of the Transactions and the dissolution of TKCCP, including TKCCP's distribution to us of the Kansas City Pool. For additional information on the Transactions and the dissolution of TKCCP, see Summary Our Company.

Comcast's and Adelphia's independent registered public accounting firms have not examined, reviewed, compiled or applied agreed upon procedures to the unaudited pro forma condensed combined financial information presented herein and, accordingly, assume no responsibility for them. Our independent registered public accounting firm has not examined, reviewed, compiled or applied agreed upon procedures to the unaudited pro forma condensed combined financial information presented herein. The unaudited pro forma condensed combined financial information for the systems acquired by us includes certain allocated assets, liabilities, revenues and expenses. We believe such allocations are made on a reasonable basis.

The unaudited pro forma condensed combined financial information set forth below should be read in conjunction with Summary Summary Financial and Subscriber Data, the notes to these unaudited pro forma condensed combined financial statements, Management's Discussion and Analysis of Results of Operations and Financial Condition, our consolidated financial statements and the notes thereto, Adelphia's consolidated financial statements and the notes thereto and Comcast's Special Purpose Combined Carve-Out Financial Statements of the Los Angeles, Dallas & Cleveland Cable System Operations (A Carve-Out of Comcast Corporation) and the notes thereto, each of which is included elsewhere in this prospectus.

The following is a brief description of the amounts recorded under each of the column headings in the unaudited pro forma condensed combined statements of operations:

**Historical TWC**

This column reflects our historical operating results for the year ended December 31, 2006, which are derived from our audited financial statements, and for the six months ended June 30, 2006, which are derived from our unaudited interim financial statements, prior to any adjustments for the Transactions, the dissolution of TKCCP and TKCCP's distribution of the Kansas City Pool to us. In addition, our historical results reflect the presentation of certain cable systems transferred to Comcast in the Redemptions and the Exchange as discontinued operations, and our operating results for the year ended December 31, 2006 include five months of activity from systems acquired and retained after the Transactions.

**Historical Adelphia**

This column reflects Adelphia's historical operating results for the seven months ended July 31, 2006 and six months ended June 30, 2006 and represents Adelphia's unaudited interim financial statements as reported by Adelphia in its Quarterly Reports on Form 10-Q for the nine months ended September 30, 2006 and six months ended June 30, 2006,

which were prepared by Adelphia. This column includes amounts relating to systems that were not acquired and retained by us, but instead were acquired by Comcast (as part of the Adelphia acquisition or the Exchange) or that were retained by Adelphia and, thus, are excluded from our unaudited pro forma condensed combined financial information through the adjustments made in the Less Items Not Acquired column described below.



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**Comcast Historical Systems**

This column represents the historical operating results for the seven months ended July 31, 2006 and six months ended June 30, 2006 of the cable systems previously owned by Comcast in Dallas, Cleveland and Los Angeles, which were transferred to us in the Exchange (the Comcast Historical Systems ). The operating results for the first six months of 2006 were derived from Comcast's unaudited interim Special Purpose Combined Carve-Out Financial Statements of the Los Angeles, Dallas & Cleveland Cable System Operations (A Carve-Out of Comcast Corporation), which were prepared by Comcast, prior to any adjustments for the Transactions. The operating results for the month ended July 31, 2006 were prepared by and provided to us by Comcast, prior to any adjustments for the Transactions. See Note 6 to our unaudited pro forma condensed combined financial information for additional information on the historical operating results for the seven months ended July 31, 2006. This column includes certain allocated assets, liabilities, revenues and expenses. This column also includes allocated amounts that were retained by Comcast and, thus, were not transferred to us in the Exchange and therefore, are excluded from our unaudited pro forma condensed combined financial information through the adjustments made in the Less Items Not Acquired column described below.

**Less Items Not Acquired**

This column represents the unaudited historical operating results of the Adelphia systems up to the closing of the Transactions that were (i) received by us in the Adelphia acquisition and then transferred to Comcast in the Exchange, (ii) acquired by Comcast in the Adelphia acquisition and not transferred to us in the Exchange or (iii) retained by Adelphia after the Transactions. This column also includes certain items and allocated costs that were included in the Comcast Historical Systems financial information and the Adelphia acquired systems that were not ultimately acquired by us (collectively with the items in (i), (ii) and (iii) above, the Items Not Acquired ). Specifically, the following items relate to the Comcast Historical Systems and the Adelphia acquired systems that were not ultimately transferred to us and, therefore, are included as part of this column:

Adelphia's and Comcast's parent and subsidiary interest expense;

Intercompany management fees related to the Comcast Historical Systems;

Adelphia investigation and re-audit related fees;

Reorganization expenses due to the bankruptcy of Adelphia;

Intercompany charges between Adelphia cable systems that we acquired and Adelphia cable systems that Comcast acquired that were discontinued as a result of the Transactions;

The gain on sale recognized by Adelphia in connection with the Transactions; and

Income tax provisions for the Historical Adelphia and Comcast Historical Systems.

For additional information on the Items Not Acquired, see Note 5 to our unaudited pro forma condensed combined financial information.

**Subtotal of Net Acquired Systems**

This column represents the unaudited historical operating results of the Net Acquired Systems. This column includes the operating results of Historical Adelphia and the Comcast Historical Systems less the historical operating results of

the Items Not Acquired. This column does not include our historical operating results and does not reflect the impact of pro forma adjustments.

**Pro Forma Adjustments The Transactions**

This column represents pro forma adjustments related to the consummation of the Transactions, as more fully described in the notes to the unaudited pro forma condensed combined financial information.

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**Consolidation of the Kansas City Pool/Pro Forma Adjustments TKCCP**

These columns reflect the consolidation of the Kansas City Pool of TKCCP's cable systems. We began consolidating the Kansas City Pool on January 1, 2007, as a result of the distribution of these assets to us. Prior to January 1, 2007, we accounted for our interest in TKCCP under the equity method of accounting. The Consolidation of the Kansas City Pool column reflects the reversal of historical equity income and the consolidation of the operations of the Kansas City Pool. The Pro Forma Adjustments TKCCP column reflects the elimination of intercompany transactions between us and TKCCP and adjustments to depreciation and amortization based upon the preliminary allocation of purchase price. For additional information on the dissolution of TKCCP, see Note 4 to our unaudited pro forma condensed combined financial information.

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Operations**

	Year Ended December 31, 2006								
	Historical TWC	Historical Adelphia <sup>(1)</sup>	Historical Systems <sup>(1)</sup>	Less Comcast Items Not Acquired <sup>(1)</sup>	Subtotal of Net Acquired Systems <sup>(1)</sup>	Pro Forma Adjustments The Transactions	Consolidation of the Kansas City Pool	Pro Forma Adjustments TKCCP	Pro Forma TWC
	(in millions, except per share data)								
Total revenues	\$ 11,767	\$ 2,745	\$ 740	\$ (1,203)	\$ 2,282	\$	\$ 795	\$ (84) <sup>(i)</sup>	\$ 14,760
Costs of revenues	5,356	1,641	289	(660)	1,270		399	(51) <sup>(i)</sup>	6,974
Selling, general and administrative expenses	2,126	204	238	(135)	307		121	15 <sup>(j)</sup>	2,569
Depreciation	1,883	443	124	(194)	373	21 <sup>(a)</sup>	119	(36) <sup>(k)</sup>	2,360
Amortization	167	77	6	(21)	62	68 <sup>(a)</sup>	1	19 <sup>(k)</sup>	317
Merger-related and restructuring costs	56								56
Impairment of long-lived assets		17	9	(17)	9				9
(Gain) loss on disposition of long-lived assets		(2)		2					
Investigation and re-audit related fees		32		(32)					
Operating Income (Loss)	2,179	333	74	(146)	261	(89)	155	(31)	2,475
Interest expense, net	(646)	(438)	(4)	442		(263) <sup>(b)</sup>			(909)
Income (loss) from equity investments, net	129	(2)	(3)		(5)		(124) <sup>(i)</sup>		
Minority interest (expense)	(108)	13		(13)		(14) <sup>(c)</sup>			(122)

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income, net									
Other income									
(expense), net	2	(109)	(2)	105	(6)				(4)
Reorganization									
expenses due to									
bankruptcy		53		(53)					
Gain on the									
Transactions		6,130		(6,130)					
Income (loss)									
before income									
taxes,									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	1,556	5,980	65	(5,795)	250	(366)	31	(31)	1,440
Income tax									
(provision)									
benefit	(620)	(273)	2	271		41 <sup>(d)</sup>	(12)	12 <sup>(l)</sup>	(579)
Income (loss)									
before									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	\$ 936	\$ 5,707	\$ 67	\$ (5,524)	\$ 250	\$ (325)	\$ 19	\$ (19)	\$ 861
Basic and									
diluted income									
per common									
share before									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	\$ 0.95	\$	\$	\$	\$	\$	\$	\$	\$ 0.88
Basic and									
diluted									
common shares	990					(13)			977

(1) Reflects operating results for the seven months ended July 31, 2006.

See accompanying notes.



Table of Contents**Unaudited Pro Forma Condensed Combined Statement of Operations**

	Six Months Ended June 30, 2006								
	Historical			Less	Subtotal	Pro	Consolidation		Pro
	TWC	Adelphia	Systems	Not	of Net	Forma	of the	Forma	Forma
				Acquired	Acquired	Adjustments	Kansas	Adjustments	Pro
				Systems	Systems	The	City	TKCCP	Forma
				Acquired	Systems	Transactions	Pool		TWC
				(in millions, except per share data)					
Total revenues	\$ 4,907	\$ 2,348	\$ 630	\$ (1,030)	\$ 1,948	\$	\$ 384	\$ (39) <sup>(i)</sup>	\$ 7,200
Costs of revenues	2,202	1,394	248	(587)	1,055		196	(23) <sup>(j)</sup>	3,430
Selling, general and administrative expenses	883	177	205	(96)	286		60	13 <sup>(j)</sup>	1,242
Depreciation	768	380	106	(167)	319	17 <sup>(e)</sup>	58	(18) <sup>(k)</sup>	1,144
Amortization	37	67	5	(18)	54	56 <sup>(e)</sup>		10 <sup>(k)</sup>	157
Merger-related and restructuring costs	21								21
Impairment of long-lived assets			9		9				9
(Gain) loss on disposition of long-lived assets		(1)		1					
Investigation and re-audit related fees		30		(30)					
Operating Income (Loss)	996	301	57	(133)	225	(73)	70	(21)	1,197
Interest expense, net	(225)	(377)	(4)	381		(226) <sup>(f)</sup>			(451)
Income (loss) from equity investments, net	42	(1)	(3)		(4)		(38) <sup>(i)</sup>		
Minority interest (expense)	(43)	11		(11)		(8) <sup>(g)</sup>			(51)

income, net									
Other income									
(expense), net	1	(108)	(1)	104	(5)				(4)
Reorganization									
expenses due to									
bankruptcy		63		(63)					
Income (loss)									
before income									
taxes,									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	771	(111)	49	278	216	(307)	32	(21)	691
Income tax									
(provision)									
benefit	(307)	(71)	8	63		32 <sup>(h)</sup>	(13)	8 <sup>(l)</sup>	(280)
Income (loss)									
before									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	\$ 464	\$ (182)	\$ 57	\$ 341	\$ 216	\$ (275)	\$ 19	\$ (13)	\$ 411
Basic and									
diluted income									
per common									
share before									
discontinued									
operations and									
cumulative									
effect of									
accounting									
change	\$ 0.46	\$	\$	\$	\$	\$	\$	\$	\$ 0.42
Basic and									
diluted									
common shares	1,000					(23)			977

See accompanying notes.



**Table of Contents****Notes to Unaudited Pro Forma Condensed Combined Financial Information****Note 1: Description of the Transactions*****Contractual Purchase Price***

On July 31, 2006, TW NY, a subsidiary of ours, purchased certain assets and assumed certain liabilities from Adelphia for a total of \$8.935 billion in cash and shares representing 17.3% of our Class A common stock and 16% of our total outstanding common stock. The 16% interest reflects 155,913,430 shares of Class A common stock issued to Adelphia, which were valued at \$35.28 per share for purposes of the Adelphia acquisition. The original cash cost of \$9.154 billion was preliminarily reduced at closing by \$219 million as a result of contractual adjustments, which resulted in a net cash payment by TW NY of \$8.935 billion for the Adelphia acquisition. A summary of the purchase price is set forth below (in millions):

Cash	\$ 8,935
16% interest in TWC <sup>(1)</sup>	5,500
Total	\$ 14,435

- (1) The valuation of \$5.5 billion for the 16% interest in us as of July 31, 2006 was determined by management using a discounted cash flow and market comparable valuation model. The discounted cash flow valuation model was based upon our estimated future cash flows derived from our business plan and utilized a discount rate consistent with the inherent risk in the business.

***Redemptions***

Immediately prior to the Adelphia acquisition on July 31, 2006, we and our subsidiary, TWE, respectively, redeemed Comcast's interests in us and TWE, each of which was accounted for as an acquisition of a minority interest. Specifically, in the TWC Redemption, we redeemed Comcast's 17.9% interest in us for 100% of the capital stock of a subsidiary of ours that held both cable systems serving approximately 589,000 subscribers, with an approximate fair value of \$2.470 billion, as determined using a discounted cash flow and market comparable valuation model, and approximately \$1.857 billion in cash. The discounted cash flow valuation model was based upon our estimated future cash flows derived from our business plan and utilized a discount rate consistent with the inherent risk in the business. In addition, in the TWE Redemption, TWE redeemed Comcast's 4.7% residual equity interest in TWE for 100% of the equity interests in a subsidiary of TWE that held both cable systems serving approximately 162,000 subscribers, with an approximate fair value of \$630 million, as determined using a discounted cash flow and market comparable valuation model, and approximately \$147 million in cash. The transfer of cable systems as part of the Redemptions is a sale of cable systems for accounting purposes, and a \$131 million pretax gain was recognized representing the excess of the estimated fair value of these cable systems over their book value. This gain is not reflected in the accompanying unaudited pro forma condensed combined statement of operations.

***Exchange***

Immediately after the Adelphia acquisition on July 31, 2006, we and Comcast exchanged certain cable systems, with an estimated fair value on each side of approximately \$8.7 billion, as determined using a discounted cash flow valuation model, to enhance our company's and Comcast's respective geographic clusters of subscribers. The discounted cash flow valuation model was based upon our estimated future cash flows derived from our business plan

and utilized a discount rate consistent with the inherent risk in the business. We paid Comcast a contractual closing adjustment totaling \$67 million related to the Exchange. We accounted for the Exchange as a purchase of cable systems from Comcast and a sale of our cable systems to Comcast. We recorded a pretax gain of \$34 million on the Exchange related to the disposition of Urban Cable Works of Philadelphia, L.P. This gain is not reflected in the accompanying unaudited pro forma condensed combined statement of operations.

**Table of Contents*****ATC Contribution***

On July 28, 2006, American Television and Communications Corporation ( ATC ), a subsidiary of Time Warner, contributed its 1% equity interest and \$2.4 billion preferred equity interest in TWE to TW NY Holding, a newly created subsidiary of ours that is the parent of TW NY, in exchange for a 12.4% non-voting common equity interest in TW NY Holding having an equivalent fair value (the ATC Contribution ).

***Financing Arrangements***

We incurred incremental debt and redeemable preferred equity of approximately \$11.1 billion associated with the cash used in executing the Transactions. In connection with the dissolution of TKCCP, in October 2006, we received approximately \$631 million of cash in repayment of outstanding loans we had made to TKCCP (which were allocated to the assets distributed to Comcast). The cash that was received was used to pay down amounts outstanding under our existing credit facilities.

For additional information, see Management's Discussion and Analysis of Results of Operations and Financial Condition.

**Note 2: Unaudited Pro Forma Condensed Combined Statement of Operations Adjustments Year Ended December 31, 2006 The Transactions**

The pro forma adjustments to the statement of operations for the year ended December 31, 2006 relating to the Transactions are as follows:

(a) The adjustments to historical depreciation and amortization expense reflect the impact of using the fair values and useful lives of the underlying assets based on a valuation analysis performed by management. The discounted cash flow approach was based upon management's estimated future cash flows from the acquired assets and utilized a discount rate consistent with the inherent risk of each of the acquired assets.

(b) The increase in interest expense reflects incremental borrowings to finance our portion of the Adelphia acquisition and the Redemptions, net of the impact of the ATC Contribution. The following tables illustrate the allocation of borrowings to various financing arrangements and the computation of incremental interest expense.

***Adelphia Acquisition***

	<b>Long-term Debt (in millions)</b>	<b>Annual Rate</b>	<b>Interest Expense for the Seven Months Ended July 31, 2006 (in millions)</b>
TW NY Series A Preferred Membership Units <sup>(1)</sup>	\$ 300	8.21%	\$ 14
Other debt <sup>(1)</sup>	8,822	5.74%	295
Total incremental borrowing	9,122		309
Redemption of mandatorily redeemable preferred equity	(2,400)	8.06%	(113)

Net increase in debt/redeemable preferred equity	\$	6,722	\$	196
--	----	-------	----	-----

- (1) This table reflects borrowings under our revolving credit facility and term loans and the issuance of commercial paper. The interest rate utilized in the pro forma information for Other debt is a weighted-average rate based on the borrowings used to finance our portion of the Adelphia acquisition. The rates for Other debt and the TW NY Series A Preferred Membership Units are based on actual borrowing rates when the loans were made and the TW NY Series A Preferred Membership Units were issued. A 1/8% change in the annual interest rate for the Other debt noted above would change interest expense by \$11 million per year.

**Table of Contents****Redemptions**

	<b>Long-term Debt (in millions)</b>	<b>Annual Rate</b>	<b>Interest Expense for the Seven Months Ended July 31, 2006 (in millions)</b>
Other debt <sup>(1)</sup>	\$ 2,004	5.74%	\$ 67

(1) This table reflects borrowings under our revolving credit facility and term loans and the issuance of commercial paper. The interest rate utilized in the pro forma information for Other debt is a weighted-average rate based on the borrowings under these financing arrangements. The rates for Other debt are based on actual borrowing rates when the loans were made. A 1/8% change in the annual interest rate for the Other debt noted above would change interest expense by \$3 million per year.

(c) The net increase in minority interest expense reflects an adjustment to record ATC's direct non-voting common ownership interest in TW NY Holding of approximately 12.4%, the elimination of ATC's historical minority interest in TWE and the elimination of Comcast's residual equity interest in TWE.

	<b>(in millions)</b>
Eliminate ATC's historical minority interest in TWE	\$ 9
Record ATC's minority interest in TW NY Holding	(62)
Eliminate Comcast's residual equity interest in TWE	39
Net adjustment	\$ (14)

(d) The adjustment to the income tax provision is required to adjust the historical income taxes on both the Subtotal of Net Acquired Systems and the Pro Forma Adjustments The Transactions at our marginal tax rate of 40.2% and considering the impact of the non-deductible interest expense related to the TW NY Series A Preferred Membership Units.

**Note 3: Unaudited Pro Forma Condensed Combined Statement of Operations Adjustments Six Months Ended June 30, 2006 The Transactions**

The pro forma adjustments to the statement of operations for the six months ended June 30, 2006 relating to the Transactions are as follows:

(e) The adjustments to historical depreciation and amortization expense reflect the impact of using the fair values and useful lives of the underlying assets based on a valuation analysis performed by management. The discounted cash flow approach was based upon management's estimated future cash flows from the acquired assets and utilized a discount rate consistent with the inherent risk of each of the acquired assets.

(f) The increase in interest expense reflects incremental borrowings to finance our portion of the Adelphia acquisition and the Redemptions, net of the impact of the ATC Contribution. The following tables illustrate the allocation of borrowings to various financing arrangements and the computation of incremental interest expense.

**Table of Contents****Adelphia Acquisition**

	<b>Long-term Debt (in millions)</b>	<b>Annual Rate</b>	<b>Interest Expense for the Six Months Ended June 30, 2006 (in millions)</b>
TW NY Series A Preferred Membership Units <sup>(1)</sup>	\$ 300	8.21%	\$ 12
Other debt <sup>(1)</sup>	8,822	5.74%	253
Total incremental borrowing	9,122		265
Redemption of mandatorily redeemable preferred equity	(2,400)	8.06%	(97)
Net increase in debt/redeemable preferred equity	\$ 6,722		\$ 168

- (1) This table reflects borrowings under our revolving credit facility and term loans and the issuance of commercial paper. The interest rate utilized in the pro forma information for Other debt is a weighted-average rate based on the borrowings used to finance our portion of the Adelphia acquisition. The rates for Other debt and the TW NY Series A Preferred Membership Units are based on actual borrowing rates when the loans were made and the TW NY Series A Preferred Membership Units were issued. A 1/8% change in the annual interest rate for the Other debt noted above would change interest expense by \$11 million per year.

**Redemptions**

	<b>Long-term Debt (in millions)</b>	<b>Annual Rate</b>	<b>Interest Expense for the Six Months Ended June 30, 2006 (in millions)</b>
Other debt <sup>(1)</sup>	\$ 2,004	5.74%	\$ 58

- (1) This table reflects borrowings under our revolving credit facility and term loans and the issuance of commercial paper. The interest rate utilized in the pro forma information for Other debt is a weighted-average rate based on the borrowings under these financing arrangements. The rates for Other debt are based on actual borrowing rates when the loans were made. A 1/8% change in the annual interest rate for the Other debt noted above would change interest expense by \$3 million per year.

(g) The net increase in minority interest expense reflects an adjustment to record ATC's direct non-voting common ownership interest in TW NY Holding of approximately 12.4%, the elimination of ATC's historical minority interest in TWE and the elimination of Comcast's residual equity interest in TWE.

	<b>(in millions)</b>
Eliminate ATC's historical minority interest in TWE	\$ 8
Record ATC's minority interest in TW NY Holding	(53)
Eliminate Comcast's residual equity interest in TWE	37
Net adjustment	\$ (8)

(h) The adjustment to the income tax provision is required to adjust the historical income taxes on both the Subtotal of Net Acquired Systems and the Pro Forma Adjustments The Transactions at our marginal tax rate of 40.2% and considering the impact of the non-deductible interest expense related to the TW NY Series A Preferred Membership Units.

**Note 4: TKCCP Dissolution**

On January 1, 2007, TKCCP distributed its assets to us and Comcast. Comcast received TKCCP's cable systems in Houston (the Houston Pool) and we received the Kansas City Pool and we began consolidating the financial results of the Kansas City Pool on that date. All debt of TKCCP (inclusive of debt provided by us and Comcast) was allocated to the Houston Pool and became the responsibility of Comcast. We accounted for the distribution of the assets of TKCCP as a sale of our 50% equity interest in the Houston Pool in exchange for acquiring an additional 50% equity interest in the Kansas City Pool. We recorded a gain based on the difference between the carrying value and the fair value of our 50% investment in the Houston Pool



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surrendered in connection with the dissolution of TKCCP. This pretax gain of approximately \$146 million is not reflected in the accompanying unaudited pro forma condensed combined statement of operations.

(i) Prior to the distribution of its assets, we accounted for our investment in TKCCP under the equity method of accounting. The adjustments to the unaudited pro forma condensed combined statement of operations reflect the reversal of historical equity income and the consolidation of the operations of the Kansas City Pool.

(j) The adjustments to the unaudited pro forma condensed combined statement of operations reflect the elimination of intercompany transactions between TKCCP and Historical TWC, primarily the provision of Road Runner services to TKCCP and management fees received by Historical TWC for management functions provided to TKCCP.

(k) The adjustments to historical depreciation and amortization expense reflect the impact of using the fair values and useful lives of the underlying assets based on a valuation analysis performed by management. The discounted cash flow approach was based upon management's estimated future cash flows from the acquired assets and utilized a discount rate consistent with the inherent risk of each of the acquired assets. The purchase price allocation with respect to the acquisition of Comcast's 50% equity interest in the Kansas City Pool is preliminary.

(l) The adjustment to the income tax provision is required to adjust the historical income taxes on the dissolution of TKCCP at our marginal tax rate of 40.2%.

**Note 5: Items Not Acquired**

The following table represents the unaudited historical operating results of the Adelphia systems up to the closing of the Transactions that were (i) received by TW NY in the Adelphia acquisition and then transferred to Comcast in the Exchange, (ii) acquired by Comcast in the Adelphia acquisition and not transferred to us in the Exchange or (iii) retained by Adelphia after the Transactions. The Other Adjustments columns include certain items and allocated costs that were included in the Comcast Historical Systems financial information and the Adelphia acquired systems that were not acquired by us. Specifically, the following items relate to the Comcast Historical Systems and the Adelphia acquired systems that were not transferred to us and, therefore, are included as part of the Other Adjustments columns:

Adelphia's and Comcast's parent and subsidiary interest expense;

Intercompany management fees related to the Comcast Historical Systems;

Adelphia investigation and re-audit related fees;

Reorganization expenses due to the bankruptcy of Adelphia;

Intercompany charges between Adelphia cable systems that we acquired and Adelphia cable systems that Comcast acquired that will be discontinued as a result of the Transactions;

The gain on sale recognized by Adelphia in connection with the Transactions; and

Income tax provisions for the Historical Adelphia and Comcast Historical Systems.

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	<b>Items Not Acquired for the Seven Months Ended July 31, 2006</b>					
	<b>Adelphia Systems  Purchased by TW NY  Transferred to Comcast</b>	<b>Adelphia Systems Purchased by  Comcast Retained by Comcast</b>	<b>Historical Adelphia  Not  Purchased by TW NY or Comcast (in millions)</b>	<b>Other Adjustments</b>		<b>Total  Items  Not Acquired</b>
				<b>Adelphia Acquired Systems</b>	<b>Comcast Historical Systems</b>	
Total revenues	\$ 1,113	\$ 76	\$ 14	\$	\$	\$ 1,203
Costs of revenues	629	40	7	(16)		660
Selling, general and administrative expenses	90	6	7	(11)	43	135
Depreciation	178	13	3			194
Amortization	20	1				21
Impairment of long-lived assets		17				17
Gain on disposition of long-lived assets			(2)			(2)
Investigation and re-audit related fees	13	1		18		32
Operating Income (Loss)	183	(2)	(1)	9	(43)	146
Interest expense, net	(158)	(13)		(267)	(4)	(442)
Minority interest income, net			13			13
Other expense, net	(2)		(103)			(105)
Reorganization income due to bankruptcy	21	3	1	28		53
Gain on the Transactions				6,130		6,130
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change	44	(12)	(90)	5,900	(47)	5,795
Income tax (provision) benefit	(50)	(4)	3	(222)	2	(271)
Income (loss) before discontinued operations and cumulative effect of accounting change	\$ (6)	\$ (16)	\$ (87)	\$ 5,678	\$ (45)	\$ 5,524

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The following table represents the unaudited historical operating results of the Comcast Historical Systems for the seven months ended July 31, 2006, which have been separated into the six months ended June 30, 2006 and the one month period ended July 31, 2006.

	<b>Comcast Historical Systems</b>		
	<b>Six Months Ended June 30, 2006</b>	<b>One Month Ended July 31, 2006 (in millions)</b>	<b>Seven Months Ended July 31, 2006</b>
Total revenues	\$ 630	\$ 110	\$ 740
Costs of revenues	248	41	289
Selling, general and administrative expenses	205	33	238
Depreciation	106	18	124
Amortization	5	1	6
Impairment of long-lived assets	9		9
Operating Income	57	17	74
Interest expense, net	(4)		(4)
Loss from equity investments, net	(3)		(3)
Other expense, net	(1)	(1)	(2)
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change	49	16	65
Income tax (provision) benefit	8	(6)	2
Income before discontinued operations and cumulative effect of accounting change	\$ 57	\$ 10	\$ 67

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**SELECTED FINANCIAL INFORMATION**

Our selected financial information is set forth in the following tables. The balance sheet data as of December 31, 2002 and the statement of operations data for the year ended December 31, 2002 have been derived from our unaudited consolidated financial statements for such periods not included in this prospectus. The balance sheet data as of December 31, 2003 and 2004 and the statement of operations data as of December 31, 2003 have been derived from our audited financial statements not included in this prospectus. The balance sheet data as of December 31, 2005 and 2006 and the statement of operations data for the years ended December 31, 2004, 2005 and 2006 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus.

The balance sheet data as of June 30, 2007 and the statement of operations data for the six months ended June 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of June 30, 2006 have been derived from our unaudited financial statements not included in this prospectus. In the opinion of management, the unaudited financial data reflect all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of our results of operations for those periods. Our results of operations for the six months ended June 30, 2007 are not necessarily indicative of the results that can be expected for the full year or for any future period.

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	Year Ended December 31,					Six Months Ended	
	2002	2003	2004	2005	2006	June 30, 2006	2007
	(in millions, except per share data)						
<b>Selected Operating Statement Information:</b>							
Revenues:							
Video	\$ 4,923	\$ 5,351	\$ 5,706	\$ 6,044	\$ 7,632	\$ 3,199	\$ 5,083
High-speed data	949	1,331	1,642	1,997	2,756	1,169	1,818
Voice		1	29	272	715	297	549
Advertising	504	437	484	499	664	242	415
Total revenues	6,376	7,120	7,861	8,812	11,767	4,907	7,865
Total costs and expenses <sup>(a)</sup>	14,504	5,818	6,307	7,026	9,588	3,911	6,575
Operating Income (Loss) <sup>(a)</sup>	(8,128)	1,302	1,554	1,786	2,179	996	1,290
Interest expense, net	(385)	(492)	(465)	(464)	(646)	(225)	(454)
Income from equity investments, net	13	33	41	43	129	42	7
Minority interest expense, net	(118)	(59)	(56)	(64)	(108)	(43)	(79)
Other income (expense), net <sup>(b)</sup>	(420)		11	1	2	1	143
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change	(9,038)	784	1,085	1,302	1,556	771	907
Income tax provision	(118)	(327)	(454)	(153)	(620)	(307)	(359)
Income (loss) before discontinued operations and cumulative effect of accounting change	(9,156)	457	631	1,149	936	464	548
Discontinued operations, net of tax	(443)	207	95	104	1,038	64	
Cumulative effect of accounting change, net of tax <sup>(c)</sup>	(28,031)				2	2	
Net income (loss)	\$ (37,630)	\$ 664	\$ 726	\$ 1,253	\$ 1,976	\$ 530	\$ 548
Basic income (loss) per common share before discontinued operations and cumulative effect of	\$ (11.15)	\$ 0.48	\$ 0.63	\$ 1.15	\$ 0.95	\$ 0.47	\$ 0.56

accounting change							
Discontinued operations	(0.54)	0.22	0.10	0.10	1.05	0.06	
Cumulative effect of accounting change	(34.14)						
Basic net income (loss) per common share	\$ (45.83)	\$ 0.70	\$ 0.73	\$ 1.25	\$ 2.00	\$ 0.53	\$ 0.56
Average basic common shares	821.0	955.3	1,000.0	1,000.0	990.4	1,000.0	976.9
Diluted income (loss) per common share before discontinued operations and cumulative effect of accounting change	\$ (11.15)	\$ 0.48	\$ 0.63	\$ 1.15	\$ 0.95	\$ 0.47	\$ 0.56
Discontinued operations	(0.54)	0.22	0.10	0.10	1.05	0.06	
Cumulative effect of accounting change	(34.14)						
Diluted net income (loss) per common share	\$ (45.83)	\$ 0.70	\$ 0.73	\$ 1.25	\$ 2.00	\$ 0.53	\$ 0.56
Average diluted common shares	821.0	955.3	1,000.0	1,000.0	990.4	1,000.0	977.1

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	2002	2003	December 31, 2004 2005 2006			June 30, 2006 2007	
	(in millions, except ratios)						
<b>Selected Balance Sheet Information:</b>							
Cash and equivalents	\$ 868	\$ 329	\$ 102	\$ 12	\$ 51	\$ 26	\$ 70
Total assets	62,146	42,902	43,138	43,677	55,743	44,010	55,873
Total debt and preferred equity <sup>(d)</sup>	6,976	8,368	7,299	6,863	14,732	6,523	14,171
<b>Other Financial Data:</b>							
Ratio of earnings to fixed charges <sup>(e)</sup>	\$ (8,894)	2.5x	3.0x	3.3x	3.1x	3.6x	3.1x
Ratio of earnings to combined fixed charges and preferred dividends <sup>(e)</sup>	\$ (8,894)	2.5x	3.0x	3.3x	3.1x	3.6x	3.1x

- (a) Includes merger-related costs and restructuring costs of \$16 million and \$21 million in the six months ended June 30, 2007 and 2006, respectively, and \$56 million, \$42 million and \$15 million in the years ended December 31, 2006, 2005 and 2003, respectively (none in 2004 and 2002). Includes a \$9.210 billion goodwill impairment charge and a \$6 million gain related to the sale of a cable system at TWE in 2002.
- (b) Includes a pretax gain of \$146 million in the six months ended June 30, 2007 related to the sale of our 50% equity interest in the Houston Pool of TKCCP. Includes a charge of \$420 million in 2002 to reflect the other than temporary declines in the value of certain unconsolidated cable television system joint ventures.
- (c) Includes a benefit of \$2 million in the six months ended June 30, 2006 and the year ended December 31, 2006 related to the cumulative effect of a change in accounting principle in connection with the adoption of Financial Accounting Standards Board ( FASB ) Statement No. 123 (revised 2004), *Share-Based Payment*, and a charge of \$28.031 billion in 2002 related to the cumulative effect of a change in accounting principle in connection with the adoption of FASB Statement No. 142, *Goodwill and Other Intangible Assets*.
- (d) Includes debt due within one year of \$2 million at June 30, 2007 (none at June 30, 2006) and \$4 million, \$1 million, \$4 million and \$8 million at December 31, 2006, 2004, 2003 and 2002, respectively (none at December 31, 2005), long-term debt, TW NY Series A Preferred Membership Units and mandatorily redeemable preferred equity issued by a subsidiary.
- (e) For purposes of computing the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends, earnings were calculated by adding: (i) pretax income, (ii) interest expense, (iii) preferred stock dividend requirements of majority-owned companies, (iv) minority interest in the income of majority-owned subsidiaries that have fixed charges, and (v) the amount of undistributed losses (earnings) of our less than 50%-owned companies. Fixed charges consist of interest expense. Combined fixed charges and preferred stock dividends include the fixed charges mentioned above and the amount of pretax income necessary to cover any preferred stock dividend requirements.

Earnings as defined include significant noncash charges for depreciation and amortization primarily relating to the amortization of intangible assets recognized in business combinations.

For periods in which earnings before fixed charges were insufficient to cover fixed charges (or combined fixed charges and preferred dividends), the dollar amount of coverage deficiency (in millions), instead of the ratio, is

disclosed.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS  
OF OPERATIONS AND FINANCIAL CONDITION**

*You should read the following discussion in conjunction with Selected Financial Information, Unaudited Pro Forma Condensed Combined Financial Information and our historical financial statements and related notes, Adelphia's consolidated financial statements and related notes and Comcast's special purpose combined carve-out financial statements of the former Comcast Los Angeles, Dallas and Cleveland cable system operations and related notes, each of which is included elsewhere in this prospectus. Some of the statements in the following discussion are forward-looking statements. For more information, please see Forward-Looking Statements. The following discussion and analysis of our results of operations includes periods prior to the consummation of the Transactions and the consolidation of the Kansas City Pool. Accordingly, our historical results of operations are not indicative of what our future results of operations will be.*

**Overview**

We are the second-largest cable operator in the U.S. and are an industry leader in developing and launching innovative video, data and voice services. At June 30, 2007, we had approximately 13.4 million basic video subscribers in technologically advanced, well-clustered systems located mainly in five geographic areas: New York state, the Carolinas, Ohio, southern California and Texas. As of June 30, 2007, we were the largest cable operator in a number of large cities, including New York City and Los Angeles.

On July 31, 2006, a subsidiary of ours, TW NY, and Comcast completed the acquisition of substantially all of the cable assets of Adelphia and related transactions. In addition, effective January 1, 2007, we began consolidating the results of the Kansas City Pool upon the distribution of the assets of TKCCP to us and Comcast. Prior to January 1, 2007, our interest in TKCCP was reported as an equity method investment. Refer to Recent Developments for further details.

Time Warner currently owns approximately 84.0% of our common stock (representing a 90.6% voting interest). The financial results of our operations are consolidated by Time Warner.

We principally offer three services: video, high-speed data and voice, which have been primarily targeted to residential customers. Video is our largest service in terms of revenues generated. We expect to continue to increase video revenues through the offering of advanced digital video services such as VOD, SVOD, HDTV and set-top boxes equipped with DVRs, as well as through price increases and subscriber growth. Our digital video subscribers provide a broad base of potential customers for additional advanced services. Providing basic video services is a competitive and highly penetrated business, and, as a result, we expect slower incremental growth in the number of basic video subscribers compared to the growth in our advanced service offerings. Video programming costs represent a major component of our expenses and are expected to continue to increase, reflecting contractual rate increases, subscriber growth and the expansion of service offerings, and it is expected that our video service margins will decline over the next few years as programming cost increases outpace growth in video revenues.

High-speed data has been one of our fastest-growing services over the past several years and is a key driver of our results. As of June 30, 2007, we had approximately 7.2 million residential high-speed data subscribers. We expect continued strong growth in residential high-speed data subscribers and revenues for the foreseeable future; however, the rate of growth of both subscribers and revenues is expected to slow over time as high-speed data services become increasingly well-penetrated. In addition, as narrowband Internet users continue to migrate to broadband connections, we anticipate that an increasing percentage of our new high-speed data customers will elect to purchase our entry-level high-speed data service, which is generally less expensive than our flagship service. As a result, over time,

our average high-speed data revenue per subscriber may decline reflecting this shift in mix. We also offer commercial high-speed data services and had approximately 263,000 commercial high-speed data subscribers as of June 30, 2007.

Approximately 2.3 million subscribers received Digital Phone service, our voice service, as of June 30, 2007. Under our primary calling plan, for a monthly fixed fee, Digital Phone customers typically receive the following services: an unlimited local, in-state and U.S., Canada and Puerto Rico calling plan, as well as call waiting, caller ID and E911 services. We are also currently deploying lower-priced calling plans to serve those customers that do

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not use interstate and/or long-distance calling plans extensively and intend to offer additional plans with a variety of calling options in the future. Digital Phone enables us to offer our customers a convenient package, or bundle, of video, high-speed data and voice services, and to compete effectively against bundled services available from our competitors. We expect strong increases in Digital Phone subscribers and revenues for the foreseeable future. We have begun to introduce Business Class Phone, a commercial Digital Phone service, to small- and medium-sized businesses and will continue to roll out this service during the remainder of 2007 in most of the Legacy Systems. We are also introducing this service in some of the Acquired Systems.

In November 2005, we and several other cable companies, together with Sprint, announced the formation of a joint venture to develop integrated wireline and wireless video, data and voice services. In 2006, we began offering under the Pivot brand name a bundle that includes Sprint wireless service (with some of our unique features) in limited operating areas and we will continue to roll out this service during the remainder of 2007.

Some of our principal competitors, in particular, direct broadcast satellite operators and incumbent local telephone companies, either offer or are making significant capital investments that will allow them to offer services that provide features and functions comparable to the video, data and/or voice services that we offer and they are aggressively seeking to offer them in bundles similar to ours. We expect that the availability of these bundled service offerings will continue to intensify competition.

In addition to the subscription services described above, we also earn revenues by selling advertising time to national, regional and local businesses.

As of July 31, 2006, the date the transactions with Adelphia and Comcast closed, the penetration rates for basic video, digital video and high-speed data services were generally lower in the Acquired Systems than in the Legacy Systems. Furthermore, certain advanced services were not available in some of the Acquired Systems, and an IP-based telephony service was not available in any of the Acquired Systems. To increase the penetration of these services in the Acquired Systems, we are in the midst of a significant integration effort that includes upgrading the capacity and technical performance of these systems to levels that will allow the delivery of these advanced services and features. Such integration-related efforts are expected to be largely complete by the end of 2007. As of June 30, 2007, Digital Phone was available to over 40% of the homes passed in the Acquired Systems. We expect to continue to roll out Digital Phone service across the Acquired Systems during the remainder of 2007.

Improvement in the financial and operating performance of the Acquired Systems depends in part on the completion of these initiatives and the subsequent availability of our bundled advanced services in the Acquired Systems. In addition, due to various operational and competitive challenges, we expect that the acquired systems located in Los Angeles, CA and Dallas, TX will continue to require more time and resources than the other acquired systems to stabilize and then meaningfully improve their financial and operating performance. As of June 30, 2007, the Los Angeles and Dallas acquired systems together served approximately 1.9 million basic video subscribers (about 50% of the basic video subscribers served by the Acquired Systems). We believe that by upgrading the plant and integrating the Acquired Systems into our operations, there is a significant opportunity over time to increase service penetration rates, and improve Subscription revenues and OIBDA in the Acquired Systems.

## **Recent Developments**

### ***Time Warner's Interest in TW NY Holding***

Time Warner has recently expressed interest in a transaction pursuant to which our subsidiary, TW NY Holding, would redeem a significant portion of Time Warner's 12.43% non-voting, equity interest in it. On September 13, 2007, our board of directors appointed a special committee of independent directors and authorized it to consider any

proposal Time Warner may make in this regard and negotiate with Time Warner regarding the terms of such a transaction. No assurance can be given that Time Warner will make a proposal that will result in an agreement for us to redeem a portion of its interest in TW NY Holding or, if an agreement is reached, that a redemption transaction will be consummated. In April 2005, in connection with the announcement of the Transactions, we valued this interest (as if the Transactions had occurred at that time)

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at approximately \$2.9 billion. This valuation is not necessarily indicative of the fair value of the interest as of the date of this prospectus. If a redemption transaction takes place, we would expect to finance the transaction through available borrowing capacity under our existing committed revolving credit facility or by accessing the bank credit or debt capital markets. If a redemption transaction is completed, it will not change the 84% ownership interest Time Warner has in our common stock.

***2007 Bond Offering***

On April 9, 2007, in the 2007 Bond Offering, we issued \$5.0 billion in aggregate principal amount of senior unsecured notes and debentures consisting of \$1.5 billion principal amount of 2012 initial notes, \$2.0 billion principal amount of 2017 initial notes, and \$1.5 billion principal amount of 2037 initial debentures pursuant to Rule 144A and Regulation S under the Securities Act. We used the net proceeds from this issuance to repay all of the outstanding indebtedness under our \$4.0 billion three-year term loan facility and a portion of the outstanding indebtedness under our \$4.0 billion five-year term loan facility. See **Financial Condition and Liquidity Debt Securities** for further details.

***TKCCP Joint Venture***

TKCCP was a 50-50 joint venture between a consolidated subsidiary of ours (Time Warner Entertainment-Advance/Newhouse Partnership ( TWE-A/N )) and Comcast. In accordance with the terms of the TKCCP partnership agreement, on July 3, 2006, Comcast notified us of its election to trigger the dissolution of the partnership and its decision to allocate all of TKCCP's debt, which totaled approximately \$2 billion, to the Houston Pool. On August 1, 2006, we notified Comcast of our election to receive the Kansas City Pool. On October 2, 2006, we received approximately \$630 million from Comcast due to the repayment of debt owed by TKCCP to TWE-A/N that had been allocated to the Houston Pool. From July 1, 2006 through December 31, 2006, we were entitled to 100% of the economic interest in the Kansas City Pool (and recognized such interest pursuant to the equity method of accounting), and we were not entitled to any economic benefits of ownership from the Houston Pool.

On January 1, 2007, TKCCP distributed its assets to us and Comcast. We received the Kansas City Pool, which served approximately 788,000 basic video subscribers as of December 31, 2006, and Comcast received the Houston Pool, which served approximately 795,000 basic video subscribers as of December 31, 2006. We began consolidating the results of the Kansas City Pool on January 1, 2007. TKCCP was formally dissolved on May 15, 2007. For accounting purposes, we have treated the distribution of TKCCP's assets as a sale of our 50% equity interest in the Houston Pool and as an