ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

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PART I

Cequel Communications Holdings I, LLC ("Cequel Holdings I"), a Delaware limited liability company organized in 2006 is an indirect wholly-owned subsidiary of Cequel Corporation, which is a wholly-owned subsidiary of Altice USA, Inc. Unless otherwise indicated or the context otherwise requires, the terms the "Company," "we," "us," "our" or other similar terms refer to Cequel Holdings I and its consolidated subsidiaries.

We incorporate by reference information related to Cequel from the Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), by our parent, Altice USA, Inc. which means that we can disclose information to you by referring you to those documents. Information related to other subsidiaries or businesses of Altice USA which is included in its Annual Report on Form 10-K is not incorporated by reference herein and should not be relied upon. The information that is incorporated by reference is considered to be part of this annual report. We incorporate by reference into this annual report the following:

Part I	Item 1.	Business
	Item 1A.	Risk Factors
	Item 2.	Properties
	Item 3.	Legal Proceedings
	Item 4.	Mine Safety Disclosures
Part III	Item 10.	Directors, Executive Officer and Corporate Governance
	Item 11.	Executive Compensation
	Item 12.	Security Ownership of Certain Beneficial Owners
	Item 13.	Certain Relationships, Related Transactions, and Director Independence
	Item 14.	Principal Accounting Fees and Services

Altice USA Inc.'s Annual Report on Form 10-K can be found through its investor relations section at web site, http://www.alticeusa.com or the SEC's website, http://www.sec.gov.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no public trading market for the Company's common equity securities.

ITEM 6. SELECTED FINANCIAL DATA

The summary consolidated historical balance sheets and operating data, except for non-financial operating data, of the Company as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 presented below have been derived from the audited consolidated financial statements of the Company included elsewhere herein.

As a result of the application of push down accounting in connection with the Cequel Acquisition (see Note 3 of our consolidated financial statements), our financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: the periods up to the acquisition date, January 1, 2015 through December 20, 2015 and the years ended December 31, 2014 and 2013 labeled "Predecessor" and the periods from the acquisition date, December 21, 2015 through December 31, 2015 and the years ended December 31, 2017 and 2016 labeled "Successor". The Predecessor periods represent the financial information of the Company prior to the Cequel Acquisition, while the Successor period represents the financial information of the Company subsequent to the Cequel Acquisition. The accompanying selected financial data includes a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

The selected historical results presented below are not necessarily indicative of the results to be expected for any future period. This information should be read in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included herein.

	Successor			Predecessor		
	Years ended December 31,		December 21, 2015 to December 31, 2015	January 1, 2015 to December 20, 2015 (b)	Years ended December 31,	
	2017	2016 (a)			2014	2013
	(in thousands)				(in thousands)	
Revenue	$ 2,664,574	$ 2,573,160	$ 72,943	$ 2,347,369	$ 2,330,697	$ 2,183,301
Operating expenses	2,144,135	2,187,873	89,321	2,281,755	2,072,198	1,998,633
Operating income (loss)	520,439	385,287	(16,378)	65,614	258,499	184,668
Other income (expense):						
Interest expense, net	(403,710)	(408,452)	(10,707)	(237,325)	(230,156)	(243,270)
Gain (loss) on interest rate swap contracts, net	5,482	(72,961)	—	—	—	—
Loss on extinguishment of debt	(28,684)	(24,755)	—	—	—	(6,525)
Income (loss) before income taxes	93,527	(120,881)	(27,085)	(171,711)	28,343	(65,127)
Income tax benefit (expense) (c)	590,186	(107,555)	9,969	(38,226)	(8,861)	16,691
Net income (loss)	$ 683,713	$ (228,436)	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)

(a) Includes additional deferred income tax expense of $153,694.

(b) Includes share-based compensation expense of $287,691.

(c) Pursuant to the enactment of the Tax Cuts & Jobs Act ("Tax Reform") on December 22, 2017, the Company recorded a noncash deferred tax benefit of $630,595 to remeasure the net deferred tax liability to adjust for the reduction in the corporate federal income tax rate from 35% to 21% which is effective on January 1, 2018.

Balance Sheet Data:

	December 31,				
	2017	2016	2015	2014	2013
			(in thousands)		
Total assets (a)	$ 9,882,897	$ 10,293,622	$ 10,554,845	$ 7,008,079	$ 7,165,267
Credit facility debt (a)	1,250,217	812,903	2,249,536	2,327,347	2,469,860
Senior notes and debentures (a)	5,341,243	5,742,933	3,876,345	2,738,982	2,259,648
Notes payable	8,945	—	—	—	—
Capital leases and other obligations	1,648	2,812	12,939	26,541	21,421
Total debt (a)	6,602,053	6,558,648	6,138,820	5,092,870	4,750,929
Redeemable equity	34,162	24,769	—	—	—
Total member's equity	1,299,352	1,224,362	2,142,151	908,075	1,457,912

(a) Amounts for years ended December 31, 2015, 2014 and 2013 have been restated to reflect the adoption of Accounting Standards Update ("ASU") 2015-03, *Simplifying the Presentation of Debt Issuance Costs*.

The following table sets forth certain customer metrics (unaudited):

	December 31,		
	2017	2016 (a) (h)	2015 (h)
		(in thousands)	
Homes passed (b)	3,457	3,407	3,352
Total customers relationships (c) (d)	1,750	1,751	1,712
Residential	1,642	1,649	1,618
SMB	109	102	94
Residential customers:			
Pay TV	1,042	1,107	1,154
Broadband	1,376	1,344	1,276
Telephony	592	597	581
Residential triple product customers penetration (e)	25.7%	25.5%	25.4%
Penetration of homes passed (f):	50.6%	51.4%	51.1%
Average Monthly revenue per residential customer ("ARPU") (g)	$ 112.57	$ 109.30	$ 104.04

(a) Beginning in September 2016, the Company changed the timing of when a customer is disconnected. The impact of this change resulted in an increase of approximately 6 thousand video customers, 5 thousand digital video customers, 8 thousand high-speed Internet customers, 2 thousand telephone customers and 10 thousand customer relationships during 2016 as compared to 2015.

(b) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our cable distribution network. Broadband services were not available to approximately 100 homes passed and telephony services were not available to approximately 500 homes passed.

(c) Represents number of households/businesses that receive at least one of the Company's services.

(d) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. In calculating the number of customers, we count all customers other than inactive/disconnected customers. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire

building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

(e) Represents the number of customers that subscribe to three of our services divided by total residential customer relationships.

(f) Represents the number of total customer relationships divided by homes passed.

(g) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) presented derived from the sale of broadband, pay television and telephony services to residential customers for the respective quarter by the average number of total residential customers for the same period.

(h) The metrics in the table above have been adjusted from previously reported amounts to conform to the methodology used to calculate the equivalent metrics used by Altice USA.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. In this Annual Report there are statements concerning our future operating results and future financial performance. Words such as "expects", "anticipates", "believes", "estimates", "may", "will", "should", "could", "potential", "continue", "intends", "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors.

We operate in a highly competitive, consumer and technology driven and rapidly changing business that is affected by government regulation and economic, strategic, technological, political and social conditions. 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. In addition, important factors that could cause our actual results to differ materially from those in our forward‑looking statements include:

- competition for broadband, pay television and telephony customers from existing competitors (such as broadband communications companies, DBS providers and Internet‑based providers) and new competitors entering our footprint;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- increased difficulty negotiating programming agreements on favorable terms, if at all, resulting in increased costs to us and/or the loss of popular programming;
- increasing programming costs and delivery expenses related to our products and services;
- our ability to achieve anticipated customer and revenue growth, to successfully introduce new products and services and to implement our growth strategy;
- our ability to complete our capital investment plans on time and on budget, including our plan to build a FTTH network, and deploy Altice One, our new home communications hub;
- our ability to develop and deploy mobile voice and data services pursuant to the agreement entered into with Sprint in the fourth quarter of 2017;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products and services;
- the effects of industry conditions;
- demand for advertising on our cable systems;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;

- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;
- technical failures, equipment defects, physical or electronic break‑ins to our services, computer viruses and similar problems;
- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, "cyber‑attacks," misappropriation of data, outages, natural disasters and other material events;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of transactions, if any;
- significant unanticipated increases in the use of bandwidth‑intensive Internet‑based services;
- the outcome of litigation, government investigations and other proceedings;
- our ability to successfully operate our business following the completion of the separation of Altice USA from Altice N.V., and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference or contained herein.

We disclaim any obligation to update or revise the forward-looking statements contained herein, whether a result of new information, future events, changes in our expectations or otherwise.

Certain numerical figures included in this annual report have been subject to rounding adjustments. Accordingly, such numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

Overview

All dollar amounts, except per customer and per share data, included in the following discussion, are presented in thousands.

Our Business

We deliver broadband, pay television, telephony services, and advertising services to approximately 1.8 million residential and business customers. Our footprint extends across 17 states through a fiber‑rich broadband network with approximately 3.5 million homes passed as of December 31, 2017. We provide broadband, pay television and telephony services to residential and business customers in the south‑central United States, with the majority of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information see "Risk Factors," and "Business-Competition" incorporated by reference herein.

We derive revenue principally through monthly charges to residential customers of our pay television, broadband, and telephony services. We also derive revenue from equipment rental, DVR, VOD, pay‑per‑view, installation and home shopping commissions. Our residential pay television, broadband, and telephony services accounted for approximately

41%, 36% and 5%, respectively, of our consolidated revenue for the year ended December 31, 2017. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and small and medium-sized business ("SMB") customers, including broadband, telephony, networking and pay television services. For the year ended December 31, 2017, 14% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, which accounted for approximately 3% of our consolidated revenue for the year ended December 31, 2017. Our other revenue for the year ended December 31, 2017 accounted for approximately 1% of our consolidated revenue.

Revenue increases are derived from rate increases, increases in the number of customers to our services, including additional services sold to our existing customers, programming package upgrades by our pay television customers, speed tier upgrades by our broadband customers, and acquisitions of cable systems that result in the addition of new customers.

Our ability to increase the number of customers to our services is significantly related to our penetration rates.

We operate in a highly competitive consumer‑driven industry and we compete against a variety of broadband, pay television and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite‑delivered video signals, Internet‑delivered video content and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T and its DirecTV subsidiary, CenturyLink, DISH Network, and Frontier. Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances or preference, negatively impacts the demand for our services. For more information see "Risk Factors," and "Business-Competition" incorporated by reference herein.

Our programming costs, which are the most significant component of our operating expenses, have increased and are expected to continue to increase primarily as a result of contractual rate increases and new channel launches. See "-Results of Operations" below for more information regarding our key factors impacting our revenues and operating expenses.

Historically, we have made substantial investments in our network and the development of new and innovative products and other service offerings for our customers as a way of differentiating ourselves from our competitors and may continue to do so in the future. We have commenced a plan to build a FTTH network, which will enable us to deliver more than 10 Gbps broadband speeds across part of our footprint. We may incur greater than anticipated capital expenditures in connection with this initiative, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing it as planned. See "-Liquidity and Capital Resources-Capital Expenditures" for additional information regarding our capital expenditures.

Acquisition of Cequel Corporation

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law ("Altice N.V."), through a subsidiary, acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Cequel Acquisition") from the direct and indirect stockholders of Cequel Corporation. The consideration for the acquired equity interests, which was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation, was $3,973,528, including $2,797,928 of cash consideration, $675,600 of retained equity held by entities affiliated with BC Partners and CPPIB and $500,000 funded by the issuance by an affiliate of Altice N.V. of a senior vendor note that was subscribed by entities affiliated with BC Partners and CPPIB. Following the closing of the Cequel Acquisition, entities affiliated with BC Partners and CPPIB retained a 30% equity interest in a parent entity of the Company. In addition, the carried interest plans of the stockholders were cashed out whereby payments were made to participants in such carried interest plans, including certain officers and directors of the Cequel Corporation.

In June 2016, Cequel Corporation was contributed to Altice USA, which is also the parent company of Cablevision Systems Corporation.

Basis of Presentation

As a result of the application of push down accounting in connection with the Cequel Acquisition, our financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: the periods up to the acquisition date, January 1, 2015 through December 20, 2015 labeled "Predecessor" and the periods from the acquisition date, December 21, 2015 through December 31, 2015 and the years ended December 31, 2017 and 2016 labeled "Successor". The Predecessor periods represent the financial information of the Company prior to the Cequel Acquisition, while the Successor period represents the financial information of the Company subsequent to the Cequel Acquisition. The accompanying selected financial data includes a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

We are presenting the combined results for the 2015 period for discussion purposes as we believe the combined results of operations are more meaningful as it allows the results of operations to be analyzed to comparable periods in 2017 and 2016. Exceptions to this include depreciation and amortization, interest expense, net, and income tax expense, which had significant impacts as a result of the application of push down accounting in connection with the Cequel Acquisition, but are separately discussed below.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, other non-operating income or expenses, loss on extinguishment of debt, gain (loss) on interest rate swap contracts, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period-to-period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company's ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. Each presentation of Adjusted EBITDA in this Annual Report includes a reconciliation of Adjusted EBITDA to net income (loss).

Results of Operations

	Years Ended December 31,		
	Successor 2017	Successor 2016	Combined 2015 (a)
Revenue:			
Residential:			
Pay TV	$ 1,101,507	$ 1,120,525	$ 1,117,639
Broadband	960,757	834,414	701,095
Telephony	130,503	153,939	163,822
Business services and wholesale	375,656	350,909	324,685
Advertising	73,509	88,371	87,666
Other	22,642	25,002	25,405
Total revenue	2,664,574	2,573,160	2,420,312
Operating expenses:			
Programming and other direct costs	758,189	746,305	723,911
Other operating expenses	667,186	676,950	1,006,814
Restructuring and other expense	39,899	27,977	83,420
Depreciation and amortization (including impairments)	678,861	736,641	556,931
Operating income	520,439	385,287	49,236
Other income (expense):			
Interest expense, net	(403,710)	(408,452)	(248,032)
Gain (loss) on interest rate swap contracts	5,482	(72,961)	—
Loss on extinguishment of debt	(28,684)	(24,755)	—
Income (loss) before income taxes	93,527	(120,881)	(198,796)
Income tax benefit (expense)	590,186	(107,555)	(28,257)
Net income (loss)	$ 683,713	$ (228,436)	$ (227,053)

The following is a reconciliation of net income (loss) to Adjusted EBITDA:

	Year Ended December 31,			2017 to 2016	2016 to 2015
	2017	2016	Combined 2015 (a)	Favorable (Unfavorable)	Favorable (Unfavorable)
Net income (loss)	$ 683,713	$ (228,436)	$ (227,053)	$ 912,149	$ (1,383)
Income tax expense (benefit)	(590,186)	107,555	28,257	(697,741)	79,298
Loss (gain) on interest rate swap contracts	(5,482)	72,961	—	(78,443)	72,961
Loss on extinguishment of debt	28,684	24,755	—	3,929	24,755
Interest expense, net	403,710	408,452	248,032	(4,742)	160,420
Depreciation and amortization	678,861	736,641	556,931	(57,780)	179,710
Restructuring and other expense (b)	39,899	27,977	83,420	11,922	(55,443)
Share-based compensation	15,370	5,204	287,691	10,166	(282,487)
Adjusted EBITDA	$ 1,254,569	$ 1,155,109	$ 977,278	$ 99,460	$ 177,831

(a) Represents the combined Predecessor and Successor results.

(b) Includes transaction costs of $17, $657 and $83,420 for 2017, 2016 and combined 2015, respectively.

The following table sets forth certain customer metrics (unaudited):

	December 31,			Net Increase (Decrease)	
	2017	2016 (a) (h)	2015 (h)	2017	2016
			(in thousands)		
Homes passed (b)	3,457	3,407	3,352	50	55
Total customer relationships (c)(d)	1,750	1,751	1,712	(1)	39
Residential	1,642	1,649	1,618	(7)	31
SMB	109	102	94	7	8
Residential customers:					
Pay TV	1,042	1,107	1,154	(65)	(47)
Broadband	1,376	1,344	1,276	32	68
Telephony	592	597	581	(5)	16
Residential triple product customer penetration (e):	25.7%	25.5%	25.4%		
Penetration of homes passed (f):	50.6%	51.4%	51.1%		
ARPU(g)	$ 112.57	$ 109.30	$ 104.04		

(a) Beginning in September 2016, the Company changed the timing of when a customer is disconnected. The impact of this change resulted in an increase of approximately 6 thousand video customers, 5 thousand digital video customers, 8 thousand high-speed Internet customers, 2 thousand telephone customers and 10 thousand customer relationships during 2016 as compared to 2015.

(b) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our cable distribution network. Broadband services were not available to approximately 100 homes passed and telephony services were not available to approximately 500 homes passed.

(c) Represents number of households/businesses that receive at least one of the Company's services.

(d) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. In calculating the number of customers, we count all customers other than inactive/disconnected customers. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

(e) Represents the number of customers that subscribe to three of our services divided by total residential customer relationships.

(f) Represents the number of total customer relationships divided by homes passed.

(g) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) derived from the sale of broadband, pay television and telephony services to residential customers for the respective quarter by the average number of total residential customers for the same period.

(h) The metrics in the table above have been adjusted from previously reported amounts to conform to the methodology used to calculate the equivalent metrics used by Altice USA.

Pay Television Revenue

Pay television revenue decreased $19,018 (2%) for the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease was due primarily to a decline in the number of pay television customers and a decrease in premium video services revenue, partially offset by certain rate increases, and an increase in late fees.

Pay television increased $2,886 for the year ended December 31, 2016 as compared to the prior year due primarily to increases in revenue resulting from certain rate increases (including an increase for retransmission programming and sports programming charges), the impact of incremental video service level changes and an increase in HD/DVR service revenue, offset by a decline in video customers, a decrease in premium video services, pay-per-view and VOD purchases,

and a decrease in converter rental revenue as compared to the combined 2015 period.

We believe our pay television customer declines noted in the table above are largely attributable to competition, particularly from DBS providers in our footprint, as well as competition from companies that deliver video content over the Internet directly to customers. These factors are expected to continue to impact our ability to maintain or increase our existing customers and revenue in the future.

Broadband Revenue

Broadband revenue increased $126,343 (15%) for the year ended December 31, 2017, as compared to the year ended December 31, 2016. The increase was due primarily to higher average recurring broadband revenue per broadband customer (driven by rate increases, the impact of service level changes, and an increase in late fees) and an increase in broadband customers.

Broadband revenue increased $133,319 (19%) for the year ended December 31, 2016, as compared to the year ended December 31, 2015 due primarily to a continued increase in broadband customers, an increase in rates, an increase resulting from the impact of service level changes and an increase in residential home networking revenue.

Telephony Revenue

Telephony revenue decreased $23,436 (15%) for the year ended December 31, 2017 compared to the year ended December 31, 2016. The decrease was due primarily to lower average revenue per telephony customer and a decline in telephony customers.

Telephony revenue decreased $9,883 (6%) for the year ended December 31, 2016, as compared to the year ended December 31, 2015 due primarily to lower rates offered to customers.

Business Services and Wholesale Revenue

Business services and wholesale revenue increased $24,747 (7%) for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The increase was primarily due to higher commercial rates and customers for broadband services, an increase in certain pay television rates and increases in commercial carrier services.

Business services and wholesale revenue increased $26,224 (8%) for the year ended December 31, 2016 as compared to the prior year primarily due to higher commercial rates and customers for broadband services, higher commercial rates and higher customers for telephony services, an increase in certain video rates, and an increase in revenue from premium video services, pay-per-view and VOD purchases. Offsetting these increases was a decrease in high-speed commercial carrier services.

Advertising Revenue

Advertising revenue decreased $14,862 (17%) for the year ended December 31, 2017 as compared to the year ended December 31, 2016. The decrease is due to declines in political, auto, retail, and restaurant advertising.

Advertising revenue increased slightly by $705 (1%) for the year ended December 31, 2016 as compared to the prior year due primarily to an increase in national advertising sales primarily from political advertising and direct advertising buys from programmers, partially offset by a decrease in local ad sales.

Other Revenue

Other revenue decreased $2,360 (9%) for the year ended December 31, 2017 as compared to the prior year primarily due to the decrease in tower construction management services revenue.

Other revenue decreased $403 (2%) for the year ended December 31, 2016 as compared to the prior year primarily due to a decrease in tower construction management services revenue and equipment sales revenues, partially offset by an increase in administrative fee revenue.

Programming and Other Direct Costs

Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of video-on-demand and pay-per-view) and are generally paid on a per-subscriber basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving

certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of cable television service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes.

Programming and other direct costs increased $11,884 (2%) in 2017 as compared to 2016 and $22,394 (3%) in 2016 as compared to 2015. The net increases are attributable to the following:

	2017
Increase in programming costs due primarily to contractual rate increases, new channel launches, and an increase in pay-per-view costs, partially offset by lower pay television customers and lower video-on-demand costs	$ 20,141
Decrease in franchise costs due to lower pay television customers	(5,159)
Net decrease in call completion and interconnection costs due to lower level of activity	(1,803)
Other net decreases	(1,295)
	$ 11,884

	2016
Increase in programming costs due primarily to contractual rate increases, partially offset by lower video customers.	$ 42,325
Decrease from digital programming, premium channels and pay-per-view	(8,932)
Decrease in costs associated with carrier circuits and local exchange carrier costs	(7,015)
Other net decreases	(3,984)
	$ 22,394

Programming costs

Programming costs amounted to approximately $609,709 in 2017, $589,568 in 2016 and $557,915 for the combined 2015 period. Our programming costs increased 3% in 2017 due primarily to an increase in contractual programming rates, partially offset by a decrease in video customers. Our programming costs in 2018 will continue to be impacted by changes in programming rates, which we currently expect to increase by high single digits to low double digits, and by changes in the number of pay television customers.

Other Operating Expenses

Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers which are impacted by general cost increases for contractors, insurance and other various expenses.

Customer installation and repair and maintenance costs may fluctuate as a result of changes in level of activities and the utilization of contractors as compared to employees. Also, customer installation costs fluctuate as the portion of our expenses that we are able to capitalize changes. Network repair and maintenance and utility costs also fluctuate as capitalizable network upgrade and enhancement activity changes.

Other operating expenses also include costs related to the operation and maintenance of our call center facilities that handle customer inquiries and billing and collection activities and sales and marketing costs, which include advertising production and placement costs associated with acquiring and retaining customers. These costs vary period to period and may increase with competition. Additionally, other operating expenses include various other administrative costs, including wages and benefits for our corporate personnel, legal fees, and product development costs.

Other operating expenses decreased $9,764 (1%) in 2017 as compared to 2016 and decreased $329,864 (33%) in 2016 as compared to 2015. The net decreases are attributable to the following:

	2017
Decrease primarily in salaries and benefits related to the elimination of certain positions in connection with the initiatives to simplify the Company's organizational structure, partially offset by a decrease in capitalizable activity	$ (56,381)
Decrease in insurance costs	(6,255)
Decrease in contract labor costs	(2,171)
Increase in consulting and professional fees	22,023
Increase in share-based compensation and long-term incentive plan awards expense	18,754
Increase in sales and marketing costs	8,426
Increase in worker's compensation expenses	2,082
Net increase in property, general and sales and use taxes	1,539
Other net increases	2,219
	$ (9,764)

	2016
Decrease relating to share-based compensation expense, primarily resulting from the pay-out in 2015 in connection with the Cequel Acquisition	$ (282,487)
Decrease in employee salaries and benefits including bonus, overtime and other employee related costs. In 2016, the decrease in costs primarily relates to the decrease in headcount occurring subsequent to the Cequel Acquisition	(17,984)
Increase in group health insurance costs	9,829
Decrease in the cost of residential customer installations	(10,120)
Decrease in marketing costs	(9,424)
Decrease in consulting and professional fees	(9,598)
Decrease in general and administrative costs	(8,303)
Decrease in fleet operating costs	(2,261)
Increase in Altice N.V, management fee for certain executive services, partially offset by the decrease in management fees paid prior to the Cequel Acquisition	1,860
Decrease in facility costs	(971)
Decrease in customer service costs, primarily commissions	(855)
Other net increases	450
	$ (329,864)

Depreciation and Amortization

Depreciation and amortization decreased $57,780 (8%) in 2017 as compared to 2016 and increased $179,710 (32%) for 2016 as compared to 2015. The decrease in depreciation and amortization in 2017 was primarily due to lower amortization expense for certain intangible assets that are being amortized using an accelerated method, partially offset by an increase resulting from revisions made to the fair value of assets acquired resulting from the finalization in the fourth quarter of 2016 of the purchase price allocation in connection with the Cequel Acquisition.

The net increase in 2016 was primarily due to depreciation and amortization expense related to the step-up in the carrying value of property, plant and equipment and amortizable intangible assets (primarily subscriber relationships) recorded in connection with the Cequel Acquisition, partially offset by certain assets being retired or becoming fully depreciated.

Restructuring and Other Expense

Restructuring and other expense for the years ended December 31, 2017, 2016 and 2015 amounted to $39,899, $27,977 and $83,420, respectively. Restructuring expenses for 2017 and 2016 are primarily related to severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in the Successor

period that are intended to simplify the Company's organizational structure. In 2015, the $83,420 expense primarily relates to transaction and acquisition due diligence costs associated with the Cequel Acquisition.

Adjusted EBITDA

Adjusted EBITDA increased $99,460 (9%) and $177,831 (18%) for 2017 and 2016, respectively, as compared to the prior year periods. The increases in 2017 and 2016 are due primarily to increases in revenue and decreases in operating expenses (excluding depreciation and amortization, restructuring expense and other expenses and share-based compensation), as discussed above.

Interest Expense, net

Interest expense, net decreased $4,742 (1%) in 2017 and increased $160,420 (65%) in 2016, respectively, as compared to the prior year periods. The net increase (decrease) is attributable to the following:

	2017	2016
Increase in weighted average debt outstanding	$ 7,248	$ 86,773
Increase (decrease) in effective interest rate	(4,815)	36,094
Increase (decrease) in amortization of debt issuance costs, discounts and deferred financing fees	(783)	37,680
Increase in interest income	(6,392)	(127)
	$ (4,742)	$ 160,420

Gain (Loss) on Interest Rate Swap Contracts

Gain (loss) on interest rate swap contracts amounted to $5,482 and $(72,961) for the years ended December 31, 2017 and 2016, respectively. These amounts represent the increase or decrease in fair value of the fixed to floating interest rate swaps entered into in September 2016. The objective of these swaps is to adjust the proportion of total debt that is subject to fixed and variable interest rates. These swap contracts are not designated as hedges for accounting purposes.

Loss on Extinguishment of Debt

Loss on extinguishment of debt amounted to $28,684 and $24,755 for the years ended December 31, 2017 and 2016, respectively. The loss in 2017 related to the Cequel Extension Amendment and the redemption of senior notes and the loss in 2016 related to the write-off of unamortized deferred financing costs in connection with the amendment to the Company's term loan facility.

Income Tax Benefit (Expense)

Income tax benefit amounted to $590,186 for the year ended December 31, 2017. Pursuant to the enactment of Tax Reform on December 22, 2017, the Company recorded a noncash deferred tax benefit of $630,595 to remeasure the net deferred tax liability to adjust for the reduction in the corporate federal income tax rate from 35% to 21% which is effective on January 1, 2018. Nondeductible share-based compensation expense for the year ended December 31, 2017 reduced income tax benefit by $6,139.

Income tax expense amounted to $107,555 for the year ended December 31, 2016. In connection with the Cequel Acquisition, the Company was required to re-measure its deferred taxes at a higher overall rate, resulting in additional deferred tax expense of $153,694. The impact of the nondeductible share-based compensation relating to the carry unit plan resulted in additional tax expense of $1,821. Absent these items, the effective tax rate would have been 40%.

Liquidity and Capital Resources

General

The Company is a holding company and has no operations independent of its subsidiaries. Accordingly, the Company will depend on the cash flow of its subsidiaries in order to make payments on, or repay or refinance, its outstanding indebtedness. Funding for our subsidiaries has generally been provided by cash flow from their respective operations, cash on hand and borrowings under a revolving credit facility and the proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the revolving credit facility or accessing the capital markets has been based upon an ongoing review of the funding needs of the business, the optimal allocation of cash resources, the timing of cash flow generation and the cost of borrowing under the revolving credit facility, debt securities and syndicated term loans.

We expect to utilize free cash flow and availability under the revolving credit facility, as well as future refinancing transactions, to further extend the maturities of, or reduce the principal on, our debt obligations. The timing and terms of any refinancing transactions will be subject to, among other factors, market conditions. Additionally, we may, from time to time, depending on market conditions and other factors, use cash on hand and the proceeds from other borrowings to repay the outstanding debt securities through open market purchases, privately negotiated purchases, tender offers, or redemptions.

We believe existing cash balances, operating cash flows and availability under our revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. However, competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe that amounts available under the revolving credit facility will be available when, and if, needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets or other conditions. The obligations of the financial institutions under the revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

The terms of our credit facilities generally restrict Cequel Communications, LLC (doing business as Suddenlink) and its restricted subsidiaries from making dividends and other distributions to the Company except under certain circumstances. The credit facilities permits Suddenlink to make dividends and distributions to the Company subject to satisfaction of certain conditions and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, a restricted payment basket. In addition, the credit facilities permits Suddenlink to make dividends and distributions to the Company for payment of regularly scheduled interest payments through maturity on indebtedness.

In the longer term, we do not expect to be able to generate sufficient cash from operations to fund anticipated capital expenditures, meet all existing future contractual payment obligations and repay our debt at maturity. As a result, we will be dependent upon our continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt obligations. We will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating discretionary uses of cash.

The following table provides details of our outstanding credit facility debt as of December 31, 2017:

	Maturity Date	Interest Rate	Principal	Carrying Value (a)
Revolving Credit Facility (b)	November 30, 2021	—	$ —	$ —
Term Loan Facility	July 28, 2025	3.82%	1,258,675	1,250,217
			$ 1,258,675	$ 1,250,217
Less: Current portion				12,650
Long-term debt				$ 1,237,567

(a) Carrying amounts are net of unamortized discounts and deferred financing costs.

(b) At December 31, 2017, $13,500 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $336,500 of the facility was undrawn and available, subject to covenant limitations.

The following table summarizes the Company's senior secured notes and senior notes and debentures as of December 31, 2017:

Issuer	Date Issued	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)
Senior notes:					
Cequel Holdings I and Cequel Capital (b)(f)(g)	Oct. 25, 2012 Dec. 28, 2012	September 15, 2020	6.375%	$ 1,050,000	$ 1,027,493
Cequel Holdings I and Cequel Capital (b)(g)	May 16, 2013 Sept. 9, 2014	December 15, 2021	5.125%	1,250,000	1,138,870
Cequel Holdings I and Cequel Capital (d)(g)	June 12, 2015	July 15, 2025	7.750%	620,000	604,374
Senior secured notes:					
Altice US Finance I Corporation (c)(g)	June 12, 2015	July 15, 2023	5.375%	1,100,000	1,082,482
Altice US Finance I Corporation (e)(g)	April 26, 2016	May 15, 2026	5.500%	1,500,000	1,488,024
				$ 5,520,000	5,341,243
Less: Current portion					—
Long-term debt					$ 5,341,243

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums.

(b) The Company may redeem some or more of all the notes at the redemption price set forth in the relevant indenture, plus accrued and unpaid interest.

(c) Some or all of these notes may be redeemed at any time on or after July 15, 2018, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 105.375%.

(d) Some or all of these notes may be redeemed at any time on or after July 15, 2020, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 107.750%.

(e) Some or all of these notes may be redeemed at any time on or after May 15, 2021, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before May 15, 2019, at a redemption price equal to 105.500%.

(f) In April 2017, the Company redeemed $450,000 of the senior notes from proceeds from the Cequel Term Loan facility.

(g) The issuers of these notes have no ability to service interest or principal on the notes, other than through any contributions/distributions from Cequel Communications, LLC (an indirect subsidiary of the Company and the parent of Altice US Finance I). Cequel Communications, LLC is restricted in certain circumstances, from paying dividends or distributions to the issuers by the terms of the Credit Facilities Agreement.

Payment Obligations Related to Debt

As of December 31, 2017, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as capital lease obligations, and notes payable are as follows:

2018	$	386,068
2019		387,356
2020		1,431,215
2021		1,563,658
2022		249,104
Thereafter		5,026,217
Total	$	9,043,618

Credit Facilities

On June 12, 2015, Altice US Finance I Corporation, an indirect wholly-owned subsidiary of the Company, entered into a senior secured credit facility which currently provides term loans in an aggregate principal amount of $1,265,000 ($1,258,675 outstanding at December 31, 2017) (the "Term Loan Facility" and the term loans extended under the Term Loan Facility, the "Term Loans") and revolving loan commitments in an aggregate principal amount of $350,000 which are governed by a credit facilities agreement entered into by, inter alios, Altice US Finance I Corporation, certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on October 25, 2016, December 9, 2016 and March 15, 2017, and as further amended, restated, supplemented or modified from time to time, the "Credit Facilities Agreement").

The Company was in compliance with all of its financial covenants under the Credit Facilities Agreement as of December 31, 2017.

See Note 9 to our consolidated financial statements for further information regarding the Credit Facilities Agreement.

Cequel Senior Secured Notes

On June 12, 2015, Altice US Finance I Corporation issued $1,100,000 aggregate principal amount of its 5 3/8% Senior Secured Notes due 2023. On April 26, 2016, Altice US Finance I Corporation issued $1,500,000 aggregate principal amount of its 5 1/2% Senior Secured Notes due 2026.

As of December 31, 2017, the Company was in compliance with all of its financial covenants under the indentures under which the senior secured notes were issued.

Cequel Senior Notes

On October 25, 2012, Cequel Capital Corporation and the Company (collectively, the "Senior Notes Co-Issuers") issued $500,000 aggregate principal amount of their 6 3/8% Senior Notes due 2020 (the "Cequel 2020 Senior Notes"). On December 28, 2012, the Senior Notes Co-Issuers issued an additional $1,000,000 aggregate principal amount of their Cequel 2020 Senior Notes. In April 2017, the Company redeemed $450,000 of the Cequel 2020 Senior Notes from proceeds of the Term Loans pursuant to the March 15, 2017 amendment.

On May 16, 2013, the Senior Notes Co-Issuers issued $750,000 aggregate principal amount of their 5 1/8% Senior Notes due 2021. On September 9, 2014, the Senior Notes Co-Issuers issued $500,000 aggregate principal amount of their 5 1/8% Senior Notes due 2021.

On June 12, 2015, Altice US Finance II Corporation issued $300,000 aggregate principal amount of its 7 3/4% Senior Notes due 2025 (the "Cequel 2025 Senior Notes"). Following the consummation of the Cequel Acquisition and related transactions, Altice US Finance II Corporation merged into the Company and the Cequel 2025 Senior Notes became the obligations of the Company and Cequel Capital Corporation became the co-issuer.

Also on June 12, 2015, Altice US Finance S.A., an indirect subsidiary of Altice N.V., issued $320,000 principal amount of 7 3/4% senior notes due 2025 (the "Holdco Notes"), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Cequel Acquisition. The Holdco Notes were automatically exchanged into an equal aggregate principal amount of Cequel 2025 Senior Notes during the second quarter of 2016.

As of December 31, 2017, the Company was in compliance with all of its financial covenants under the indentures under which the senior notes were issued.

Contractual Obligations and Off Balance Sheet Commitments

Our contractual obligations to affiliates and non-affiliates as of December 31, 2017, which consist primarily of our debt obligations and the effect such obligations are expected to have on our liquidity and cash flow in future periods, are summarized in the following table:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years
Off balance sheet arrangements:					
Purchase obligations (a)	$ 2,176,213	$ 884,417	$ 1,003,498	$ 278,623	$ 9,675
Operating lease obligations (b)	76,410	16,071	30,210	27,706	2,423
Guarantees (c)	16,428	16,428	—	—	—
Letters of credit (d)	13,500	—	—	13,500	—
	2,282,551	916,916	1,033,708	319,829	12,098
Contractual obligations reflected on the balance sheet:					
Debt obligations (e)	9,041,039	385,411	1,818,056	1,812,387	5,025,185
Capital lease obligations (f)	2,579	657	515	375	1,032
	9,043,618	386,068	1,818,571	1,812,762	5,026,217
Total	$ 11,326,169	$ 1,302,984	$ 2,852,279	$ 2,132,591	$ 5,038,315

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to our customers and minimum purchase obligations to purchase goods or services. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of customers receiving the programming. Amounts reflected above related to programming agreements are based on the number of customers receiving the programming as of December 31, 2017 multiplied by the per customer rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2017. See Note 16 to our consolidated financial statements for a discussion of our program rights obligations.

(b) Operating lease obligations represent primarily future minimum payment commitments on various long-term, noncancelable leases, at rates now in force, for office, production and storage space, and rental space on utility poles. See Note 7 to our consolidated financial statements for a discussion of our operating leases.

(c) Includes franchise and performance surety bonds primarily for our cable television systems. Payments due by period for these arrangements represent the year in which the commitment expires.

(d) Consists primarily of letters of credit in favor of insurance providers and certain governmental authorities. Payments due by period for these arrangements represent the year in which the commitment expires.

(e) Includes interest and principal payments due on our (i) credit facility debt, (ii) senior secured notes and senior notes and debentures, and (iii) notes payable. See Notes 9 to our consolidated financial statements for a discussion of our long-term debt.

(f) Reflects the principal amount of capital lease obligations, including related interest.

The table above does not include obligations for payments required to be made under multi-year franchise agreements based on a percentage of revenues generated from pay television services per year. For the successor years ended December 31, 2017 and 2016, the amount of franchise fees and certain other taxes and fees included as a component of

revenue aggregated $46,994 and $48,519, respectively; $1,414 for the successor period December 21, 2015 to December 31, 2015, and $46,295 for the predecessor period January 1, 2015 to December 20, 2015.

Distributions to Parent

In 2017, the Company made cash distributions to the Company's parent entities in the amount of $614,700.

Capital Expenditures

	December 31,		
	2017	2016	Combined 2015
Customer premise equipment	$ 119,702	$ 154,718	$ 185,610
Network infrastructure	90,548	76,926	144,618
Support and other	31,643	45,336	99,858
Business services	38,039	50,204	48,360
Capital purchases (cash basis)	$ 279,932	$ 327,184	$ 478,446
Capital purchases (including accrued not paid)	$ 320,175	$ 351,827	$ 469,990

Customer premise equipment includes expenditures for set-top boxes, cable modems and other equipment that is placed in a customer's home, as well as equipment installation costs. Network infrastructure includes: (i) scalable infrastructure, such as headend equipment, (ii) line extensions, such as fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering, and (iii) upgrade and rebuild, including costs to modify or replace existing fiber/coaxial cable networks, including enhancements. Support and other capital expenditures includes costs associated with the replacement or enhancement of non-network assets, such as office equipment, buildings and vehicles. Business services capital expenditures include primarily equipment, installation, support, and other costs related to our fiber based telecommunications business.

Cash Flow Discussion

Operating Activities

Net cash provided by operating activities amounted to $816,188 for the year ended December 31, 2017 compared to $771,824 for the year ended December 31, 2016. The 2017 cash provided by operating activities resulted from $874,442 of income before depreciation and amortization and non-cash items, an increase in accounts payable and accrued expenses of $24,936, and an increase in deferred revenue of $7,086, partially offset by a net increase in current and other assets of $51,228, a net decrease in amounts due to affiliates of $38,127, and a decrease in liabilities related to interest rate swap contracts of $921. The increase in cash provided by operating activities of $44,364 in 2017 as compared to 2016 was primarily due to an increase in income before depreciation and amortization and other non-cash items, partially offset by a decrease resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items.

Net cash provided by operating activities amounted to $771,824 for the year ended December 31, 2016 compared to $661,756 for the combined year ended December 31, 2015. The 2016 cash provided by operating activities resulted from $711,706 of income before depreciation and amortization and non-cash items, $78,823 resulting from an increase in liabilities related to interest rate swap contracts, and $66,356 as a result of a net increase in accounts payable, deferred revenue and other liabilities, partially offset by a net decrease in amounts due to affiliates of $58,324 and $26,737 resulting from a net increase in current and other assets. The increase in cash provided by operating activities of $110,068 in 2016 as compared to 2015 was primarily due to an increase in income before depreciation and amortization and other non-cash items, partially offset by a decrease resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items.

Net cash provided by operating activities amounted to $661,756 for the combined year ended December 31, 2015. The 2015 cash provided by operating activities resulted from $671,568 of income before depreciation and amortization and non-cash items and an increase in deferred revenue of $8,755, partially offset by a net increase of $4,883 in current and other assets and a $13,684 net decrease in accounts payable and accrued liabilities.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2017 was $279,315 compared to $325,962 for the year ended December 31, 2016. The 2017 investing activities consisted primarily of capital expenditures of $279,932, partially offset by $617 of other net cash proceeds.

Net cash used in investing activities for the year ended December 31, 2016 was $325,962 compared to $480,287 for the combined year ended December 31, 2015. The 2016 investing activities consisted primarily of capital expenditures of $327,184, partially offset by $1,222 of other net cash proceeds. The investing activities for the combined year ended December 31, 2015 consisted primarily of capital expenditures of $478,446 and $1,841 of other net cash payments.

Financing Activities

Net cash used in financing activities amounted to $645,801 for the year ended December 31, 2017 compared to $341,385 for the year ended December 31, 2016. In 2017, the Company's financing activities consisted primarily of distributions to parent of $614,700, the repayment of senior notes, including premiums and fees, of $464,345, additions to deferred financing costs of $3,344 and principal payments on capital lease obligations of $762, partially offset by net proceeds from credit facility debt of $437,350.

Net cash used in financing activities amounted to $341,385 for the year ended December 31, 2016 compared to $260,916 for the combined year ended December 31, 2015. In 2016, the Company's financing activities consisted primarily of net repayments of credit facility debt of $1,481,594, distributions to parent of $332,878, additions to deferred financing costs of $16,785 and principal payments on capital lease obligations of $10,128, partially offset by proceeds from the issuance of senior notes of $1,500,000.

Net cash used in financing activities amounted to $260,916 for the combined year ended December 31, 2015. The 2015 financing activities consisted primarily distributions to parent of $247,000, net repayments of credit facility debt of $22,258 and principal payments on capital lease obligations of $13,095, partially offset by a $21,437 contribution from parent.

Critical Accounting Policies

In preparing its financial statements, the Company is required to make certain estimates, judgments and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

The significant accounting policies, which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, include the following:

Business Combinations

The Company applied business combination accounting for the Cequel Acquisition, which resulted in a new accounting basis in the identifiable assets and liabilities. Accordingly, the consolidated financial statements on or after December 21, 2015 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to December 21, 2015 do not include the effect of any changes in the Company's corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

Business combination accounting requires that the assets acquired and liabilities assumed be recorded at their respective estimated fair values at the date of acquisition. The excess purchase price over fair value of the net assets acquired is recorded as goodwill. In determining estimated fair values, we are required to make estimates and assumptions that affect the recorded amounts, including, but not limited to, expected future cash flows, discount rates, remaining useful lives of long-lived assets, useful lives of identified intangible assets, replacement or reproduction costs of property and equipment and the amounts to be recovered in future periods from acquired net operating losses and other deferred tax assets. Our estimates in this area impact, among other items, the amount of depreciation and amortization, impairment charges in certain instances if the asset becomes impaired, and income tax expense or benefit that we report. Our estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain. See Note 3 for a summary of the application of business combination accounting.

Impairment of Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets at December 31, 2017 include goodwill of $2,153,741, other intangible assets of $5,530,945 ($4,906,506 of which are indefinite-lived intangible assets), and $1,886,171 of property, plant and equipment. Such assets accounted for approximately 97% of the Company's consolidated total assets. Goodwill and identifiable indefinite-lived intangible assets, which primarily represent the Company's cable television franchises are tested annually for impairment during the fourth quarter ("annual impairment test date") and upon the occurrence of certain events or substantive changes in circumstances.

The Company is operated as a single reporting unit for the goodwill impairment test and a single unit of accounting for the indefinite-lived asset impairment test. We assess qualitative factors and other relevant events and circumstances that affect the fair value of the reporting unit and its identifiable indefinite-lived intangible assets, such as:

- macroeconomic conditions;
- industry and market conditions;
- cost factors;
- overall financial performance;
- changes in management, strategy or customers;
- relevant specific events such as a change in the carrying amount of net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit or unit of accounting; and
- sustained decrease in share price, as applicable.

The Company assesses these qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. This quantitative test is required only if the Company concludes that it is more likely than not that the reporting unit's fair value is less than its carrying amount.

When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the Company is required to determine goodwill impairment using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the reporting unit with its carrying amount, including goodwill utilizing an enterprise-value based premise approach. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill that would be recognized in a business combination.

The Company assesses the qualitative factors discussed above to determine whether it is necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test. This quantitative test is required only if the Company concludes that it is more likely than not that a unit of accounting's fair value is less than its carrying amount. When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the impairment test for identifiable indefinite-lived intangible assets requires a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. At December 31, 2017, we had indefinite-lived cable television franchises of $4,906,506, reflecting agreements we have with state and local governments that allow us to construct and operate a cable business within a specified geographic area and allow us to solicit and service potential customer in the service areas defined by the franchise rights currently held by the Company.

For other long-lived assets, including intangible assets that are amortized such as customer relationships and trade names, the Company evaluates assets for recoverability when there is an indication of potential impairment. If the undiscounted cash flows from a group of assets being evaluated is less than the carrying value of that group of assets, the fair value of the asset group is determined and the carrying value of the asset group is written down to fair value.

In assessing the recoverability of the Company's goodwill and other long-lived assets, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These estimates and assumptions could have a significant impact on whether an impairment charge is recognized and

also the magnitude of any such charge. Fair value estimates are made at a specific point in time, based on relevant information. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Estimates of fair value are primarily determined using discounted cash flows and comparable market transactions. These valuations are based on estimates and assumptions including projected future cash flows, discount rate, determination of appropriate market comparables and determination of whether a premium or discount should be applied to comparables. These valuations also include assumptions for average annual revenue per customer, number of homes passed, operating margin and market penetration as a percentage of homes passed, among other assumptions. Further, the projected cash flow assumptions consider contractual relationships, customer attrition, eventual development of new technologies and market competition. If these estimates or material related assumptions change in the future, the Company may be required to record impairment charges related to its long-lived assets.

During the fourth quarter of 2017, the Company assessed the qualitative factors described above to determine whether it was necessary to perform the two-step quantitative goodwill impairment test and concluded that it was not more likely than not that the reporting unit's fair value was less than its carrying amount. The Company also assessed these qualitative factors to determine whether it was necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test and concluded that it was not more likely than not that the unit of accounting's fair value was less than its carrying amount.

Plant and Equipment

Costs incurred in the construction of the Company's cable systems, including line extensions to, and upgrade of, the Company's hybrid fiber/coaxial infrastructure, initial placement of the feeder cable to connect a customer that had not been previously connected, and headend facilities are capitalized. These costs consist of materials, subcontractor labor, direct consulting fees, and internal labor and related costs associated with the construction activities. The internal costs that are capitalized consist of salaries and benefits of the Company's employees and the portion of facility costs, including rent, taxes, insurance and utilities, that supports the construction activities. These costs are depreciated over the estimated life of the plant (10 to 25 years) and headend facilities (4 to 25 years). Costs of operating the plant and the technical facilities, including repairs and maintenance, are expensed as incurred.

Installation costs associated with the initial deployment of new customer premise equipment ("CPE") necessary to provide pay television, broadband or telephony services are also capitalized. These costs include materials, subcontractor labor, internal labor, and other related costs associated with the connection activities. The departmental activities supporting the connection process are tracked through specific metrics, and the portion of departmental costs that is capitalized is determined through a time weighted activity allocation of costs incurred based on time studies used to estimate the average time spent on each activity. These installation costs are amortized over the estimated useful lives of the CPE necessary to provide pay television, broadband or telephony services. In circumstances where CPE tracking is not available, the Company estimates the amount of capitalized installation costs based on whether or not the business or residence had been previously connected to the network. These installation costs are depreciated over their estimated useful life of 3-5 years. The portion of departmental costs related to disconnecting services and removing CPE from a customer, costs related to connecting CPE that has been previously connected to the network and repair and maintenance are expensed as incurred.

The estimated useful lives assigned to our property, plant and equipment are reviewed on an annual basis or more frequently if circumstances warrant and such lives are revised to the extent necessary due to changing facts and circumstances. Any changes in estimated useful lives are reflected prospectively.

Refer to Note 2 to our consolidated financial statements included in this Annual Report for a discussion of our accounting policies.

Equity Awards

Certain employees of the Company received awards of units in a carry unit plan of an entity which has an indirect ownership interest in the Company. The Company measures the cost of employee services received in exchange for carry units based on the fair value of the award at grant date. In addition these units are presented as temporary equity on our consolidated balance sheet at fair value. For carry unit awards granted in 2016, an option pricing model was used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carry units outstanding. The time to liquidity event assumption was based on management's judgment. The equity

volatility assumption was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The discount for lack of marketability was based on Finnerty's (2012) average-strike put option model.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In May 2017, the FASB issued ASU No. 2017‑09, Compensation- Stock Compensation (Topic 718). ASU No. 2017‑09 provides clarity and guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017‑09 is effective for the Company on January 1, 2018 and will be applied prospectively.

In January 2017, the FASB issued ASU No. 2017‑04, Intangibles-Goodwill and Other (Topic 350). ASU No. 2017‑04 simplifies the subsequent measurement of goodwill by removing the second step of the two‑step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU No. 2017‑04 becomes effective for the Company on January 1, 2020 with early adoption permitted and will be applied prospectively.

In January 2017, the FASB issued ASU No. 2017‑01, Business Combinations (Topic 805), Clarifying the Definition of a Business, which amends Topic 805 to interpret the definition of a business by adding guidance to assist in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance is effective for the Company on January 1, 2018 and will be applied prospectively.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments which clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. ASU No. 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The new guidance is effective for the Company on January 1, 2018 and will be applied retrospectively. The Company does not believe that the adoption of ASU No. 2016-15 will have a material effect on its consolidated statements of cash flows.

In February 2016, the FASB issued ASU No. 2016-02, Leases*,* which increases transparency and comparability by recognizing a lessee’s rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied using the modified retrospective method. The Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP. In August 2015, the FASB issued ASU No. 2015-14 that approved deferring the effective date by one year so that ASU No. 2014-09 is effective for the Company on January 1, 2018.

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. The amendments in this update affect the guidance in ASU No. 2014-09. The Company will adopt ASU No. 2014-09 on January 1, 2018 and will transition to the standard retrospectively. The adoption of ASU No. 2014-09 will not have a material impact on the Company’s financial position or results of operations. The adoption will, however, result in the deferral of certain installation revenue and the deferral of certain commission expenses.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All dollar amounts included in the following discussion under this Item 7A are presented in thousands.

Fair Value of Debt

At December 31, 2017, the fair value of our fixed rate debt of $5,651,490 was higher than its carrying value of $5,350,188 by $301,302. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at December 31, 2017 would increase the estimated fair value of our fixed rate debt by $227,753

to $5,879,243. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

In June 2016, we entered into two fixed to floating interest rate swaps. One fixed to floating interest rate swap is converting $750,000 from a fixed rate of 1.6655% to six-month LIBOR and a second tranche of $750,000 from a fixed rate of 1.68% to six-month LIBOR. The objective of these swaps is to adjust the proportion of total debt that is subject to fixed and variable interest rates.

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statements of operations. For the year ended December 31, 2017, the Company recorded a gain on interest rate swap contracts of $5,482.

As of December 31, 2017, our outstanding interest rate swap contracts had an aggregate fair value and carrying value of $77,902 reflected in “Liabilities under derivative contracts” on our consolidated balance sheet.

We do not hold or issue derivative instruments for trading or speculative purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For information required by Item 8, refer to the Index to Financial Statements on page 29.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Pursuant to the indentures underlying our senior notes, no certifications or attestations concerning our financial statements or disclosure controls and procedures or internal controls that would otherwise be required pursuant to the Sarbanes-Oxley Act of 2002, as amended, or the Securities Act of 1933, as amended, are required to be included in or to accompany this Annual Report.

ITEM 9B. OTHER INFORMATION

None.

PART IV

ITEM 15. EXHIBITS

The documents listed below are exhibits to this Annual Report and are available our website (www.alticeusa.com).

Exhibit Number	Description
4.17	Indenture, dated as of June 12, 2015, relating to Altice US Finance I Corporation's $5^{3}/8$% Senior Secured Notes due 2023 (incorporated herein by reference to Exhibit 4.17 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.18	Supplemental Indenture, dated as of December 21, 2015, to the Indenture, dated as of June 12, 2015, relating to Altice US Finance I Corporation's $5^{3}/8$% Senior Secured Notes due 2023 (incorporated herein by reference to Exhibit 4.18 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.19	Notes Pledge and Security Agreement, dated as of December 21, 2015, by and between Cequel Communications Holdings II, LLC and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.19 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.20	Notes Pledge and Security Agreement, dated as of December 21, 2015, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.20 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.21	Trademark Security Agreement, dated as of December 21, 2015, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.21 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.22	Copyright Security Agreement, dated as of December 21, 2015, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.22 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.23	Indenture, dated as of April 26, 2016, relating to Altice US Finance I Corporation's 51/2% Senior Secured Notes due 2026 (incorporated herein by reference to Exhibit 4.23 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.24	Notes Pledge and Security Agreement, dated May 20, 2016, by and between Cequel Communications Holdings II, LLC and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.24 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.25	Notes Pledge and Security Agreement, dated May 20, 2016, by and among each of the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.25 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.26	Trademark Security Agreement, dated as of May 20, 2016, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.26 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.27	Trademark Security Agreement, dated as of May 20, 2016, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 4.26 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.28	Indenture, dated as of October 25, 2012 relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 63/8% Senior Notes due 2020 (incorporated herein by reference to Exhibit 4.28 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.29	Indenture, dated as of May 16, 2013, relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 51/8% Senior Notes due 2021 (incorporated herein by reference to Exhibit 4.29 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.30	Indenture, dated as of September 9, 2014, relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 51/8% Senior Notes due 2021 (incorporated herein by reference to Exhibit 4.30 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
4.31	Indenture, dated as of June 12, 2015, relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 73/4% Senior Notes due 2025 (incorporated herein by reference to Exhibit 4.31 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)

4.32	Supplemental Indenture, dated as of December 21, 2015, to the Indenture, dated as of June 12, 2015, relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 73/4% Senior Notes due 2025 (incorporated herein by reference to Exhibit 4.32 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.10	Credit Agreement, dated as of June 12, 2015, by and among Altice US Finance I Corporation, as borrower, certain lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and security agent, and J.P. Morgan Securities LLC and BNP Paribas, as joint bookrunners and lead arrangers (incorporated herein by reference to Exhibit 10.10 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.11	First Amendment to Credit Agreement (Refinancing Amendment), dated as of October 25, 2016 (incorporated herein by reference to Exhibit 10.11 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.12	Second Amendment to Credit Agreement (Extension Amendment), dated as of December 9, 2016 (incorporated herein by reference to Exhibit 10.12 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.13	Third Amendment to Credit Agreement (Incremental Loan Assumption Agreement & Refinancing Amendment), dated as of March 15, 2017 (incorporated herein by reference to Exhibit 10.13 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.14	Loans Pledge and Security Agreement, dated as of December 21, 2015, by and between Cequel Communications Holdings II, LLC and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.14 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.15	Loans Pledge and Security Agreement, dated as of December 21, 2015, by and among the grantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.15 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.16	Facility Guaranty, dated as of December 21, 2015, by and among the guarantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.16 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.17	Trademark Security Agreement, dated as of December 21, 2015, by and among certain grantors thereunder and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.17 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
10.18	Copyright Security Agreement, dated as of December 21, 2015, by and between Cequel Communications, LLC and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.18 to Altice USA's prospectus report on Form S-1/A, filed on May 16, 2017)
21	List of subsidiaries of the Registrant

SIGNATURE

Cequel Communications Holdings I, LLC has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

Date: March 19, 2018

By: /s/ Charles Stewart

Name: Charles Stewart

Title: Co-President and Chief Financial Officer

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CEQUEL COMMUNICATIONS HOLDINGS I, LLC

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Independent Auditors' Report

The Board of Directors
Cequel Communications Holdings I, LLC:

We have audited the accompanying consolidated financial statements of Cequel Communications Holdings I, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income (loss), changes in member's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective December 21, 2015, Altice N.V. acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (parent of Cequel Communications Holdings I, LLC) in a business combination accounted for as a purchase. As a result of the acquisition, the consolidated financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable.

/s/ KPMG LLP

New York, New York
March 19, 2018

Report of Independent Auditors

To the Board of Directors of Cequel Communications Holdings I, LLC

We have audited the accompanying consolidated financial statements of Cequel Communications Holdings I, LLC and its subsidiaries (Predecessor), which comprise the consolidated statements of operations and comprehensive income (loss), of changes in member's equity and of cash flows for the period from January 1, 2015 to December 20, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Cequel Communications Holdings I, LLC and its subsidiaries (Predecessor) for the period from January 1, 2015 to December 20, 2015 in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
March 29, 2016

Report of Independent Auditors

To the Board of Directors of Cequel Communications Holdings I, LLC

We have audited the accompanying consolidated financial statements of Cequel Communications Holdings I, LLC and its subsidiaries (Successor), which comprise the consolidated balance sheet as of December 31, 2015, and the related consolidated statements of operations and comprehensive income (loss), of changes in member's equity and of cash flows for the period from December 21, 2015 to December 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries (Successor) as of December 31, 2015, and the results of their operations and their cash flows for the period from December 21, 2015 to December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
March 29, 2016

Cequel Communications Holdings I, LLC
Consolidated Balance Sheets
December 31, 2017 and 2016
(in thousands)

ASSETS	2017	2016
Cash and cash equivalents	$ 76,005	$ 184,933
Accounts receivable, trade (less allowance for doubtful accounts of $5,563 and $6,725)	84,895	86,497
Prepaid expenses and other assets (including a prepayment to an affiliate of $8,335 in 2017) (See Note 15)	38,461	14,319
Amounts due from affiliates	18,608	1,393
Total current assets	217,969	287,142
Property, plant and equipment, net of accumulated depreciation of $919,941 and $476,558	1,886,171	2,006,787
Amounts due from affiliates	88,496	82,000
Other assets	5,575	5,825
Amortizable customer relationships, net of accumulated amortization of $453,689 and $244,187	622,195	831,067
Amortizable trade names, net of accumulated amortization of $56,783 and $38,975	—	17,808
Other amortizable intangibles, net of accumulated amortization of $1,112 and $610	2,244	2,746
Indefinite-lived cable television franchises	4,906,506	4,906,506
Goodwill	2,153,741	2,153,741
Total assets	$ 9,882,897	$ 10,293,622
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Accounts payable	$ 188,212	$ 144,809
Accrued liabilities:		
Accrued interest	82,117	95,976
Accrued employee related costs	32,772	46,973
Other accrued expenses	127,411	97,754
Amounts due to affiliates	22,691	25,365
Deferred revenue	50,477	46,987
Credit facility debt	12,650	8,150
Capital lease obligations	403	963
Notes payable	3,465	—
Total current liabilities	520,198	466,977
Deferred revenue	5,297	1,701
Other liabilities	12,932	1,536
Deferred tax liability	1,347,519	1,945,919
Liabilities under derivative contracts	77,902	78,823
Credit facility debt	1,237,567	804,753
Senior notes and debentures	5,341,243	5,742,933
Capital lease obligations	1,245	1,849
Notes payable	5,480	—
Total liabilities	8,549,383	9,044,491
Commitments and contingencies (Note 16)		
Redeemable equity	34,162	24,769
Member's equity:		
Member's equity	889,153	1,497,876
Retained earnings (accumulated deficit)	410,199	(273,514)
Total member's equity	1,299,352	1,224,362
Total liabilities and member's equity	$ 9,882,897	$ 10,293,622

See accompanying notes to consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands)
(See Note 3)

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	Period from December 21 to December 31, 2015	Period from January 1, 2015 to December 20, 2015
Revenue (including revenue from affiliates of $111 in 2017) (See Note 15)	$ 2,664,574	$ 2,573,160	$ 72,943	$ 2,347,369
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $444 in 2017) (See Note 15)	758,189	746,305	20,991	702,920
Other operating expenses (including charges from affiliates of $18,934, $10,061 and $296, respectively) (See Note 15)	667,186	676,950	18,258	988,556
Restructuring and other expense	39,899	27,977	26,498	56,922
Depreciation and amortization (including impairments)	678,861	736,641	23,574	533,357
	2,144,135	2,187,873	89,321	2,281,755
Operating income (loss)	520,439	385,287	(16,378)	65,614
Other income (expense):				
Interest expense, net (including interest income from affiliates and related parties of $6,496 in 2017) (See Note 15)	(403,710)	(408,452)	(10,707)	(237,325)
Gain (loss) on interest rate swap contracts	5,482	(72,961)	—	—
Loss on extinguishment of debt	(28,684)	(24,755)	—	—
Income (loss) before income taxes	93,527	(120,881)	(27,085)	(171,711)
Income tax benefit (expense)	590,186	(107,555)	9,969	(38,226)
Net income (loss)	$ 683,713	$ (228,436)	$ (17,116)	$ (209,937)
Comprehensive income (loss)	$ 683,713	$ (228,436)	$ (17,116)	$ (209,937)

See accompanying notes to consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Cash Flows
(in thousands)
(See Note 3)

	Successor			Predecessor
	Year Ended December 31, 2017	**Year Ended December 31, 2016**	**Period from December 21, 2015 to December 31, 2015**	**Period from January 1, 2015 to December 20, 2015**
Cash flows from operating activities:				
Net income (loss)	$ 683,713	$ (228,436)	$ (17,116)	$ (209,937)
Adjustments to reconcile net income (loss) to cash flows from operating activities:				
Depreciation and amortization (including impairments)	678,861	736,641	23,574	533,328
Share-based compensation expense	15,370	5,204	—	287,691
Loss on extinguishment of debt and write off of deferred financing costs	28,684	24,755	—	—
Amortization of deferred financing costs and discounts (premiums) on indebtedness	37,278	37,685	1,348	(1,184)
Deferred income taxes	(598,401)	104,407	(10,124)	33,793
Provision for doubtful accounts	28,937	31,450	1,051	29,144
Changes in assets and liabilities, net of effects of acquisitions and dispositions:				
Accounts receivable, trade	(30,907)	(34,316)	(14,342)	1,175
Prepaid expenses and other assets	(20,321)	7,579	959	7,325
Amounts due from and due to affiliates	(38,127)	(58,324)	—	—
Accounts payable	13,948	12,055	(29,661)	26,494
Accrued liabilities	10,988	43,056	6,582	(5,605)
Deferred revenue	7,086	2,455	11,584	(2,829)
Accrued interest	—	8,790	9,166	(20,660)
Liabilities under derivative contracts	(921)	78,823	—	—
Net cash provided by (used in) operating activities	816,188	771,824	(16,979)	678,735
Cash flows from investing activities:				
Capital expenditures	(279,932)	(327,184)	(30,582)	(447,864)
Proceeds related to sale of equipment, including costs of disposal	617	1,222	25	2,137
Additions to other intangible assets	—	—	—	(4,003)
Net cash used in investing activities	(279,315)	(325,962)	(30,557)	(449,730)
Cash flows from financing activities:				
Proceeds from credit facility debt	1,258,675	815,000	—	—
Repayment of credit facility debt	(821,325)	(2,296,594)	(3,941)	(18,317)
Issuance of senior notes	—	1,500,000	—	—
Repayment of senior notes, including premium and fees	(464,345)	—	—	—
Principal payments on capital lease obligations	(762)	(10,128)	(30)	(13,065)
Contribution from parent	—	—	—	21,437
Distribution to parent	(614,700)	(332,878)	—	(247,000)
Additions to deferred financing costs	(3,344)	(16,785)	—	—
Net cash used in financing activities	(645,801)	(341,385)	(3,971)	(256,945)
Increase (decrease) in cash and cash equivalents	(108,928)	104,477	(51,507)	(27,940)
Cash and cash equivalents at beginning of year	184,933	80,456	131,963	146,922
Cash and cash equivalents at end of year	$ 76,005	$ 184,933	$ 80,456	$ 118,982

See accompanying notes to consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Changes in Member's Equity
(in thousands)
(See Note 3)

	Member's Equity	Retained Earnings (Accumulated Deficit)	Total Member's Equity
PREDECESSOR:			
Balance, December 31, 2014	$ 954,591	$ (46,516)	$ 908,075
Net loss	—	(209,937)	(209,937)
Non-cash equity compensation	287,691	—	287,691
Contribution from parent	21,437	—	21,437
Distribution to parent	(247,000)	—	(247,000)
Balance, December 20, 2015	$ 1,016,719	$ (256,453)	$ 760,266
SUCCESSOR:			
Balance, December 21, 2015	$ 2,159,267	$ —	$ 2,159,267
Net loss	—	(17,116)	(17,116)
Balance, December 31, 2015	2,159,267	(17,116)	2,142,151
Adjustment in connection with the transfer of entities to the Company	—	(27,962)	(27,962)
Net loss	—	(228,436)	(228,436)
Change in fair value of redeemable equity	(24,769)	—	(24,769)
Share-based compensation expense	5,204	—	5,204
Non-cash contributions from parent, net	5,920	—	5,920
Non-cash contribution of senior notes from parent	(315,352)	—	(315,352)
Cash distributions to parent	(332,394)	—	(332,394)
Balance, December 31, 2016	1,497,876	(273,514)	1,224,362
Net income	—	683,713	683,713
Share-based compensation expense	15,370	—	15,370
Change in fair value of redeemable equity	(9,393)	—	(9,393)
Cash distributions to parent	(614,700)	—	(614,700)
Balance, December 31, 2017	$ 889,153	$ 410,199	$ 1,299,352

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

Cequel Communications Holdings I, LLC ("Cequel Holdings I") through its subsidiaries (together with Cequel Holdings I, the "Company") is a leading owner, operator and acquirer of broadband communication systems serving a diversified mix of markets. The Company is a wholly owned subsidiary of Cequel Communications Holdings, LLC ("Cequel Holdings"), which is a wholly owned subsidiary of Cequel Corporation. Cequel Capital Corporation ("Cequel Capital") is a wholly owned subsidiary of the Company (and together with the Company, the "Original Issuers", and together with Altice US Finance I Corporation, the "Issuers"). Cequel Communications, LLC, doing business as Suddenlink Communications ("Suddenlink") is an indirect wholly owned subsidiary of the Company. The Company operates and reports financial information in one segment.

The Issuers are holding companies or special purpose finance companies and conduct no operations. Accordingly, the Issuers depend on the cash flow of their subsidiaries, or the Company's subsidiaries, as applicable, in order to make payments on, or repay or refinance, the Issuers notes outstanding. The terms of the Credit Facilities Agreement (as defined herein) generally restrict Suddenlink and its restricted subsidiaries from making dividends and other distributions to the Issuers subject to satisfaction of certain conditions, including pro forma compliance with a maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket.

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law ("Altice"), as successor in interest to Altice S.A., and certain other direct or indirect wholly-owned subsidiaries of Altice (the "Purchasers"), acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Cequel Acquisition") from the direct and indirect stockholders of Cequel Corporation (the "Sellers"). Prior to the date thereof, Cequel Corporation was directly or indirectly owned by investment funds advised by BC Partners Limited ("BCP"), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), and IW4MK Carry Partnership LP (the "Management Holder" and together with the Sponsors, the "Stockholders"). The consideration for the acquired equity interests was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132,000 (less $158,500 cash reimbursed) which includes $2,956,400 of cash consideration (less $158,500 cash reimbursed), $675,600 of retained equity held by the Sponsors and $500,000 funded by the issuance by an affiliate of Altice of a senior vendor note that was subscribed by the Sponsors. Following the closing of the Cequel Acquisition, the Sponsors retained equity interests in Cequel Corporation represented, in the aggregate, 30% of Cequel Corporation's outstanding capital stock on a post-closing basis. In addition, the carry interest plans of the Stockholders were cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such carry interest plans, including certain officers and directors of the Company and Cequel Corporation.

In connection with the Cequel Acquisition, certain Altice N.V. wholly-owned subsidiaries were transferred to the Company. The carrying value of the net liabilities assumed and accumulated deficit was reported in the consolidated financial statements in the amount of $27,962.

In June 2016, Cequel Corporation was contributed to Altice USA, Inc. ("Altice USA"), which is also the parent company of Cablevision Systems Corporation ("Cablevision").

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

Revenue Recognition

The Company recognizes pay television, broadband, and telephony services revenues as the services are provided to customers. Revenue received from customers who purchase bundled services at a discounted rate is allocated to each product in a pro-rata manner based on the individual product's selling price (generally, the price at which the product is regularly sold on a standalone basis). Installation revenue for the Company's pay television, broadband and telephony services is recognized as installations are completed, as direct selling costs have exceeded this revenue in all periods reported. Advertising revenues are recognized when commercials are aired.

Revenues derived from other sources are recognized when services are provided or events occur.

Multiple-Element Transactions

In the normal course of business, the Company may enter into multiple-element transactions where it is simultaneously both a customer and a vendor with the same counterparty or in which it purchases multiple products and/or services, or settles outstanding items contemporaneously with the purchase of a product or service, from a single counterparty. The Company's policy for accounting for each transaction negotiated contemporaneously is to record each deliverable of the transaction based on its best estimate of selling price in a manner consistent with that used to determine the price to sell each deliverable on a standalone basis. In determining the fair value of the respective deliverable, the Company will utilize quoted market prices (as available), historical transactions or comparable transactions.

Gross Versus Net Revenue Recognition

In the normal course of business, the Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. The Company's policy is that, in instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities and amounts received from the customers are recorded on a gross basis. That is, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customer are recorded as revenue. The amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $46,994 and $48,519 for the successor years ended December 31, 2017 and 2016, respectively, $1,414 for the successor period December 21, 2015 to December 31, 2015, and $46,295 for the predecessor period January 1, 2015 to December 20, 2015.

Technical and Operating Expenses

Costs of revenue related to sales of services are classified as "programming and other direct costs" in the accompanying consolidated statements of operations.

Programming Costs

Programming expenses related to the Company's pay television service represent fees paid to programming distributors to license the programming distributed to customers. This programming is acquired generally under multi-year distribution agreements, with rates usually based on the number of customers that receive the programming. If there are periods when an existing distribution agreement has expired and the parties have not finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time, the Company continues to carry and pay for these services until execution of definitive replacement agreements or renewals. The amount of programming expense recorded during the interim period is based on the Company's estimates of the ultimate contractual agreement expected to be reached, which is based on several factors, including previous contractual rates, customary rate increases and the current status of negotiations. Such estimates are adjusted as negotiations progress until new programming terms are finalized.

In addition, the Company has received, or may receive, incentives from programming distributors for carriage of the distributors' programming. The Company generally recognizes these incentives as a reduction of programming costs in "programming and other direct costs", generally over the term of the distribution agreement.

Advertising Expenses

Advertising costs are charged to expense when incurred and are reflected in "other operating expenses" in the accompanying consolidated statements of operations. Advertising costs amounted to $66,478 and $56,854 for the successor years ended December 31, 2017 and 2016, respectively, $1,860 for the successor period December 21 to December 31, 2015, and $62,702 for the predecessor period January 1, 2015 to December 20, 2015.

Share-Based Compensation

Share-based compensation expense is based on the fair value of the portion of share-based payment awards that are ultimately expected to vest. Share-based compensation cost relates to awards of units in a carried unit plan and options.

For carried interest units, the Company measures share-based compensation cost at the grant date fair value and recognizes the expense over the requisite service period or when it is probable any related performance condition will be met. For carried interest units with graded vesting requirement, compensation cost is recognized on an accelerated method under

the graded vesting method over the requisite service period for the carried interest unit. Carried interest units that vest entirely at the end of the vesting requirement are expensed on a straight-line basis.

The Company estimated the fair value of outstanding carried interest units using an option pricing model. Key inputs that were used in applying the option pricing method were total equity value, equity volatility, risk free rate and time to liquidity event. The estimate of total equity value was determined using a combination of the income approach, which incorporated cash flow projections that were discounted at an appropriate rate, and the market approach, which involved applying a market multiple to the Company's projected operating results. The Company estimated volatility based on the historical equity volatility of comparable publicly-traded companies. Subsequent to the Altice USA IPO, such subjective valuations and estimates were no longer necessary as the Company relied on the market price of the Altice USA's common stock to determine the fair value of share-based compensation awards. See Note 14 to the consolidated financial statements for additional information about our share-based compensation.

For stock option awards, the Company recognizes compensation expense based on the estimated grant date fair value using the Black-Scholes valuation model. For options not subject to performance based vesting conditions, the Company recognizes the compensation expense using a straight-line amortization method.

Income Taxes

The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability.

In the second quarter of 2016, the Company changed its accounting policy on a prospective basis to present interest expense relating to uncertain tax position as additional interest expense. The Company is a single member limited liability company wholly owned by Cequel Corporation, and therefore is disregarded for income tax purposes. Cequel Corporation is included in the federal consolidated and certain state combined income tax returns of Altice USA subsequent to the contribution of the common stock of Cequel Corporation to Altice USA on June 9, 2016. In the fourth quarter of 2016, the Company, Cequel Corporation and Altice USA entered into an income tax sharing agreement under which the Company will have an obligation to Cequel Corporation for current income taxes on a stand-alone basis. A valuation allowance will be recorded against deferred tax assets when it is more likely than not that all or some portion of the deferred income tax asset will not be realized in the future. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowances required (See Note 12).

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The Company periodically assesses the adequacy of valuation allowances for uncollectible accounts receivable by evaluating the collectability of outstanding receivables and general factors such as historical collection experience, length of time individual receivables are past due, and the economic and competitive environment.

Long-Lived Assets and Amortizable Intangible Assets

Property, plant and equipment, including construction materials, are carried at cost, and include all direct costs and certain indirect costs associated with the construction of cable systems, and the costs of new equipment installations. Equipment under capital leases is recorded at the present value of the total minimum lease payments. Depreciation on equipment is calculated on the straight-line basis over the estimated useful lives of the assets or, with respect to equipment under capital leases and leasehold improvements, amortized over the shorter of the lease term or the assets' useful lives and reported in depreciation and amortization (including impairments) in the consolidated statements of operations.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software. Capitalized software costs are amortized over the estimated useful life of the software and reported in depreciation and amortization.

Customer relationships, trade names and other intangibles established in connection with acquisitions that are finite-

lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

The Company reviews its long-lived assets (property, plant and equipment, and intangible assets subject to amortization that arose from acquisitions) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill and the value of franchises acquired in purchase business combinations which have indefinite useful lives are not amortized. Rather, such assets are tested for impairment annually or upon the occurrence of a triggering event.

The Company assesses qualitative factors for its reporting units that carry goodwill. If the qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit.

When the qualitative assessment is not used, or if the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then the impairment analysis for goodwill is performed at the reporting unit level using a two-step approach. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the reporting unit with its carrying amount, including goodwill utilizing an enterprise-value based premise approach. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of goodwill impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill which would be recognized in a business combination.

The Company assesses qualitative factors to determine whether it is necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test. This quantitative test is required only if the Company concludes that it is more likely than not that a unit of accounting's fair value is less than its carrying amount. When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the impairment test for other intangible assets not subject to amortization requires a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Deferred Financing Costs

Deferred financing costs are being amortized to interest expense using the effective interest method over the terms of the related debt.

Derivative Financial Instruments

The Company accounts for derivative financial instruments as either assets or liabilities measured at fair value. The Company uses derivative instruments to manage its exposure to changes in interest rates and does not hold or issue derivative instruments for speculative or trading purposes. These derivative instruments are not designated as hedges, and changes in the fair values of these derivatives are recognized in the statements of operations as gains (losses) on derivative contracts.

Distributions to Parent

Successor

For the year ended December 31, 2017, the Company made cash distributions aggregating $614,700 to Cequel Corporation.

In December 2016 and October 2016, the Company made cash distributions to the Company's parent entities in the amount of $149,650 and $168,000, respectively, which was used to redeem certain debt outstanding at the parent entities. In January 2016, the Company distributed approximately $14,744 to Cequel Corporation, which was used to pay the

quarterly interest on the Holdco Notes.

As discussed in Note 9, on June 12, 2015, Altice US Finance S.A., issued Holdco Notes to finance a portion of the purchase price for the Cequel Acquisition. The Holdco Notes were automatically exchanged into an equal aggregate principal amount of 7 3/4% Senior Notes due 2025 (the "Cequel 2025 Senior Notes") during the second quarter of 2016. This non-cash exchange was recorded as a decrease to member's equity of approximately $315,352.

In addition, Cequel Corporation made non-cash contributions to the Company aggregating $5,920 in 2016.

Predecessor

In December 2015, Cequel Holdings contributed $21,437 to the Company to pay certain transaction fees and expenses related to the Cequel Acquisition.

In December 2015, the Company distributed $243,000 to Cequel Corporation, which was used to fund a portion of the purchase price of the Cequel Acquisition, and pay for certain transaction fees and expenses related to the Cequel Acquisition.

In January 2015, the Company made a distribution to Cequel Holdings in the amount of approximately $4,000, which it distributed to Cequel Corporation and was used to make an investment in an IP video platform company.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when the Company believes it is probable that a liability has been incurred and the amount of the contingency can be reasonably estimated.

Recently Adopted Accounting Pronouncement

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which provides simplification of income tax accounting for share-based payment awards. The new guidance became effective for the Company on January 1, 2017. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value were applied using the modified retrospective transition method. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term were applied prospectively. The Company elected to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using the prospective transition method. Since the Company did not have any unrealized excess tax benefits from share-based awards on January 1, 2017, the adoption had no impact on the consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In May 2017, the FASB issued ASU No. 2017-09, Compensation- Stock Compensation (Topic 718). ASU No. 2017-09 provides clarity and guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017-09 is effective for the Company on January 1, 2018 and will be applied prospectively.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350). ASU No. 2017-04 simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. ASU No. 2017-04 becomes effective for the Company on January 1, 2020 with early adoption permitted and will be applied prospectively.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805), Clarifying the Definition of a Business, which amends Topic 805 to interpret the definition of a business by adding guidance to assist in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance is effective for the Company on January 1, 2018 and will be applied prospectively.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments which clarifies how entities should classify certain cash receipts and cash payments

on the statement of cash flows. ASU No. 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The new guidance is effective for the Company on January 1, 2018 and will be applied retrospectively. The Company does not believe that the adoption of ASU No. 2016-15 will have a material effect on its consolidated statements of cash flows.

In February 2016, the FASB issued ASU No. 2016-02, Leases*,* which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied using the modified retrospective method. The Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP. In August 2015, the FASB issued ASU No. 2015-14 that approved deferring the effective date by one year so that ASU No. 2014-09 is effective for the Company on January 1, 2018.

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. The amendments in this update affect the guidance in ASU No. 2014-09. The Company will adopt ASU No. 2014-09 on January 1, 2018 and will transition to the standard retrospectively. The adoption of ASU No. 2014-09 will not have a material impact on the Company's financial position or results of operations. The adoption will, however, result in the deferral of certain installation revenue and the deferral of certain commission expenses.

Concentrations of Credit Risk

Financial instruments that may potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade account receivables. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company's emphasis is primarily on safety of principal and liquidity and secondarily on maximizing the yield on its investments. Management believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents because of its assessment of the creditworthiness and financial viability of the respective financial institutions.

The Company did not have a single customer that represented 10% or more of its consolidated revenues for the years ended December 31, 2017 and 2016 and for the predecessor and successor periods in 2015, or 10% or more of its consolidated net trade receivables at December 31, 2017 and 2016, respectively.

Principles of Consolidation

In the accompanying consolidated balance sheets, the consideration paid by Altice N.V. in connection with the Cequel Acquisition has been "pushed down" to the Company and has been allocated to the assets acquired and liabilities assumed based on their estimated fair values in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 805, *Business Combinations*. Due to the impact of push down accounting, the Company's financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: (1) the periods up to the Cequel Acquisition date, December 1, 2015 through December 20, 2015, labeled "Predecessor", and (2) the periods from the Cequel Acquisition date, December 21, 2015 through December 31, 2015 and the years ended December 31, 2017 and 2016 labeled "Successor". The Predecessor period represents the financial information of the Company prior to the Acquisition, while the Successor period represents the financial information of the Company subsequent to the Cequel Acquisition. The accompanying financial statements include a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor period and for the Successor periods are not comparable. For a summary of the application and valuation of business combination accounting, see Note 3.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and

expenses during the reporting period. Actual results could differ from those estimates. See Note 11 for a discussion of fair value estimates.

Reclassifications

Certain reclassifications have been made to the 2016 and 2015 financial statements to conform to the 2017 presentation.

NOTE 3. BUSINESS COMBINATIONS

Cequel Acquisition

Cequel Corporation applied business combination accounting for the Cequel Acquisition. This resulted in the Company having a new accounting basis in the identifiable assets and liabilities. Accordingly, the consolidated financial statements on or after December 21, 2015 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to December 20, 2015 do not include the effect of any changes in our corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

In the accompanying consolidated balance sheets of the Company, the consideration paid by Altice N.V. in connection with the Cequel Acquisition has been "pushed down" to the Company and has been allocated to the assets acquired and liabilities assumed based on their estimated fair values using Level 3 inputs.

The following table summarizes the fair values assigned to the Company's assets and liabilities as of the Cequel Acquisition Date resulting from push down accounting:

	Fair Values
Current assets	$ 155,065
Accounts receivable	193,235
Property, plant and equipment	2,107,220
Goodwill ($538,900 tax deductible)	2,153,741
Subscriber relationships	1,075,884
Franchise rights	4,909,862
Trade names	56,783
Other non-current assets	62,128
Current liabilities	(570,059)
Long-term debt	(6,114,380)
Deferred income taxes	(1,870,938)
Other non-current liabilities	(3,956)
Total	$ 2,154,585

Franchise rights were valued using the Greenfield Method, a derivation of the income approach where cash flows attributable to a pool of franchises are isolated using a hypothetical start-up approach. Subscriber relationships were valued utilizing the excess earnings method which estimates revenue and earnings from the customer relationships acquired. Trade names were valued utilizing a derivation of the income approach known as the royalty savings method.

The basis for the valuation methods was the Company's projections. These seven-year projections were based on management's assumptions including among others, penetration rates for pay television, broadband and telephony; revenue growth rates; operating margins; and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The values are highly dependent on the achievement of the future financial results contemplated in the projections. The estimates and assumptions made in the valuation are inherently subject to significant uncertainties, many of which are beyond our control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized.

In establishing fair value for the vast majority of the Company's property, plant and equipment, the cost approach was utilized. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation, and functional and economic obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

The estimates of expected useful lives take into consideration the effects of contractual relationships, customer attrition, eventual development of new technologies and market competition.

Long-term debt outstanding prior to the Cequel Acquisition was valued at fair value as of December 21, 2015 using quoted market prices (Level 2). Debt issued to finance the Cequel Acquisition was recorded at historical cost.

The carrying value of most other assets and liabilities approximated fair value as of December 21, 2015.

As a result of applying business combination accounting, the Company recorded goodwill, which represents the excess of organization value over amounts assigned to the other identifiable tangible and intangible assets, arising from expectations of future operational performance and cash generation.

NOTE 4. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's non-cash investing and financing activities and other supplemental data were as follows:

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	Period from December 21, 2015 to December 31, 2015	Period from January 1, 2015 to December 21, 2015
Non-Cash Investing and Financing Activities:				
Property and equipment accrued but unpaid	$ 66,427	$ 36,972	$ 12,329	$ 16,937
Leasehold improvements paid by landlord	1,999	—	—	—
Notes payable to vendor	8,946	—	—	—
Supplemental Data:				
Cash interest paid	380,565	354,960	196	259,417
Income taxes paid, net	23,937	5,332	—	6,137

NOTE 5. RESTRUCTURING AND OTHER EXPENSE

During 2016, the Company commenced its restructuring initiatives (the "2016 Restructuring Plan") that are intended to simplify the Company's organizational structure.

The following table summarizes the activity for the 2016 Restructuring Plan:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Restructuring charges incurred in 2016	$ 26,573	$ 747	$ 27,320
Payments and other	(9,783)	(304)	(10,087)
Accrual balance at December 31, 2016	16,790	443	17,233
Restructuring charges	36,202	3,680	39,882
Payments and other	(23,234)	(1,037)	(24,271)
Accrual balance at December 31, 2017	$ 29,758	$ 3,086	$ 32,844

Cumulative costs to date relating to the 2016 Restructuring Plan amounted to $67,202 ($62,775 associated with the elimination of positions and $4,427 associated with facility realignment and other costs). Such costs are classified in restructuring and other expense in the Company's consolidated statements of operations.

In addition, the Company incurred expenses of $17 and $657 for the years ended December 31, 2017 and 2016, respectively, $26,498 for the successor period December 21, 2015 to December 31, 2015 and $56,922 for the predecessor period January 1, 2015 to December 20, 2015, relating to transaction and acquisition expenses associated with the Cequel Acquisition which are reflected in restructuring and other expense in the consolidated statements of operations.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

Costs incurred in the construction of the Company's cable systems, including line extensions to, and upgrade of, the Company's hybrid fiber/coaxial infrastructure, initial placement of the feeder cable to connect a customer that had not been previously connected, and headend facilities are capitalized. These costs consist of materials, subcontractor labor, direct consulting fees, and internal labor and related costs associated with the construction activities. The internal costs that are capitalized consist of salaries and benefits of the Company's employees and the portion of facility costs, including rent, taxes, insurance and utilities, that supports the construction activities. These costs are depreciated over the estimated life of the plant (10 to 25 years) and headend facilities (4 to 25 years). Costs of operating the plant and the technical facilities, including repairs and maintenance, are expensed as incurred.

Installation costs associated with the initial deployment of new customer premise equipment ("CPE") necessary to provide pay television, broadband or telephony services are also capitalized. These costs include materials, subcontractor labor, internal labor, and other related costs associated with the connection activities. The departmental activities supporting the connection process are tracked through specific metrics, and the portion of departmental costs that is capitalized is determined through a time weighted activity allocation of costs incurred based on time studies used to estimate the average time spent on each activity. These installation costs are amortized over the estimated useful lives of the CPE necessary to provide pay television, broadband or telephony services. In circumstances where CPE tracking is not available, the Company estimates the amount of capitalized installation costs based on whether or not the business or residence had been previously connected to the network. These installation costs are depreciated over their estimated useful life of 3-5 years. The portion of departmental costs related to disconnecting services and removing CPE from a customer, costs related to connecting CPE that has been previously connected to the network and repair and maintenance are expensed as incurred.

The estimated useful lives assigned to our property, plant and equipment are reviewed on an annual basis or more frequently if circumstances warrant and such lives are revised to the extent necessary due to changing facts and circumstances. Any changes in estimated useful lives are reflected prospectively.

Property, plant and equipment (including equipment under capital leases) consist of the following assets, which are depreciated or amortized on a straight-line basis over the estimated useful lives shown below:

	December 31,		Estimated Useful Lives
	2017	2016	
Customer equipment	$ 481,098	$ 431,467	3 to 5 years
Headends and related equipment	262,614	221,240	4 to 25 years
Infrastructure	1,632,379	1,522,147	3 to 25 years
Equipment and software	171,567	107,060	3 to 10 years
Construction in progress (including materials and supplies)	61,402	731	
Furniture and fixtures	13,627	12,848	5 to 12 years
Transportation equipment	52,932	55,850	5 to 10 years
Buildings and building equipment	89,641	88,484	10 to 40 years
Leasehold improvements	15,646	18,312	Term of lease
Land	25,206	25,206	
Total property, plant and equipment	2,806,112	2,483,345	
Less: accumulated depreciation	(919,941)	(476,558)	
Property, plant and equipment, net	$ 1,886,171	$ 2,006,787	

For the successor years ended December 31, 2017 and December 31, 2016, the Company capitalized certain costs

aggregating $24,742 and $8,813, respectively, $488 for the successor period December 21 to December 31, 2015 and $19,834 for the predecessor period January 1, 2015 to December 20, 2015, related to the acquisition and development of internal use software, which are included in the table above.

Depreciation expense on property, plant and equipment (including capital leases) for the successor years ended December 31, 2017 and 2016 amounted to $451,679 and $465,610, respectively, $10,203 for the successor period December 21 to December 31, 2015 and $466,980 for the predecessor period January 1, 2015 to December 20, 2015.

The gross amount of buildings and equipment and related accumulated depreciation recorded under capital leases is presented below:

	December 31,	
	2017	2016
Buildings and equipment	$ 3,736	$ 3,744
Less accumulated depreciation	(1,742)	(906)
	$ 1,994	$ 2,838

NOTE 7. OPERATING LEASES

The Company leases certain office, production, and transmission facilities, as well as office equipment, under terms of leases expiring at various dates through 2100. The leases generally provide for escalating rentals over the term of the lease plus certain real estate taxes and other costs or credits. Costs associated with such operating leases are recognized on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as deferred rent. In addition, the Company rents space on utility poles for its operations. The Company's pole rental agreements are for varying terms, and management anticipates renewals as they expire. Rent expense, including pole rentals, for the successor years ended December 31, 2017 and 2016 amounted to $22,451 and $21,541, respectively, and $639 and $21,987 for the successor period from December 21, 2015 through December 31, 2015 and the predecessor period from January 1, 2015 through December 20, 2015, respectively.

The minimum future annual payments for all operating leases (with initial or remaining terms in excess of one year) during the next five years and thereafter, including pole rentals from January 1, 2018 through December 31, 2022, at rates now in force are as follows:

2018	$ 16,071
2019	15,861
2020	14,349
2021	13,990
2022	13,716
Thereafter	2,423

NOTE 8. INTANGIBLE ASSETS

The following table summarizes the carrying amount of amortizable intangible assets:

		December 31, 2017			December 31, 2016		
	Estimated Useful Lives	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Customer relationships	8 yrs	$ 1,075,884	$ (453,689)	$ 622,195	$ 1,075,884	$ (244,817)	$ 831,067
Trade names	2 yrs	56,783	(56,783)	—	56,783	(38,975)	17,808
Other amortizable intangibles	11 yrs	3,356	(1,112)	2,244	3,356	(610)	2,746
Total		$ 1,136,023	$ (511,584)	$ 624,439	$ 1,136,023	$ (284,402)	$ 851,621

The following table sets forth the estimated amortization expense on intangible assets for the periods presented:

Estimated amortization expense	
Year Ending December 31, 2018	$ 178,869
Year Ending December 31, 2019	148,933
Year Ending December 31, 2020	118,996
Year Ending December 31, 2021	89,060
Year Ending December 31, 2022	59,124

Amortization expense was $227,182 and $271,031 for the successor years ended December 31, 2017 and 2016, respectively, $13,371 for the successor period December 21 to December 31, 2015, and $66,377 for the predecessor period January 1, 2015 to December 20, 2015.

The following table summarizes information relating to the Company's acquired indefinite-lived intangible assets:

	December 31,	
	2017	2016
Cable television franchises	$ 4,906,506	$ 4,906,506
Goodwill	2,153,741	2,153,741
Total	$ 7,060,247	$ 7,060,247

The carrying amount of goodwill is presented below:

Goodwill as of January 1, 2016	$ 2,040,402
Adjustments to purchase accounting	113,339
Goodwill as of December 31, 2016 and 2017	$ 2,153,741

NOTE 9. DEBT

Cequel Credit Facilities

On June 12, 2015, Altice US Finance I Corporation, an indirect wholly-owned subsidiary of the Company, entered into a senior secured credit facility which currently provides term loans in an aggregate principal amount of $1,265,000 ($1,258,675 outstanding at December 31, 2017) (the “Term Loan Facility” and the term loans extended under the Term Loan Facility, the “Term Loans”) and revolving loan commitments in an aggregate principal amount of $350,000 (the “Revolving Credit Facility” and, together with the Term Loan Facility, the “Credit Facilities”) which are governed by a credit facilities agreement entered into by, inter alios, Altice US Finance I Corporation, certain lenders party thereto and JPMorgan Chase Bank, N.A. (as amended, restated, supplemented or otherwise modified on October 25, 2016, December 9, 2016 and March 15, 2017, and as further amended, restated, supplemented or modified from time to time, the “Credit Facilities Agreement”).

The amendment to the Credit Facilities Agreement entered into on March 15, 2017 (“Extension Amendment”) increased the Term Loans by $450,000 to $1,265,000 and the maturity date for this facility was extended to July 28, 2025. The closing of the Extension Amendment occurred in April 2017 and the proceeds were used to refinance the entire $812,963 principal amount of loans under the Term Loan and redeem $450,000 of the 6.375% Senior Notes due September 15, 2020. In connection with the Extension Amendment and the redemption of the senior notes, the Company recorded a loss on extinguishment of debt and write-off of deferred financings costs aggregating $28,684.

Under the Extension Amendment, the Company is required to make scheduled quarterly payments equal to 0.25% (or $3,163) of the principal amount of the Term Loans, beginning with the fiscal quarter ended September 30, 2017, with the remaining balance scheduled to be paid on July 28, 2025.

Loans comprising each eurodollar borrowing or alternate base rate borrowing, as applicable, bear interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is:

- in respect of the Term Loans, (i) with respect to any alternate base rate loan, 1.25% per annum and (ii) with respect to any eurodollar loan, 2.25% per annum, and
- in respect of Revolving Credit Facility loans (i) with respect to any alternate base rate loan, 2.25% per annum and (ii) with respect to any eurodollar loan, 3.25% per annum.

The Credit Facilities Agreement requires the prepayment of outstanding Term Loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions; and (ii) a pari ratable share (based on the outstanding principal amount of the Term Loans divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Term Loans) of 50% of annual excess cash flow, which will be reduced to 0% if the consolidated net senior secured leverage ratio is less than or equal to 4.5:1.

The debt under the Credit Facilities is secured by a first priority security interest in the capital stock of Cequel Communications, LLC and substantially all of the present and future assets of Cequel Communications, LLC and its restricted subsidiaries, and is guaranteed by Cequel Communications Holdings II, LLC, an indirect subsidiary of the Company (the "Parent Guarantor"), as well as all of Cequel Communications, LLC's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the Credit Facilities Agreement. The Credit Facilities Agreement contains customary representations, warranties and affirmative covenants. In addition, the Credit Facilities Agreement contains restrictive covenants that limit, among other things, the ability of Cequel Communications, LLC and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Credit Facilities Agreement also contains a maximum senior secured leverage maintenance covenant of 5.0 to 1.0. Additionally, the Credit Facilities Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

As of December 31, 2017, the Company was in compliance with all of its financial covenants under the Credit Facilities Agreement.

The following table provides details of the Company's outstanding credit facility debt:

				Carrying Amount (a)	
	Maturity Date	Interest Rate	Principal	December 31, 2017	December 31, 2016
Revolving Credit Facility (b)	November 30, 2021	—%	$ —	$ —	$ —
Term Loan Facility	July 28, 2025	3.82%	1,258,675	1,250,217	812,903
			$ 1,258,675	1,250,217	812,903
Less: Current portion				12,650	8,150
Long-term debt				$ 1,237,567	$ 804,753

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts.

(b) At December 31, 2017, $13,500 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $336,500 of the facility was undrawn and available, subject to covenant limitations.

Senior Secured Notes and Senior Notes

The following table summarizes the Company's senior secured notes and senior notes:

					Carrying Amount (a)	
Issuer	Date Issued	Maturity Date	Interest Rate	Principal Amount	December 31, 2017	December 31, 2016
Senior notes:						
Cequel Holdings I and Cequel Capital (b)(f)(g)	Oct. 25, 2012 Dec. 28, 2012	September 15, 2020	6.375%	$ 1,050,000	$ 1,027,493	$ 1,457,439
Cequel Holdings I and Cequel Capital (b)(g)....	May 16, 2013 Sept. 9, 2014	December 15, 2021	5.125%	1,250,000	1,138,870	1,115,767
Cequel Holdings I and Cequel Capital (d)(g)....	June 12, 2015	July 15, 2025	7.750%	620,000	604,374	602,925
Senior secured notes:						
Altice US Finance I Corporation (c)(g)	June 12, 2015	July 15, 2023	5.375%	1,100,000	1,082,482	1,079,869
Altice US Finance I Corporation (e)(g)	April 26, 2016	May 15, 2026	5.500%	1,500,000	1,488,024	1,486,933
				$ 5,520,000	5,341,243	5,742,933
Less: Current portion					—	—
Long-term debt........					$ 5,341,243	$ 5,742,933

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums.

(b) The Company may redeem some or more of all the notes at the redemption price set forth in the relevant indenture, plus accrued and unpaid interest.

(c) Some or all of these notes may be redeemed at any time on or after July 15, 2018, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 105.375%.

(d) Some or all of these notes may be redeemed at any time on or after July 15, 2020, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 107.750%.

(e) Some or all of these notes may be redeemed at any time on or after May 15, 2021, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before May 15, 2019, at a redemption price equal to 105.500%.

(f) In April 2017, the Company redeemed $450,000 of the senior notes from proceeds from the Cequel Term Loan facility.

(g) The issuers of these notes have no ability to service interest or principal on the notes, other than through any contributions/ distributions from Cequel Communications, LLC (an indirect subsidiary of the Company and the parent of Altice US Finance I). Cequel Communications, LLC is restricted in certain circumstances, from paying dividends or distributions to the issuers by the terms of the Credit Facilities Agreement.

The indentures under which the senior secured notes and senior notes were issued contain various covenants. The Company was in compliance with all of the financial covenants under these indentures as of December 31, 2017.

Senior Secured Notes

On June 12, 2015, Altice US Finance I Corporation, an indirect subsidiary of Altice N.V. at that time, issued $1,100,000 principal amount of senior secured notes (the "Cequel 2023 Senior Secured Notes"), the proceeds from which were placed in escrow to finance a portion of the purchase price for the Cequel Acquisition. Following the consummation of the Cequel Acquisition and related transactions the equity interests in Altice US Finance I Corporation were contributed through one or more intermediary steps to Cequel Communications, LLC.

On April 26, 2016, Altice US Finance I Corporation issued $1,500,000 aggregate principal amount of senior secured notes (the "Cequel 2026 Senior Secured Notes"). The proceeds from the sale were used to repay the $1,477,200 remaining balance under the previous credit facility and to pay related fees and expenses. Deferred financing costs

recorded in connection with the issuance of these notes amounted to $13,773 and are being amortized over the term of the notes.

The senior secured notes are guaranteed by the Parent Guarantor, Cequel Communications, LLC and certain of the subsidiaries of Cequel Communications, LLC and are secured by certain assets of the Parent Guarantor, Cequel Communications, LLC and its subsidiaries.

Senior Notes

On June 12, 2015, Altice US Finance II Corporation, an indirect subsidiary of Altice N.V., issued $300,000 principal amount of the Cequel 2025 Senior Notes, the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Cequel Acquisition. Following the consummation of the Cequel Acquisition and related transactions, Altice US Finance II Corporation merged into the Company, the Cequel 2025 Senior Notes became the obligations of the Company and Cequel Capital Corporation became the co-issuer of the Cequel 2025 Senior Notes.

On June 12, 2015, Altice US Finance S.A., an indirect subsidiary of Altice N.V. issued $320,000 principal amount of the 7.75% Senior Notes due 2025 (the ‘‘Holdco Notes’’), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Cequel Acquisition. The Holdco Notes bear interest at a rate of 7.75% per annum and were issued at a price of 98.275%. Interest on the Holdco Notes is payable semi-annually on January 15 and July 15 of each year. The Holdco Notes were automatically exchanged into an equal aggregate principal amount of Cequel 2025 Senior Notes during the second quarter of 2016.

The indentures contain certain covenants, agreements and events of default which are customary with respect to non-investment grade debt securities, including limitations on the Company’s ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase the Company’s capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies.

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of December 31, 2017, including notes payable and capital leases, are as follows:

Years Ending December 31,	
2018	$ 16,518
2019	18,310
2020	1,062,713
2021	1,262,723
2022	12,734
Thereafter	4,416,270

NOTE 10. DERIVATIVE CONTRACTS

In June 2016, the Company entered into two fixed to floating interest rate swap contracts. One fixed to floating interest rate swap is converting $750,000 from a fixed rate of 1.6655% to six-month LIBO rate and a second tranche of $750,000 from a fixed rate of 1.68% to six-month LIBO rate. The objective of these swaps is to adjust the proportion of total debt that is subject to fixed and variable interest rates. These swap contracts were not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statements of operations. For the years ended December 31, 2017 and 2016, the Company recorded a gain (loss) on interest rate swap contracts of $5,482 and $(72,961), respectively.

As of December 31, 2017 and 2016, our outstanding interest rate swap contracts had an aggregate fair value and carrying value of $77,902 and $78,823, respectively, reflected in “liabilities under derivative contracts” in our consolidated balance sheets.

The Company does not hold or issue derivative instruments for trading or speculative purposes.

See Note 11 for a discussion regarding the fair value of these contracts.

NOTE 11. FAIR VALUE MEASUREMENT

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I - Quoted prices for identical instruments in active markets.
- Level II - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III - Instruments whose significant value drivers are unobservable.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of December 31, 2017 and 2016 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented in the accompanying consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

Receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

As discussed in Note 10, in June 2016, the Company entered into two fixed to floating interest rate swaps with an aggregate fair value and carrying value of $77,902 as of December 31, 2017 and $78,823 as of December 31, 2016 reflected in “liabilities under derivative contracts” in our consolidated balance sheets.

The Company’s interest rate swap contracts are valued using market-based inputs to valuation models. These valuation models require a variety of inputs, including contractual terms, market prices, yield curves, and measures of volatility. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit risk considerations. Such adjustments are generally based on available market evidence. Since model inputs can generally be verified and do not involve significant management judgment, the Company has concluded that these instruments should be classified within Level II of the fair value hierarchy.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate:

Credit Facility Debt, Senior Secured Notes, Senior Notes and Debentures, and Notes Payable

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities. The fair value of notes payable is based primarily on the present value of the remaining payments discounted at the borrowing cost.

The carrying values, estimated fair values, and classification under the fair value hierarchy of the Company's financial instruments, excluding those that are carried at fair value in the accompanying consolidated balance sheets, are summarized as follows:

		December 31, 2017		December 31, 2016	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility	Level II	$ 1,250,217	$ 1,258,675	$ 812,903	$ 815,000
Senior secured notes	Level II	2,570,506	2,658,930	2,566,802	2,689,750
Senior notes and debentures	Level II	2,770,737	2,983,615	3,176,131	3,517,275
Notes payable	Level II	8,945	8,945	—	—
		$ 6,600,405	$ 6,910,165	$ 6,555,836	$ 7,022,025

(a) Amounts are net of unamortized deferred financing costs and discounts/premiums.

The fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Non-financial Assets and Liabilities

The Company's non-financial assets such as franchises, subscriber relationships, property, plant and equipment, and other intangible assets are not measured at fair value on a recurring basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded for the successor years ended December 31, 2017 and 2016, successor period from December 21, 2015 through December 31, 2015 and the predecessor period from January 1, 2015 through December 20, 2015.

NOTE 12. INCOME TAXES

The Company is a single member limited liability company, wholly owned by Cequel Corporation, and therefore is disregarded for income tax purposes. Cequel Corporation is included in the federal consolidated and certain state combined income tax returns of Altice USA subsequent to the contribution of the common stock of Cequel Corporation to Altice USA on June 9, 2016. In the fourth quarter of 2016, the Company, Cequel Corporation and Altice USA entered into an income tax sharing agreement under which the Company will have an obligation to Cequel Corporation for current income taxes on a stand-alone basis. Pursuant to the tax sharing agreement, as of December 31, 2017, the Company recorded an intercompany payable to Cequel Corporation of $10,239.

On June 21, 2016, Altice N.V., through Altice USA, completed its acquisition of Cablevision. Accordingly, the Company and Cablevision joined the federal consolidated and certain state combined income tax returns of Altice USA. As a result, the applicable tax rate used to measure deferred tax assets and liabilities increased, resulting in a non-cash deferred income tax charge of approximately $153,694 in the second quarter of 2016.

Components of the Company's current and deferred income tax expense (benefit) for the years ended December 31, 2017, 2016 and 2015 were as follows:

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	Period from December 21, 2015 through December 31, 2015	Period from January 1, 2015 through December 20, 2015
Current Tax Expense:				
Federal	$ 15,983	$ —	$ —	$ —
State	(7,768)	3,148	155	4,435
Total Current	8,215	3,148	155	4,435
Deferred Tax Expense (Benefit):				
Federal	(431,689)	87,999	(9,517)	40,384
State	(166,712)	16,408	(607)	(6,591)
Total Deferred	(598,401)	104,407	(10,124)	33,793
Net expense (benefit) for income taxes	$ (590,186)	$ 107,555	$ (9,969)	$ 38,228

The Company's expense (benefit) for income taxes differs from the expected tax expense amount computed by applying the statutory federal income tax rate to the income (loss) before income taxes as a result of the following:

	Successor			Predecessor
	Year Ended December 31, 2017	Year Ended December 31, 2016	Period from December 21, 2015 through December 31, 2015	Period from January 1, 2015 through December 20, 2015
Tax at U.S. statutory rate	35.0 %	35.0 %	35.0%	35.0 %
State taxes, net of benefit	5.7	4.7	1.9	0.2
Impact of federal tax reform	(674.2)	—	—	—
Change in valuation allowance	—	—	—	(0.1)
Non-cash stock option expense	—	—	—	(62.4)
Nondeductible share-based compensation relating to the carry unit plan	5.8	(1.5)	—	—
Return to provision	(0.3)	0.6	—	—
Change in state effective tax rate	(3.5)	(127.1)	—	5.9
State income tax credits	—	—	—	(0.1)
Other, net	0.7	(0.6)	(0.1)	(0.8)
Effective tax rate	(630.8)%	(88.9)%	36.8%	(22.3)%

Pursuant to the enactment of the Tax Cuts & Jobs Act ("Tax Reform") on December 22, 2017, the Company recorded a noncash deferred tax benefit of $630,595 to remeasure the net deferred tax liability to adjust for the reduction in the corporate federal income tax rate from 35% to 21% which is effective on January 1, 2018. This adjustment results primarily from a decrease in the deferred tax liabilities with regard to fixed assets and intangibles, partially offset by a decrease in the deferred tax asset for the federal net operating loss carry forward ("NOL"). The noncash deferred tax benefit is provisional. Revised estimates and additional guidance regarding application of Tax Reform may require adjustments during the allowable measurement period.

Overall, Tax Reform will have a favorable impact on the Company's income tax profile. Additional first-year depreciation deductions represent a significant timing benefit. Since Tax Reform only limits the deduction for NOLs arising in years beginning after December 31, 2017, the timing of the Company's deductions with regard to its existing NOLs is largely unaffected. The Company will be subject to the Tax Reform's limitation on interest deductibility which is based on a limit calculated without regard to depreciation or amortization through 2021. The resulting interest deduction that is deferred, and can be carried forward indefinitely, is expected to fully reverse. However, as is the case with any future deductible temporary difference, management will evaluate realizability to determine whether a valuation allowance is required. Management does not expect that a valuation allowance will be required based on its preliminary estimate of the current facts and circumstances.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In the second quarter of 2016, ASU 2015-17 was adopted with prospective application. Accordingly, all deferred tax assets and liabilities are presented as noncurrent in the consolidated balance sheet as of December 31, 2017.

	December 31,	
	2017	2016
Deferred tax assets:		
NOLs and tax credit carry forwards	$ 178,129	$ 296,523
Accrued expenses	15,493	22,194
Fair value adjustment- debt and deferred finance costs	—	7,371
Loss on interest rate swap contracts	21,033	31,529
Other	4,899	1,207
Deferred tax asset	219,554	358,824
Valuation allowance	(611)	(494)
Net deferred tax asset, noncurrent	218,943	358,330
Deferred tax liability		
Fixed Assets and intangibles	(1,566,462)	(2,304,249)
Net deferred tax liability, noncurrent	(1,566,462)	(2,304,249)
Total net deferred tax liability	$ (1,347,519)	$ (1,945,919)

At December 31, 2017, the Company had consolidated federal NOLs of $773,000 expiring on various dates through 2036. In addition, the Company has a deferred tax asset for state net operating loss carryforwards of approximately $10,991 at December 31, 2017. The Company has established a valuation allowance on state net operating loss carryforwards of $611 at December 31, 2017, as it is more likely than not that a portion of the deferred tax asset will not be realized in the future. The net operating loss carryforwards are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code and state taxing authorities. The Company does not expect the limitations to impact the ability to utilize the losses prior to their expiration.

Cequel Corporation has approximately $995,000 of additional federal net operating loss carryforwards which will expire at various dates through 2036. The net operating loss carryforwards are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code and state taxing authorities as well and are not reflected in the financial statements of the Company as they reside at Cequel Corporation and are not pushed down to the Company. Cequel Corporation expects to utilize the net operating loss carryforwards as a result of the inclusion of the Company in the consolidated tax return of Altice USA. The utilization of the net operating losses and the acquired net operating losses will be determined based on the ordering rules required by the applicable taxing jurisdiction.

The Company accounts for uncertain tax positions in accordance with the accounting guidance for such items. This guidance prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company recognizes income tax benefits for those income tax provisions determined more likely than not to be sustained upon examination, based on the technical merits of the positions.

Tax years ending 2014 through 2017 remain subject to examination and assessment. By statute, the Company's use of certain carryforward attributes that were generated prior to 2010 will allow the Internal Revenue Service ("IRS") to subsequently examine those periods. In 2015, the Company reached a settlement with the IRS on the audit of the income tax return for the successor tax period ending December 31, 2012, resulting in no material adjustments to the Company's financial statements.

The Company adjusts its tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and precedent. As of December 31, 2017, the Company has no accrued interest or penalties related to uncertain tax positions.

As of December 31, 2017, the Company does not have any uncertain tax positions, nor does it believe that any events or rulings will cause one, within the next twelve months. However, various events could cause the Company's current expectations to change in the future.

NOTE 13. EMPLOYEE BENEFIT PLAN

Through September 30, 2017, the Company maintained a 401(k) plan for employees of the Company. Employees that qualified for participation were able to contribute a percentage of eligible annual compensation and the Company would make a matching cash contribution, as defined in the plan. During the fourth quarter of 2017, the Suddenlink 401(k) plan assets were transferred to the Cablevision 401(k) Savings Plan and the plan was renamed the Altice USA 401(k) Savings Plan.

The cost associated with these plans (including the enhanced employer matching and discretionary contributions in 2016) was $6,288 and $6,487 for the successor years ended December 31, 2017 and 2016, respectively, $188 for the successor period December 21 to December 31, 2015 and $6,647 for the predecessor period January 1, 2015 to December 20, 2015.

NOTE 14. SHARE-BASED COMPENSATION

Successor

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in the Company's parent, Altice USA. The awards generally vest as follows: 50% on the second anniversary of December 21, 2015 ("Base Date"), 25% on the third anniversary of the Base Date, and 25% on the fourth anniversary of the Base Date. Neptune Holding US GP LLC, the general partner of Neptune Management LP, has the right to repurchase (or to assign to an affiliate, including the Company, the right to repurchase) vested awards held by employees for sixty days following their termination. For performance-based awards under the plan, vesting occurs upon achievement or satisfaction of a specified performance condition. The Company considered the probability of achieving the established performance targets in determining the share-based compensation with respect to these awards at the end of each reporting period. The carry unit plan has 259,442,785 units authorized for issuance, of which 30,345,834 have been issued to employees of the Company and 192,625,001 have been issued to employees of Altice USA and affiliated companies as of December 31, 2017.

Beginning on the fourth anniversary of the Base Date, the holders of carry units have an annual opportunity (a sixty day period determined by the administrator of the plan) to sell their units back to Neptune Holding US GP LLC (or affiliate, including the Company, designated by Neptune Holding US GP LLC). Accordingly, the carry units are presented as temporary equity on the consolidated balance sheets at fair value. Adjustments to fair value at each reporting period are recorded in paid-in capital.

The right of Neptune Holding US GP LLC to assign to an affiliate, including the Company, the right to repurchase an employee's vested units during the sixty-day period following termination, or to satisfy its obligation to repurchase an employee's vested units during annual 60 day periods following the fourth anniversary of the Base Date, may be exercised by Neptune Holding US GP LLC in its discretion at the time a repurchase right or obligation arises. The carry unit plan requires the purchase price payable to the employee or former employee, as the case may be, to be paid in cash, a promissory note (with a term of not more than 3 years and bearing interest at the long-term applicable federal rate under Section 1274(d) of the Internal Revenue Code) or combination thereof, in each case as determined by Neptune Holding US GP LLC in its discretion at the time of the repurchase. Neptune Holding US GP LLC expects that vested units will be redeemed for shares of the Company's Class A common stock upon vesting.

The Company measures the cost of employee services received in exchange for carry units based on the fair value of the award at grant date. In addition these units are presented as temporary equity on our consolidated balance sheet at fair value. For carry unit awards granted in 2016, an option pricing model was used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carry units outstanding. The time to liquidity event assumption was based on management's judgment. The equity volatility assumption was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The discount for lack of marketability was based on Finnerty's (2012) average-strike put option model.

The following table summarizes activity relating to carry units:

	Number of Time Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2016	34,950,000	$ 0.37
Forfeited	(4,604,166)	0.37
Vested	(16,495,833)	0.48
Balance, December 31, 2017	13,850,001	0.37

The weighted average fair value per unit was $1.76 and $2.79 as of December 31, 2016 and December 31, 2017, respectively. For the years ended December 31, 2017 and 2016, the Company recognized an expense of $15,370 and $5,204, respectively, related to the push down of share-based compensation related to the carry unit plan of which approximately $8,676 and $3,704 related to units granted to employees of the Company and $6,694 and $1,500 related to employees of Altice USA and affiliated companies allocated to the Company.

Predecessor

Prior to the Cequel Acquisition, the general partners of the partnerships that held the shares of Cequel Corporation (collectively, the "Carry Interest Partnerships"), each adopted separate carried interest plans (collectively, the "Previous Carried Interest Plan"), pursuant to which participants were awarded profit interest units in those partnerships. Pursuant to the Previous Carried Interest Plan, each Carry Interest Partnership was permitted to issue no more than 1,000,000 carry units. The Carry Interest Partnerships issued an aggregate of approximately 996,500 carry units. In certain instances following cessation of their services on behalf of the Company, the participants had put rights or the Carry Interest Partnerships had call rights, with respect to such participants' carry units. The carry units vested in quarterly installments over four years. Certain adjustments to the vesting schedules and/or certain distributions could occur in respect of certain events as specified in the Previous Carried Interest Plan.

The Previous Carried Interest Plan entitled participants to receive certain percentages of net cash proceeds received by the Carry Interest Partnerships in connection with sales by the Carry Interest Partnerships of common stock of Cequel Corporation, distributions from Cequel Corporation or amounts received upon liquidation or dissolution of Cequel Corporation. The amounts were paid to participants once threshold amounts had been received by the Carry Interest Partnerships and paid to the Sponsors and Management Investors in Cequel Corporation, and the percentage of cash proceeds to which the participants were entitled increased as the return to the Sponsors and such Management Investors increased.

The Company measured the cost of employee services received in exchange for carry units based on the fair value of the award at each reporting period. The Company used the Monte Carlo Simulation Method to estimate the fair value of the awards. Because the Monte Carlo Simulation Method required the use of subjective assumptions, changes in these assumptions could have materially affected the fair value of the carried interest units granted. The time to liquidity event assumption was based on management's judgment. The equity volatility assumption were estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed in valuing the units was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The Company's total equity value was estimated by a third party using a range of indicated business enterprise values. For the predecessor period January 1, 2015 to December 21, 2015, the Company recognized approximately $287,691 related to the push down of non-cash compensation expense for employees of the Company.

Concurrent with the Cequel Acquisition, the Previous Carried Interest Plan was cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such Previous Carried Interest Plan, including certain officers and directors of the Company and Cequel Corporation, and the Previous Carried Interest Plan was terminated.

NOTE 15. RELATED PARTY TRANSACTIONS

Successor

As the transactions discussed below were conducted between subsidiaries of Altice N.V. under common control, amounts

charged for certain services may not have represented amounts that might have been received or incurred if the transactions were based upon arm's length negotiations.

Altice Technical Services US Corp. ("ATS")

ATS was formed to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. In 2017, the Company entered into an Independent Contractor Agreement with ATS that governs the terms of the services described above. The Company believes the services it receives from ATS will be of higher quality and at a lower cost than the Company could achieve without ATS, including for the construction of our new fiber-to-the home ("FTTH") network. A substantial portion of the Company's technical workforce became employees of ATS in December 2017. In the first quarter of 2018, Cablevision (an entity under common control) became the owner of 100% of the equity interests in ATS.

The following table summarizes the revenue and charges related to services provided to or received from other subsidiaries of Altice N.V.:

	Years Ended December 31,		Period from December 21, 2015 to December 31, 2015
	2017	2016	
Revenue	$ 111	$ —	$ —
Operating expenses:			
Programming and other direct costs	$ (444)	$ —	$ —
Other operating expenses, net	(18,934)	(10,061)	(296)
Operating expenses, net	(19,378)	(10,061)	(296)
Interest income (a)	6,496	—	—
Net charges	$ (12,771)	$ (10,061)	$ (296)
Capital Expenditures	$ 1,740	$ 18,225	$ —

(a) Represents interest income on the intercompany loan made to Altice USA. See table below.

Revenue

The Company recognized revenue in connection with the sale of data services to a subsidiary of Altice USA.

Programming and other direct costs

Programming and other direct costs include costs incurred by the Company for the transport and termination of voice and data services provided by subsidiaries of Altice USA and Altice N.V.

Other operating expenses

Other operating expenses include charges of $5,726 from ATS for the year ended December 31, 2017, pursuant to the Independent Contractor Agreement, discussed above.

A subsidiary of Altice N.V. provides certain executive services, as well as consulting, advisory and other services, including, prior to the Altice USA IPO, CEO, CFO and COO services, to the Company. Fees associated with this agreement recorded by the Company amounted to approximately $10,000 for the years ended December 31, 2017 and 2016, respectively, and $296 for the period from December 21, 2015 through December 31, 2015. As of June 20, 2017, the CEO, CFO and COO became employees of Altice USA and the agreement was assigned to Altice N.V. by a subsidiary of Altice N.V. This agreement will be terminated upon the completion of the separation of Altice USA from Altice N.V.

Other operating expenses also include charges for services provided by other subsidiaries of Altice N.V. aggregating $3,208 and $61, respectively.

Aggregate amounts that were due from and due to related parties are summarized below:

	December 31,	
	2017	2016
Due from:		
Altice USA (a)	$ 90,005	$ 82,000
Cequel Corporation (b)	17,099	—
Altice Management Americas (b)	—	1,393
	$ 107,104	$ 83,393
Due to:		
Altice Management International (c)	$ —	$ 17,116
Cequel Corporation (b)	—	3,371
Cablevision (b)	19,482	2,796
Altice USA (b)	—	1,267
Altice Labs S.A. (d)	—	815
Other Altice N.V. subsidiaries (b)	3,209	—
	$ 22,691	$ 25,365

(a) Includes an $87,675 and $82,000 intercompany loan at December 31, 2017 and 2016, respectively, made to Altice USA.

(b) Represents amounts paid by the Company on behalf of the respective related party and/or amounts due for services provided by the related party. Amounts due to Cablevision include $14,511 for assets that were transferred to the Company during 2017.

(c) The 2016 balance represents amounts due for equipment purchases.

(d) Represents amounts due for software development services that were capitalized.

As of December 31, 2017, the Company had a prepayment balance of $8,335 primarily to ATS which is reflected in prepaid expenses and other current assets on the Company's balance sheet.

Predecessor

Prior to the consummation of the Cequel Acquisition, pursuant to the Amended and Restated Cequel Communications Management Agreement, dated as of February 14, 2012, as amended (the “Management Agreement”), Cequel III, LLC (“Cequel III”) provided certain executive, administrative and managerial services to the broadband systems owned by Cequel Holdings and its subsidiaries. Total compensation paid to Cequel III under the Management Agreement, which is included in other operating expense in the accompanying consolidated statements of operations, was $11,044 for the predecessor period from January 1, 2015 through December 20, 2015. The Management Agreement was terminated upon consummation of the Cequel Acquisition.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Commitments

Future cash payments and commitments required under arrangements pursuant to contracts entered into by the Company in the normal course of business as of December 31, 2017 are as follows:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years
Off balance sheet arrangements:					
Purchase obligations (a)	$ 2,176,213	$ 884,417	$ 1,003,498	$ 278,623	$ 9,675
Guarantees (b)	16,428	16,428	—	—	—
Letters of credit (c)	13,500	—	—	13,500	—
Total	$ 2,206,141	$ 900,845	$ 1,003,498	$ 292,123	$ 9,675

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to customers and minimum purchase obligations to purchase goods or services. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of customers receiving the programming. Amounts reflected above related to programming agreements are based on the number of customers receiving the programming as of December 31, 2017 multiplied by the per customer rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2017.

(b) Includes franchise and performance surety bonds primarily for the Company's cable television systems.

(c) Represent letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Payments due by period for these arrangements represent the year in which the commitment expires although payments under these arrangements are required only in the event of nonperformance.

The table above does not include obligations for payments required to be made under multi-year franchise agreements based on a percentage of revenues generated from pay television service per year.

Many of the Company's franchise agreements and utility pole leases require the Company to remove its cable wires and other equipment upon termination of the respective agreements. The Company has concluded that the fair value of these asset retirement obligations cannot be reasonably estimated since the range of potential settlement dates is not determinable.

Litigation

Patent Litigation

The Company receives notices from third parties and, in some cases, is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of the Company's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions. The Company believes that the claims are without merit and intends to defend the actions vigorously, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

Other Proceedings

From time to time, the Company is involved in other litigation and regulatory proceedings arising in the ordinary course of conducting its business. Although the ultimate outcome of these other proceedings cannot be predicted, the Company believes that it is not currently a party to any other legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect its business, financial position, results of operations or liquidity. Whether or not the Company ultimately prevails in any particular lawsuit or claim, litigation can be time consuming and costly and harm its reputation.

NOTE 17. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Activity related to the Company's allowance for doubtful accounts is presented below:

	Allowance for Doubtful Accounts			
	Balance at Beginning of Period	Provision for Bad Debt	Deductions/ Write-Offs and Other Charges	Balance at End of Period
Year Ended December 31, 2017- Successor	$ 6,725	$ 28,937	$ (30,099)	$ 5,563
Year Ended December 31, 2016- Successor	$ 1,051	$ 31,450	$ (25,776)	$ 6,725
For the period December 21, 2015 through December 31, 2015- Successor	$ —	$ 1,051	$ —	$ 1,051
For the period January 1, 2015 through December 20, 2015- Predecessor	$ 6,038	$ 29,144	$ (30,001)	$ 5,181

NOTE 18. INTERIM FINANCIAL INFORMATION (Unaudited)

The following is a summary of the Company's selected quarterly financial data for the periods presented:

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017 (a)	Total 2017
Revenues, net	$ 660,875	$ 663,919	$ 663,336	$ 676,444	$ 2,664,574
Operating expenses	(532,809)	(520,448)	(539,540)	(551,338)	(2,144,135)
Operating income	$ 128,066	$ 143,471	$ 123,796	$ 125,106	$ 520,439
Net income	$ 14,739	$ 13,084	$ 13,250	$ 642,640	$ 683,713

(a) Pursuant to the enactment of the Tax Reform on December 22, 2017, the Company recorded a noncash deferred tax benefit of $630,595 to remeasure the net deferred tax liability to adjust for the reduction in the corporate federal income tax rate from 35% to 21% which is effective on January 1, 2018.

	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	Total 2016
Revenues, net	$ 627,589	$ 639,641	$ 645,522	$ 660,408	$ 2,573,160
Operating expenses	(573,008)	(522,029)	(542,629)	(550,207)	(2,187,873)
Operating income	$ 54,581	$ 117,612	$ 102,893	$ 110,201	$ 385,287
Net loss	$ (28,857)	$ (135,497)	$ (4,298)	$ (59,784)	$ (228,436)

NOTE 19. SUBSEQUENT EVENTS

The Company has updated its review of subsequent events as of March 19, 2018 (the date available for issuance) noting no events that require disclosure.