QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2018

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

1 Court Square West

Long Island City, NY 11101

(516) 803-2300

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PART I - FINANCIAL INFORMATION

This Quarterly Report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These "forward-looking statements" appear throughout this Quarterly Report and relate to matters such as anticipated future growth in revenues, operating income, cash provided by operating activities and other financial measures. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "seeks," "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. All of these forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are susceptible to uncertainty and changes in circumstances.

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, direct broadcast satellite ("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 fiber-to-the-home 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 we 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 the 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" in our Annual Report for the year ended December 31, 2017.

These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward‑looking statements. Other unknown or unpredictable factors could cause our actual results to differ materially from those expressed in any of our forward‑looking statements.

Given these uncertainties, you are cautioned not to place undue reliance on such forward‑looking statements. The forward‑looking statements are made only as of the date this Quarterly Report is posted on our website (www.alticeusa.com). Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward‑looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

You should read this Quarterly Report with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all forward‑looking statements by these cautionary statements.

Certain numerical figures included in this quarterly 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.

ITEM 1. FINANCIAL STATEMENTS

Cequel Communications Holdings I, LLC
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	March 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 234,401	$ 76,005
Accounts receivable, net of allowances of $4,161 and $5,563	73,524	84,895
Prepaid expenses and other assets (including a prepayment to an affiliate of $2,763 and $8,335)	32,750	44,284
Amounts due from affiliates	18,585	18,608
Total current assets	359,260	223,792
Property, plant and equipment, net of accumulated depreciation of $1,024,932 and $919,941	1,854,099	1,886,171
Amounts due from affiliates	90,140	88,496
Other assets	14,368	10,810
Amortizable customer relationships, net of accumulated amortization of $498,292 and $453,689	577,592	622,195
Other amortizable intangibles, net of accumulated amortization of $57,979 and $57,895	2,160	2,244
Indefinite-lived cable television franchises	4,906,506	4,906,506
Goodwill	2,153,741	2,153,741
Total assets	$ 9,957,866	$ 9,893,955
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	294,401	348,395
Amounts due to affiliates	69,715	22,691
Deferred revenue	57,957	51,528
Accrued interest	75,261	82,117
Notes payable	24,148	3,465
Capital lease obligations	311	403
Credit facility debt	12,650	12,650
Total current liabilities	534,443	521,249
Deferred revenue	6,272	5,297
Other liabilities	11,739	12,932
Deferred tax liability	1,358,001	1,350,221
Liabilities under derivative contracts	109,824	77,902
Credit facility debt	1,234,668	1,237,567
Senior notes and debentures	5,350,513	5,341,243
Capital lease obligations	1,195	1,245
Notes payable	—	5,480
Total liabilities	8,606,655	8,553,136
Commitments and contingencies (Note 12)		
Redeemable equity	31,805	34,162
Member's equity:		
Member's equity	896,961	889,153
Retained earnings	422,445	417,504
Total member's equity	1,319,406	1,306,657
Total liabilities and member's equity	$ 9,957,866	$ 9,893,955

See accompanying notes to condensed consolidated financial statements.

Cequel Communications Holdings I, LLC
Condensed Consolidated Statements of Income and Comprehensive Income
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Revenue (including revenue from affiliates of $47 in 2018)	$ 682,549	$ 660,272
Operating expenses:		
Programming and other direct costs (including charges from affiliates of $224 in 2018) (See Note 11)	202,624	190,041
Other operating expenses (including charges from affiliates of $41,845 and $2,563) (See Note 11)	179,735	158,335
Restructuring and other expense	504	18,282
Depreciation and amortization (including impairments)	157,341	165,548
	540,204	532,206
Operating income	142,345	128,066
Other income (expense):		
Interest expense, net (including interest income from affiliates and related parties of $1,644 and $1,942) (See Note 11)	(100,493)	(103,492)
Loss on sale of affiliate interests	(2,880)	—
Gain (loss) on interest rate swap contracts	(31,922)	2,342
Other expense	(12)	—
Income before income taxes	7,038	26,916
Income tax expense	(2,092)	(12,177)
Net income	$ 4,946	$ 14,739
Comprehensive income	$ 4,946	$ 14,739

See accompanying notes to condensed consolidated financial statements.

Cequel Communications Holdings I, LLC
Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 2018 and 2017
(in thousands)
(Unaudited)

	2018	2017
Cash flows from operating activities:		
Net income	$ 4,946	$ 14,739
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization (including impairments)	157,341	165,548
Share-based compensation expense	5,451	2,767
Loss on sale of affiliate interest	2,880	—
Amortization of deferred financing costs and discounts/premiums on indebtedness	9,574	9,455
Deferred income taxes	7,780	9,820
Provision for doubtful accounts	5,447	4,792
Changes in assets and liabilities	62,851	(5,072)
Net cash provided by operating activities	256,270	202,049
Cash flows from investing activities:		
Capital expenditures	(90,814)	(73,028)
Proceeds related to sale of equipment, including costs of disposal	(219)	223
Sale of affiliate interest	(3,537)	—
Net cash used in investing activities	(94,570)	(72,805)
Cash flows from financing activities:		
Repayment of credit facility debt	(3,163)	(2,038)
Principal payments on capital lease obligations	(141)	(185)
Net cash used in financing activities	(3,304)	(2,223)
Increase in cash and cash equivalents	158,396	127,021
Cash and cash equivalents at beginning of period	76,005	184,933
Cash and cash equivalents at end of period	$ 234,401	$ 311,954

See accompanying notes to condensed 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.

The accompanying condensed consolidated financial statements include the accounts of the Company and all subsidiaries in which the Company has a controlling interest. All significant inter-company accounts and transactions have been eliminated in consolidation.

The accompanying condensed consolidated operating results for the three months ended March 31, 2017 reflect the retrospective adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers.* See Note 3 for further details of the impact on the Company's historical financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Accordingly, these financial statements do not include all the information and notes required for complete annual financial statements.

The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2017.

The financial statements presented in this report are unaudited; however, in the opinion of management, such financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the periods presented.

The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2018.

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently 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 was adopted by the Company on January 1, 2018 and had no impact to the Company's condensed consolidated financial statements.

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 Company adopted the new guidance on January 1, 2018 and had no impact to the Company's condensed consolidated financial statements.

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 affected the guidance in ASC 606. ASC 606 was adopted by the Company on January 1, 2018 on a full retrospective basis, which required the Company to reflect the impact of the updated guidance for all periods presented. The adoption of ASC 606 did not have a material impact on the Company’s financial position or results of operations. The adoption of the guidance resulted in a reduction of revenue due to the reclassification of certain third party giveaways and incentives from operating expense. When the Company acts as the agent in providing certain product giveaways or incentives, revenue is recorded net of the costs of the giveaways and incentives.

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 Company adopted the new guidance on January 1, 2018 and had no impact to the Company's condensed consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), 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. ASC 606 replaced most existing revenue recognition guidance in GAAP and allowed the use of either the retrospective or cumulative effect transition method.

Installation Services Revenue

Pursuant to ASC 606, the Company's installation services revenue is deferred and recognized over the benefit period. For residential customers, the benefit period is less than one year. For business and wholesale customers, the benefit period is the contract term. Prior to the adoption of ASC 606, the Company recognized installation services revenue for residential and small and medium-sized business ("SMB") customers when installations were completed. As a result of the deferral of installation services revenue for residential and SMB customers, the Company recognized contract liabilities of $1,051 and recorded a cumulative effect adjustment of $767 (net of tax of $284) to retained earnings. The accounting for installation services revenue related to business and wholesale customers has not changed.

Commission Expenses

Pursuant to ASC 606, the Company defers commission expenses related to obtaining a contract with a customer when the expected period of benefit is greater than one year and amortizes these costs over the average contract term. For commission expenses related to customer contracts with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. Prior to the adoption of ASC 606, the Company recognized commission expenses related to the sale of its services when incurred. As a result of the change in the timing of recognition of these commission expenses, the Company recognized contract assets of $11,058 and recorded a cumulative effect adjustment of $8,072 (net of tax of $2,986) to retained earnings.

Third Party Product Giveaways and Incentives

When the Company acts as the agent in providing certain product giveaways or incentives, revenue is recorded net of the costs of the giveaways and incentives. For the three months ended March 31, 2017, costs of $603 for the giveaways and incentives recorded in other operating expense have been reclassified to revenue.

Bundled Services

The Company provides bundled services at a discounted rate to its customers. Under ASC 606, revenue should be allocated to separate performance obligations within a bundled offering based on the relative stand-alone selling price of each service within the bundle. In connection with the adoption of ASC 606, the Company revised the amounts allocated to each performance obligation within its bundled offerings which reduced previously reported revenue for telephony services and increased previously reported revenue allocated to pay television and broadband services.

(dollars in thousands, except where otherwise indicated)

The following table summarizes the impact of adopting ASC 606 on the Company's condensed consolidated statement of operations:

	Three Months Ended March 31, 2017		
	As Reported	Impact of ASC 606	As Adjusted
Residential:			
Pay TV	$ 281,974	$ (290)	$ 281,684
Broadband	229,800	(215)	229,585
Telephony	34,472	(68)	34,404
Business services and wholesale	90,906	(30)	90,876
Advertising	18,229	—	18,229
Other	5,494	—	5,494
Total revenue	660,875	(603)	660,272
Programming and other direct costs	190,041	—	190,041
Other operating expenses	158,938	(603)	158,335
Restructuring and other expense	18,282	—	18,282
Depreciation and amortization	165,548	—	165,548
Operating income	128,066	—	128,066
Other expense, net	(101,150)	—	(101,150)
Income before income taxes	26,916	—	26,916
Income tax expense	(12,177)	—	(12,177)
Net income	$ 14,739	$ —	$ 14,739

Recently Issued But Not Yet Adopted Accounting Pronouncements

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 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. The Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its condensed consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

NOTE 3. SUPPLEMENTAL CASH FLOW INFORMATION

The Company considers the balance of its investment in funds that substantially hold securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or are at fair value.

(dollars in thousands, except where otherwise indicated)

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

	Three months ended March 31,	
	2018	2017
Non-Cash Investing and Financing Activities:		
Property and equipment accrued but unpaid	$ 40,002	$ 11,268
Notes payable to vendor	16,269	—
Supplemental Data:		
Cash interest paid	99,843	114,053
Income taxes refunded, net	(1,083)	(179)

NOTE 4. REVENUE AND CONTRACT ASSETS

Revenue Recognition

Residential Services

The Company derives revenue through monthly charges to residential customers of its pay television, broadband, and telephony services, including installation services. In addition, the Company derives revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, and home shopping commissions which are reflected in "Residential pay TV" revenues. The Company recognizes pay television, broadband, and telephony revenues as the services are provided to a customer on a monthly basis. Revenue from the sale of bundled services at a discounted rate is allocated to each product based on the standalone selling price of each performance obligation within the bundled offer. The standalone selling price requires judgment and is typically determined based on the current prices at which the separate services are sold by the Company. Installation revenue for the Company's residential services is deferred and recognized over the benefit period, which is estimated to be less than one year. The estimated benefit period takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

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. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. The amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $11,518 and $12,022 for the three months ended March 31, 2018 and 2017, respectively.

Business and Wholesale Services

The Company derives revenue from the sale of products and services to both large enterprise and SMB customers, including broadband, telephony, networking, and pay television services reflected in "Business services and wholesale" revenues. The Company's business services also include Ethernet, data transport, and IP-based virtual private networks. The Company also provides managed services to businesses, including hosted telephony services (cloud based SIP-based private branch exchange), managed Wi-Fi, managed desktop and server backup and managed collaboration services including audio and web conferencing. The Company also offers fiber-to-the-tower services to wireless carriers for cell tower backhaul and enable wireline communications service providers to connect to customers that their own networks do not reach. The Company recognizes revenues for these services as the services are provided to a customer on a monthly basis.

Substantially all of our SMB customers are billed monthly and large enterprise customers are billed in accordance with the terms of their contracts which is typically also on a monthly basis. Contracts with large enterprise customers typically range from three to five years. Installation revenue related to our large enterprise customers is deferred and recognized over the average contract term. Installation revenue related to SMB customers is deferred and recognized over the benefit period, which is less than a year. The estimated benefit period for SMB customers takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

Advertising

As part of the agreements under which the Company acquires pay television programming, the Company typically receives an allocation of scheduled advertising time during such programming into which the Company's cable systems can insert commercials. In several of the markets in which the Company operates, it has entered into agreements commonly referred to as interconnects with other cable operators to jointly sell local advertising. In some of these markets, the Company represents the advertising sales efforts of other cable operators; in other markets, other cable operators represent the Company. Advertising revenues are recognized when commercials are aired. Arrangements in which the Company controls the sale of advertising and acts as the principal to the transaction, the Company recognizes revenue earned from the advertising customer on a gross basis and the amount remitted to the distributor as an operating expense. Arrangements in which the Company does not control the sale of advertising and acts as an agent to the transaction, the Company recognizes revenue net of any fee remitted to the distributor.

The Company's advanced advertising businesses provide data-driven, audience-based advertising solutions using advanced analytics tools that provide granular measurement of consumer groups, accurate hyper-local ratings and other insights into target audience behavior not available through traditional sample-based measurement services. Revenue earned from the Company's advanced advertising businesses are recognized when services are provided.

Other

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

Contract Assets

Incremental costs incurred in obtaining a contract with a customer are deferred and recorded as a contract asset if the period of benefit is expected to be greater than one year. Sales commissions for enterprise and certain SMB customers are deferred and amortized over the average contract term. For sales commission expenses related to residential and SMB customers with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. Cost of fulfilling a contract with a customer are deferred and recorded as a contract asset if they generate or enhance resources of the Company that will be used in satisfying future performance obligations and are expected to be recovered. Installation costs related to residential and SMB customers that are not capitalized as part of the initial deployment of new customer premise equipment are expensed as incurred pursuant to industry-specific guidance.

The following table provides information about contracts assets and contract liabilities related to contracts with customers:

	March 31, 2018	December 31, 2017, as adjusted
Contract assets (a)	$ 10,643	$ 11,058
Deferred revenue (b)	64,229	56,825

(a) Contract assets include primarily sales commissions for enterprise customers that are deferred and amortized over the average contract term.

(b) Deferred revenue represents payments received from customers for services that have yet to be provided and installation revenue which is deferred and recognized over the benefit period. The majority of the Company's deferred revenue represents payments for services for up to one month in advance from residential and SMB customers which is realized within the following month as services are performed.

A significant portion of our revenue is derived from residential and SMB customer contracts which are month-to month. As such, the amount of revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from our existing customer base. Contracts with enterprise customers generally range from three to five years, and services may only be terminated in accordance with the contractual terms.

(dollars in thousands, except where otherwise indicated)

NOTE 5. RESTRUCTURING COSTS

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 during 2018:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2017	$ 29,758	$ 3,086	$ 32,844
Restructuring charges (credits)	1,060	(736)	324
Payments and other	(9,413)	(430)	(9,843)
Accrual balance at March 31, 2018	$ 21,405	$ 1,920	$ 23,325

Cumulative costs to date relating to the 2016 Restructuring Plan amounted to $67,526 ($63,835 associated with the elimination of positions and $3,691 associated with facility realignment and other costs). Such costs are classified in restructuring and other expense in the Company's condensed consolidated statements of operations.

NOTE 6. DEBT

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

			March 31, 2018		December 31, 2017	
	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
Cequel:						
Revolving Credit Facility (b)	$65,000 on November 30, 2021, and remaining balance on April 5, 2023	—	$ —	$ —	$ —	$ —
Term Loan Facility	July 28, 2025	4.13%	1,255,513	1,247,318	1,258,675	1,250,217
			$ 1,255,513	1,247,318	$1,258,675	1,250,217
Less: Current portion				12,650		12,650
Long-term debt				$ 1,234,668		$ 1,237,567

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

(b) At March 31, 2018, $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.

On March 22, 2018, Altice US Finance I Corporation, an indirect wholly-owned subsidiary of the Company, entered into a Fourth Amendment to Cequel Credit Agreement (Extension Amendment), by and among the borrower, the Revolving Consent Lenders (as defined in the Fourth Amendment) and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (the "Fourth Amendment"). The Fourth Amendment amends and supplements the Borrower's credit agreement, dated as of June 12, 2015, as amended by the first amendment (refinancing amendment), dated as of October 25, 2016, the second amendment (extension amendment), dated as of December 9, 2016, and the third amendment (incremental loan assumption agreement and refinancing amendment), dated as of March 15, 2017, (as so amended and as may be further amended, restated, modified or supplemented from time to time and as further amended by the Fourth Amendment among, inter alios, the borrower, the lenders party thereto and the administrative agent.

The Fourth Amendment extends the maturity date of the revolving loans and/or commitments of the Revolving Consent Lenders to April 5, 2023. The Fourth Amendment and the extended maturity date will not apply to the revolving loans and/or commitments of revolving lenders under the Cequel Credit Agreement that are not Revolving Consent Lenders.

(dollars in thousands, except where otherwise indicated)

As of March 31, 2018, the Company was in compliance with all of its financial covenants under the Cequel Credit Facilities Agreement.

Senior Secured Notes and Senior Notes

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

			March 31, 2018		December 31, 2017	
Date Issued	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
Cequel and Cequel Capital Senior Notes (l):						
Oct. 25, 2012 Dec. 28, 2012	September 15, 2020	6.375% (b) (c)	$ 1,050,000	$ 1,029,364	$ 1,050,000	$ 1,027,493
May 16, 2013 Sept. 9, 2014	December 15, 2021	5.125% (b)	1,250,000	1,144,929	1,250,000	1,138,870
June 12, 2015	July 15, 2025	7.750% (d)	620,000	604,755	620,000	604,374
Altice US Finance I Corporation Senior Secured Notes (e):						
June 12, 2015	July 15, 2023	5.375% (f)	1,100,000	1,083,159	1,100,000	1,082,482
April 26, 2016	May 15, 2026	5.500% (g)	1,500,000	1,488,306	1,500,000	1,488,024
			$ 5,520,000	5,350,513	$ 5,520,000	5,341,243
Less: current portion				—		—
Long-term debt				$ 5,350,513		$ 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) These notes were repaid in April 2018 with the proceeds from the issuance of new senior notes (see Note 13).

(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) 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.

(f) 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%.

(g) 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%.

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 March 31, 2018.

(dollars in thousands, except where otherwise indicated)

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of March 31, 2018, including notes payable and capital leases, are as follows:

Year Ending December 31,		
2018	$	14,193
2019		32,563
2020		1,062,715
2021		1,262,725
2022		12,730
Thereafter		4,416,240
	$	6,801,166

NOTE 7. 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 three months ended March 31, 2018 and 2017, the Company recorded a gain (loss) on interest rate swap contracts of $(31,922) and $2,342, respectively.

As of March 31, 2018 and December 31, 2017, our outstanding interest rate swap contracts had an aggregate fair value and carrying value of $109,824 and $77,902, respectively, reflected in “liabilities under derivative contracts” in our condensed consolidated balance sheets.

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

See Note 8 for a discussion regarding the fair value of these contracts.

NOTE 8. 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 March 31, 2018 and December 31, 2017 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 condensed 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.

(dollars in thousands, except where otherwise indicated)

As discussed in Note 7, in June 2016, the Company entered into two fixed to floating interest rate swaps with an aggregate fair value and carrying value of $109,824 and $77,902 as of as of March 31, 2018 and December 31, 2017, respectively reflected in "liabilities under derivative contracts" in our condensed 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 condensed consolidated balance sheets, are summarized as follows:

		March 31, 2018		December 31, 2017	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility	Level II	$ 1,247,318	$ 1,255,513	$ 1,250,217	$ 1,258,675
Senior secured notes	Level II	2,571,465	2,580,000	2,570,506	2,658,930
Senior notes and debentures	Level II	2,779,048	2,987,700	2,770,737	2,983,615
Notes payable	Level II	24,148	24,148	8,945	8,945
		$ 6,621,979	$ 6,847,361	$ 6,600,405	$ 6,910,165

(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 three months ended March 31, 2018 and 2017.

NOTE 9. INCOME TAXES

Cequel 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, Cequel, Cequel Corporation and Altice USA entered into an income tax sharing agreement under which Cequel will have an obligation to Cequel Corporation for current income taxes on a stand-alone basis.

(dollars in thousands, except where otherwise indicated)

Cequel recorded income tax expense of $2,092 for the three months ended March 31, 2018, reflecting an effective tax rate of 30%, which has declined compared to previous years primarily as a result of the enactment of the Tax Cuts & Jobs Act in December 2017 which lowered the corporate federal income tax rate from 35% to 21%.

Cequel recorded income tax expense of $12,177 for the three months ended March 31, 2017, reflecting an effective tax rate of 45%. Nondeductible share-based compensation resulted in tax expense of $1,107. Absent this item, the effective tax rate for the three months ended March 31, 2017 would have been 41%.

As of March 31, 2018, the Company's federal net operating losses ("NOLs") were approximately $773,000 on a standalone basis. The NOLs are subject to limitations arising from ownership changes under Internal Revenue Code section 382. The Company does not expect the limitations to impact the ability to utilize the NOLs prior to their expiration.

NOTE 10. SHARE-BASED COMPENSATION

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.

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 condensed consolidated balance sheets at fair value. Adjustments to fair value at each reporting period are recorded in member's equity.

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 Altice USA's Class A common stock upon vesting.

The following table summarizes activity relating to carry units held by the Company's employees:

	Number of Time Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2017	13,850,001	$ 0.37
Forfeited	(500,001)	0.37
Transfers to affiliate	(3,000,000)	0.37
Balance, March 31, 2018	10,350,000	0.37

The weighted average fair value per unit was $2.45 and $2.79 as of March 31, 2018 and December 31, 2017, respectively. For the three months ended March 31, 2018 and 2017, the Company recognized an expense of $4,297 and $2,767, respectively, related to the push down of share-based compensation related to the carry unit plan of which approximately $1,209 and $2,080 related to units granted to employees of the Company and $3,088 and $687, respectively, related to employees of Altice USA and affiliated companies allocated to the Company.

(dollars in thousands, except where otherwise indicated)

In addition, the Company receives an allocation of share-based compensation from Altice USA related to employees of the Company, as well as employees of Altice USA who provide services to the Company. For the three months ended March 31, 2018, such allocation amounted to $1,154 and is included in other operating expense in the accompanying condensed consolidated statements of operations.

NOTE 11. RELATED PARTY TRANSACTIONS

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. 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 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 amounts related to services provided to or received from other subsidiaries of Altice N.V.:

	Three Months Ended March 31,	
	2018	2017
Revenue	$ 47	$ —
Operating expenses:		
Programming and other direct costs	(224)	—
Other operating expenses, net (a)	(41,845)	(2,563)
Operating expenses, net	(42,069)	(2,563)
Interest income (b)	1,644	1,942
Net charges	$ (40,378)	$ (621)
Capital Expenditures	$ 289	$ 210

(a) Other operating expenses include charges of $35,312 from ATS for the three months ended March 31, 2018. For the three months ended March 31, 2018 and 2017, other operating expenses also includes charges for services provided by other subsidiaries of Altice N.V. aggregating $4,033 and $63, respectively, and approximately $2,500 in each period related to certain executive services, as well as consulting, advisory and other services, including, prior to the Altice USA IPO, CEO, CFO and COO services, provided to the Company by a subsidiary of Altice N.V. 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.

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

(dollars in thousands, except where otherwise indicated)

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

	March 31, 2018	December 31, 2017
Due from:		
Altice USA (a)	$ 90,140	$ 90,005
Cequel Corporation (b)	18,585	17,099
	$ 108,725	$ 107,104
Due to:		
Cablevision (b)	68,540	19,482
Other Altice N.V. subsidiaries (b) (c)	1,175	3,209
	$ 69,715	$ 22,691

(a) Includes an $87,675 principal amount intercompany loan made to Altice USA. In May 2018, Altice USA repaid this loan and the related interest.

(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 in 2017 include $14,511 for assets that were transferred to the Company.

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

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.

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 13. SUBSEQUENT EVENTS

In April 2018, Cequel Communications Holdings I, LLC and Cequel Capital Corporation each an indirect, wholly owned subsidiary of the Company, issued $1,050,000, aggregate principal amount of 7.5% senior notes due April 1, 2028. The proceeds of these notes were used in April 2018 to redeem the $1,050,000 aggregate principal amount 6.375% senior notes due September 15, 2020.

The Company has updated its review of subsequent events as of May 15, 2018 (the date available for issuance) noting no other events that require disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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 March 31, 2018. 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” included in our Annual Report for the year ended December 31, 2017.

We derive revenue principally through monthly charges to residential customers of our pay television, broadband, and telephony services. We also derive revenue from, DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential pay television, broadband, and telephony services accounted for approximately 40%, 38% and 4%, respectively, of our consolidated revenue for the three months ended March 31, 2018. 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 three months ended March 31, 2018, 14% of our consolidated revenue was derived from these business services and wholesale. 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 three months ended March 31, 2018. Our other revenue for the three months ended March 31, 2018 accounted for approximately 1% of our consolidated revenue.

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

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” included in our Annual Report for the year ended December 31, 2017.

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 fiber-to-the home 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.

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 and write-off of deferred financing costs, 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.

RESULTS OF OPERATIONS

	Cequel Holdings			
	Three Months Ended		2018 to 2017 Favorable (Unfavorable)	% Change 2018 to 2017
	March 31, 2018	March 31, 2017		
	(dollars in thousands)			
Revenue:				
Residential:				
Pay TV	$ 269,988	$ 281,684	$ (11,696)	(4)%
Broadband	261,270	229,585	31,685	14 %
Telephony	30,453	34,404	(3,951)	(11)%
Business Services	98,918	90,876	8,042	9 %
Advertising	17,068	18,229	(1,161)	(6)%
Other	4,852	5,494	(642)	(12)%
Total Revenue	682,549	660,272	22,277	3 %
Operating expenses:				
Programming and other direct costs	202,624	190,041	(12,583)	(7)%
Other operating expenses	179,735	158,335	(21,400)	(14)%
Restructuring and other expense	504	18,282	17,778	97 %
Depreciation and amortization	157,341	165,548	8,207	5 %
Operating income	142,345	128,066	14,279	11 %
Other income (expense):				
Interest expense, net	(100,493)	(103,492)		
Loss on sale of affiliate interests	(2,880)	—		
Gain (loss) on interest rate swap contracts	(31,922)	2,342		
Other expense	(12)	—		
Income before income taxes	7,038	26,916		
Income tax expense	(2,092)	(12,177)		
Net income	$ 4,946	$ 14,739		

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

	Three Months Ended		2018 to 2017 Favorable (Unfavorable)	% change 2018 to 2017
	March 31, 2018	March 31, 2017		
Net income	$ 4,946	$ 14,739	$ (9,793)	(66)%
Income tax expense	2,092	12,177	(10,085)	(83)%
Loss (gain) on interest rate swap contracts	31,922	(2,342)	34,264	1,463 %
Loss on sale of affiliate interests	2,880	—	2,880	100 %
Other expense	12	—	12	100 %
Interest expense, net	100,493	103,492	(2,999)	(3)%
Depreciation and amortization	157,341	165,548	(8,207)	(5)%
Restructuring and other expense	504	18,282	(17,778)	(97)%
Share-based compensation	5,451	2,767	2,684	97 %
Adjusted EBITDA	$ 305,641	$ 314,663	$ (9,022)	(3)%

The following table sets forth certain customer metrics:

	March 31, 2018	December 31, 2017	March 31, 2017
	(in thousands, except per customer amounts)		
Homes passed(a)	3,468	3,457	3,419
Total customer relationships (b)(c)	1,765	1,750	1,765
Residential	1,655	1,642	1,661
SMB	110	109	103
Residential customers:			
Pay TV	1,035	1,042	1,087
Broadband	1,399	1,376	1,366
Telephony	596	592	596
Residential triple product customer penetration(d):	25.7%	25.7%	25.4%
Penetration of homes passed(e):	50.9%	50.6%	51.6%
ARPU(f)	$ 113.58	$ 112.21	$ 109.88

(a) 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. For Cequel, broadband services were not available to approximately 100 homes passed and telephony services were not available to approximately 500 homes passed.

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

(c) 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.

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

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

(f) 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.

Pay Television Revenue

Pay television revenue is derived principally through monthly charges to residential customers of our pay television services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing customers, and changes in programming packages.

Pay television revenue decreased $11,696 (4%) for the three months ended March 31, 2018 as compared to the same period in the prior year. The decrease was due primarily to a decline in the number of pay television customers, partially offset by an increase in average revenue per pay television customer.

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

Broadband Revenue

Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers.

Broadband revenue increased $31,685 (14%) for the three months ended March 31, 2018 compared to the same period in the prior year. The increase was due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Telephony Revenue

Telephony revenue is derived principally through monthly charges to residential customers of our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers.

Telephony revenue decreased $3,951 (11%) for the three months ended March 31, 2018 compared to the three months ended March 31, 2017. The decrease was due primarily to lower rates offered to customers.

Business Services and Wholesale Revenue

Business services and wholesale revenue is derived primarily from the sale of fiber based telecommunications services to the business market, and the sale of broadband, pay television and telephony services to small and medium sized business ("SMB") customers.

Business services revenues increased $8,042 (9%) for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. The increase was primarily due to higher commercial rates and customers for broadband services, an increase in certain pay television rates and increases in wholesale data and telephony services.

Advertising Revenue

Advertising revenue is primarily derived from the sale of advertising time available on the programming carried on our cable television systems. Advertising revenue decreased $1,161 (6%) for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.

Other Revenue

Other revenue decreased $642 (12%) for the three months ended March 31, 2018, as compared to the same period in the prior year. Other revenue includes other miscellaneous revenue streams.

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 VOD and pay-per-view) and are generally paid on a per-customer 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 pay 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 $12,583 for the three months ended March 31, 2018, as compared to the same period in the prior year. The net increase is attributable to the following:

Increase in programming costs due primarily to contractual rate increases and new channel launches, partially offset by lower pay television customers and lower video-on-demand and pay-per-view costs	$	11,719
Other net increases		864
	$	12,583

Programming costs aggregated $164,078 and $152,359 for the three ended March 31, 2018 and 2017, respectively. Our programming costs in 2018 will continue to be impacted by changes in programming rates, which we 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.

Customer installation and repair and maintenance costs may fluctuate as a result of changes in the 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. Costs associated with the initial deployment of new customer premise equipment necessary to provide broadband, pay television and telephony services are capitalized (asset-based). 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 certain of these costs, such as sales and marketing, may increase with intense competition. Additionally, other operating expenses include various other administrative costs, including legal fees, and product development costs.

Other operating expenses increased $21,400 (14%) for the three months ended March 31, 2018, as compared to the same period in the prior year. The net increase is attributable to the following:

Decrease primarily in salaries, partially offset by lower capitalizable activity	$	(7,031)
Increase in general and administrative costs		8,581
Increase in product development costs and product consulting fees		6,659
Increase in sales and marketing costs		4,615
Increase in repairs and maintenance costs		4,295
Other net increases		4,281
	$	21,400

Restructuring and Other Expense

Restructuring and other expense for the three months ended March 31, 2018 and 2017 amounted to $504 and $18,282, respectively. Restructuring expense for both periods primarily relate to costs incurred in connection with severance and other employee related costs resulting from headcount reductions related to initiatives commenced in 2016 that are intended to simplify the Company's organizational structure. We currently anticipate that additional restructuring expenses will be recognized as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization decreased $8,207 (5%) for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017. The decrease is due primarily to lower amortization expense for certain intangible assets that are being amortized using an accelerated method.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, other non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, 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. See reconciliation of net loss to adjusted EBITDA above.

Adjusted EBITDA decreased $9,022 (3%) for the three months ended March 31, 2018, as compared to the same period in the prior year. The decrease in adjusted EBITDA was due primarily to an increase in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses), partially offset by an increase in revenue as discussed above.

Interest Expense, net

Interest expense, net decreased $2,999 (3%) for the three months ended March 31, 2018, as compared to the same period in the prior year. The net decrease is attributable to the following:

Decrease in weighted average debt outstanding	$	(102)
Change in effective interest rate		(2,921)
Increase in amortization of debt issuance costs, discounts and deferred financing fees, net		80
Increase in interest income		(56)
	$	(2,999)

Gain (loss) on interest rate swap contracts

Gain (loss) on interest rate swap contracts amounted to $(31,922) and $2,342 for the three months ended March 31, 2018 and 2017, respectively. This represents the increase (decrease) in fair value of the fixed to floating interest rate swaps entered into in June 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 sale of affiliate interests

The loss on sale of affiliate interests of $2,880 during the three months ended March 31, 2018 relates to the sale of our ownership interest in a subsidiary of the Company.

Income tax expense

Income tax expense amounted to $2,092 for the three months ended March 31, 2018, reflecting an effective tax rate of 30%, which has declined compared to previous years primarily as a result of the enactment of the Tax Cuts & Jobs Act in December 2017 which lowered the corporate federal income tax rate from 35% to 21%.

The Company recorded income tax expense of $12,177 for the three months ended March 31, 2017, reflecting an effective tax rate of 45%. Nondeductible share-based compensation resulted in tax expense of $1,107. Absent this item, the effective tax rate for the three months ended March 31, 2017 would have been 41%.

As of March 31, 2018, the Company's federal net operating losses (“NOLs”) were approximately $773,000 on a standalone basis. The NOLs are subject to limitations arising from ownership changes under Internal Revenue Code section 382. The Company does not expect the limitations to impact the ability to utilize the NOLs prior to their expiration.

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 intend 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 the Company’s outstanding credit facility debt as of March 31, 2018:

	Maturity Date	Interest Rate	Principal	Carrying Value (a)
Revolving Credit Facility (b)	$65,000 on November 30, 2021, and remaining balance on April 5, 2023	—%	$ —	$ —
Term Loan Facility	July 28, 2025	4.13%	1,255,513	1,247,318
			$ 1,255,513	1,247,318
Less: Current portion				12,650
Long-term debt				$ 1,234,668

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

(b) At March 31, 2018, $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:

Date Issued		Maturity Date	Interest Rate		March 31, 2018 Principal Amount	March 31, 2018 Carrying Amount (a)
Cequel and Cequel Capital Senior Notes (l):						
Oct. 25, 2012	Dec. 28, 2012	September 15, 2020	6.375% (b)	(c)	$ 1,050,000	$ 1,029,364
May 16, 2013	Sept. 9, 2014	December 15, 2021	5.125% (b)		1,250,000	1,144,929
June 12, 2015		July 15, 2025	7.750% (d)		620,000	604,755
Altice US Finance I Corporation Senior Secured Notes (e):						
June 12, 2015		July 15, 2023	5.375% (f)		1,100,000	1,083,159
April 26, 2016		May 15, 2026	5.500% (g)		1,500,000	1,488,306
					$ 5,520,000	5,350,513
Less: current portion						—
Long-term debt						$ 5,350,513

(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) These notes were repaid in April 2018 with the proceeds from the issuance of new senior notes (see Note 13).

(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) 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.

(f) 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%.

(g) 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%.

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 March 31, 2018.

Payment Obligations Related to Debt

As of March 31, 2018, 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	$	287,631
2019		405,904
2020		1,435,063
2021		1,567,455
2022		252,857
Thereafter		5,035,769
Total	$	8,984,679

Credit Facilities

On June 12, 2015, Altice US Finance I Corporation, a wholly-owned subsidiary of Cequel, entered into a senior secured credit facility which currently provides U.S. dollar term loans in an aggregate principal amount of $1,265,000 ($1,255,513 outstanding at March 31, 2018) (the “Cequel Term Loan Facility” and the term loans extended under the Cequel Term Loan Facility, the “Cequel Term Loans”) and U.S. dollar revolving loan commitments in an aggregate principal amount of $350,000 (the “Cequel Revolving Credit Facility” and, together with the Cequel Term Loan Facility, the “Cequel 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 administrative agent and security agent (as amended, restated, supplemented or otherwise modified on October 25, 2016, December 9, 2016, March 15, 2017, and March 22, 2018 and as further amended, restated, supplemented or modified from time to time, the “Cequel Credit Facilities Agreement”).

The Company was in compliance with all of its financial covenants under the Credit Facilities Agreement as of March 31, 2018.

See Note 9 to our consolidated financial statements in our Annual Report for the year ended December 31, 2017 for further information regarding the Cequel Credit Facilities Agreement.

Cequel Notes

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 March 31, 2018, Cequel was in compliance with all of its financial covenants under the indentures under which the Cequel senior secured notes were issued.

Cequel Senior Notes

On October 25, 2012, Cequel Capital Corporation and Cequel Communications Holdings I, LLC (collectively, the "Cequel 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 Cequel Senior Notes 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 Cequel Term Loan pursuant to the March 15, 2017 amendment.

On May 16, 2013, the Cequel Senior Notes Co-Issuers issued $750,000 aggregate principal amount of their 5 1/8% Senior Notes due 2021. On September 9, 2014, the Cequel 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 Cequel Acquisition, Altice US Finance II Corporation was merged into Cequel and the Cequel 2025 Senior Notes became the obligation of the Cequel Senior Notes Co-Issuers.

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

As of March 31, 2018, Cequel was in compliance with all of its financial covenants under the indentures under which the Cequel senior notes were issued.

In April 2018, Cequel Communications Holdings I, LLC and Cequel Capital Corporation each an indirect, wholly owned subsidiary of the Company, issued $1,050,000, aggregate principal amount of 7.5% senior notes due April 1, 2028. The proceeds of these notes were used in April 2018 to redeem the $1,050,000 aggregate principal amount 6.375% senior notes due September 15, 2020.

Commitments and Contingencies

As of March 31, 2018, the Company's commitments and contingencies not reflected in the Company's condensed consolidated balance sheets decreased to approximately $1,995,000 as compared to approximately $2,283,000 at December 31, 2017. This decrease relates primarily to payments made pursuant to programming commitments during the three months ended March 31, 2018, partially offset by renewed multi-year programming agreements entered into during the period.

Distributions to Parent

The Cequel Credit Facilities Agreement and the Indentures permit in certain instances distributions to holders of equity interests in Cequel Holdings and Cequel Corporation.

Capital Expenditures

The following table provides details of the Company's capital expenditures:

	Three Months Ended March 31,	
	2018	2017
Customer premise equipment	$ 18,421	$ 28,279
Network infrastructure	38,124	26,028
Support and other	21,253	8,454
Business services	13,016	10,267
Capital purchases (cash basis)	$ 90,814	$ 73,028
Capital purchases (including accrued not paid)	$ 80,907	$ 47,324

Customer premise equipment includes expenditures for set-top boxes, cable modems, routers and other equipment that is placed in a customer's home, as well as installation costs for placing the assets into service. 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 $256,270 for the three months ended March 31, 2018 compared to $202,049 for the three months ended March 31, 2017. The 2018 cash provided by operating activities resulted from $193,419 of income before depreciation and amortization and non-cash items. In addition, cash increased as a result of an increase of $16,630 in accounts payable and other liabilities, a decrease of $14,299 in current assets and other assets and an increase of $31,922 in interest rate swap liabilities.

The 2017 cash provided by operating activities resulted from $180,287 of income before depreciation and amortization and $26,834 of non-cash items, and $3,181 resulting from an increase in current assets and amounts due from and due to affiliates, net, partially offset by decreases in cash of $8,253 as a result of decreases in accounts payable, accrued expenses and accrued interest.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2018 was $94,570 compared to $72,805 for the three months ended March 31, 2017. The 2018 investing activities consisted primarily of capital expenditures and cash used in connection with the sale of an affiliate interest of $3,537 and the sale of equipment of $219. The 2017 investing activities consisted primarily of $73,028 of capital expenditures, offset by net proceeds from the disposal of assets of $223.

Financing Activities

Net cash used in financing activities amounted to $3,304 for the three months ended March 31, 2018 compared to $2,223 for the three months ended March 31, 2017. In 2018, the Company's financing activities consisted of repayments of credit facility debt of $3,163, and principal payments on capital lease obligations of $141.

In 2017, the Company's financing activities consisted of repayments on long-term debt of $2,038 and principal payments on capital lease obligations of $185.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 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 condensed consolidated financial statements.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

All dollar amounts included in the following discussion under this Item 3 are presented in thousands.

Fair Value of Debt

At March 31, 2018, the fair value of our fixed rate debt of $5,591,848 was higher than its carrying value of $5,374,661 by $217,187. 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 March 31, 2018 would increase the estimated fair value of our fixed rate debt by $89,585 to $5,681,433. 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 1.665% 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 three months ended March 31, 2018, the Company recorded a loss on interest rate swap contracts of $31,922.

As of March 31, 2018, our outstanding interest rate swap contracts had an aggregate fair value and carrying value of $109,824 reflected in “Liabilities under derivative contracts” on our condensed consolidated balance sheet.

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

ITEM 4. CONTROLS AND PROCEDURES

Pursuant to the Indentures, 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, are required to be included in or to accompany this Quarterly Report.

The Company plans to migrate its customer billing system to the Cablevision billing system platform in 2018. Additionally, the Company plans to implement and upgrade certain other customer billing systems.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to Note 12 to our condensed consolidated financial statements included in this Quarterly Report for a discussion of our legal proceedings.

SIGNATURE

Cequel has duly caused this Quarterly Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

Date: May 15, 2018

/s/ Charles Stewart

By: Charles Stewart as Co-President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer) of
Cequel Communications Holdings I, LLC