

## CURRENT REPORT

of

### CEQUEL COMMUNICATIONS HOLDINGS I, LLC

August 13, 2013

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Pursuant to (i) Section 4.12(a) of the indenture, dated as of October 25, 2012 (the “2020 Notes Indenture”), by and among Cequel Cequel Communications Holdings I, LLC, a Delaware limited liability company (as successor by merger to Cequel Communications Escrow I, LLC) (“Cequel”), Cequel Capital Corporation, a Delaware corporation (as successor by merger to Cequel Communications Escrow Capital Corporation) (“Cequel Capital”, and together with Cequel, the “Issuers”) and U.S. Bank National Association, as trustee (the “Trustee”), relating to the Issuers’ 6.375% Senior Notes due 2020 (the “2020 Notes”); and (ii) Section 4.12(a) of the indenture, dated as of May 16, 2013 (the “2021 Notes Indenture”), by and among Cequel, Cequel Capital, and the Trustee, as amended, relating to the Issuers’ 5.125% Senior Notes due 2021 (the “2021 Notes”), and together with the 2020 Notes, the “Notes”), Cequel is furnishing the information contained herein to holders of the Notes.

#### Earnings Release for the Three and Six Months Ended June 30, 2013

On August 13, 2013, Cequel issued a press release reporting its financial results for the three and six months ended June 30, 2013 (the “Earnings Announcement”). A copy of the Earnings Announcement is attached to this Current Report as Exhibit 99.1.

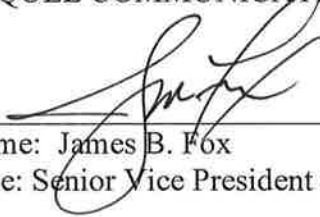
#### Earnings Call and Replay of Call

On August 13, 2013, Cequel held a conference call to discuss its financial results for the three and six months ended June 30, 2013. A replay of the call will be available on Cequel’s website ([www.suddenlink.com](http://www.suddenlink.com)) after the call.

## SIGNATURES

Pursuant to the requirements of Section 4.12(a) of each of the 2020 Notes Indenture and the 2021 Notes Indenture, Cequel has duly caused this Current Report to be signed on its behalf by the undersigned thereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC



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Name: James B. Fox

Title: Senior Vice President and Chief Accounting Officer

August 13, 2013

Press Release Attached Starting on the Next Page

## FOR IMMEDIATE RELEASE

ST. LOUIS (August 13, 2013) – Cequel Communications Holdings I, LLC (“Cequel,” and together with its subsidiaries, the “Company” or “Suddenlink”) today reported financial and operating results for the three and six months ended June 30, 2013.

“We continued to generate strong financial results in the second quarter, with pro forma year-over-year revenue growth of 5.6 percent, adjusted EBITDA growth before non-recurring expenses of 6.8 percent, and free cash flow growth of 31.8 percent,” said Suddenlink Chairman and CEO Jerry Kent. “These results put us in excellent position to make the type of targeted, strategic investments that we believe will continue to drive our growth and success.”

### Second Quarter 2013 Highlights

Operating results and metrics and year-over-year changes described below are presented on a pro forma basis to include the acquisition and contribution of all of the capital stock of Excell Communications, Inc. (“Excell”) on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, as if those transactions had been consummated on January 1, 2012.

- Second quarter revenues of \$544.0 million grew 5.6% compared to the second quarter of the prior year. Revenues for the first six months of 2013 of \$1,082.9 million grew 6.0% compared to the first six months of the prior year.
- Adjusted EBITDA (as defined herein) for the second quarter 2013, excluding the impact of non-recurring expenses, was \$211.6 million, representing growth of 6.8%, compared to the same period in the prior year. Adjusted EBITDA for the first six months of 2013 was \$419.8 million, an increase of 8.1% compared to the first six months of 2012.
- Including the impact of non-recurring expenses, Adjusted EBITDA for the second quarter 2013 was \$208.3 million, representing growth of 5.1%, compared to the same period in the prior year. Adjusted EBITDA for the first six months of 2013 was \$415.2 million, an increase of 9.2% compared to the first six months of 2012.
- Free Cash Flow (as defined herein) of \$44.2 million for the second quarter 2013 grew \$10.6 million compared to the second quarter 2012, an increase of 31.8%. Free Cash Flow for the first six months of 2013 was \$82.2 million, an increase of 84.3% compared to the first six months of 2012.
- Total average monthly revenue per basic video customer (“ARPU”) for the second quarter was \$150.93, an increase of 8.7% compared to the second quarter of the prior year.
- Revenue Generating Units (“RGUs”) were 3,536,500, an increase of 63,100, or a 1.8% year-over-year increase. Including commercial high speed data and telephone customers, our RGUs increased 74,400, or 2.1% over the prior year.
- Bundled residential customers represented 65.3% of total residential customer relationships at June 30, 2013, an increase from 63.5% at June 30, 2012. Triple play customer relationships represented 25.8% of total residential customer relationships at June 30, 2013, versus 24.6% at June 30, 2012.
- Non-video residential customers represented 19.2% of total residential customer relationships at June 30, 2013, an increase of 11.8% compared to the prior year.

- Commercial revenue grew 16.2% versus the second quarter of 2012, including 21.9% year-over-year growth in our commercial high-speed data, on-net and off-net carrier and telephone revenues on a combined basis.

## **Second Quarter 2013 Compared to Second Quarter 2012**

Second quarter 2013 revenues rose 5.6%, largely attributable to the increase in residential high-speed Internet, telephone, advanced digital video and broadcast retransmission revenue and growth in revenues from our commercial business, including carrier services. Residential revenue growth resulted from increases in the number of new telephone, high-speed Internet and digital video customers over the trailing twelve months, an increase in the penetration of existing customers for these services, the impact of video and high-speed Internet rate increases, including broadcast retransmission rate increases, incremental service revenues from high definition television ("HDTV") and digital video recorded ("DVR") services as more customers purchased advanced video services from us during the trailing twelve months and the impact from the shift of customers to higher speed Internet products. Offsetting this residential growth in part was a decrease in revenue due to basic video customer losses, the impact of bundling and promotional discounts, digital customers purchasing fewer digital tiers of service during the trailing twelve months, decreased premium and pay per view revenues and decreases in advertising revenue. Revenues for our commercial business grew due to increases in commercial high-speed data and telephone customers and from increases in cell tower and backhaul revenues from carrier customers.

Video service revenues increased 1.6% due primarily to video rate increases, higher broadcast retransmission revenue, customer growth in our digital and advanced video services, including converter rental revenue for high-definition and DVR capable digital converters and increased franchise fee revenue. Offsetting this growth, in part, were the year-over-year basic video customer losses, the impact of digital customers purchasing fewer digital tiers of service on average and decreased premium and pay per view revenues.

High-speed Internet service revenues rose 13.8% due primarily to an increase in residential high-speed Internet customers, growth in home networking revenues, the impact of residential rate increases and the shift of customers to higher speed Internet products, growth in our commercial high-speed data services to small and medium sized businesses and growth in carrier services, including fiber to the tower, optical Internet and transport revenues.

Telephone service revenues grew 6.2% due primarily to an increase in residential telephone customers and growth in our commercial telephone services to small and medium sized businesses.

Advertising revenues decreased 4.2% due largely to lower national and local political advertising sales, offset in part by increased national and local automotive advertising sales.

Other revenues increased 12.1% due primarily to increases in administrative fee revenue, security service revenue, wire maintenance revenue, commercial installation revenue and state cost recovery fee revenue.

Our commercial lines of business, embedded in the video, high-speed Internet, telephone service and other revenues described above, are comprised of commercial and bulk video, commercial high-speed data, fiber based on- and off-net carrier services and commercial telephone. Commercial revenue totaled \$73.2 million, or 13.5% of total revenue, in the second quarter of 2013. Our commercial revenue grew 16.2% versus the second quarter of 2012, including 21.9% year-over-year growth in our commercial high-speed data, on-net and off-net carrier and telephone revenues on a combined basis.

Operating costs and expenses increased 5.9%, primarily due to higher programming costs, including broadcast retransmission consent expenses, increased net compensation and employee related costs, increased commercial circuit costs, increased marketing expenses, increased billing and IT expenses, increased property taxes and the impact of certain non-recurring expenses. The second quarter of 2013 includes approximately \$3.4 million of non-recurring expenses which are primarily associated with credit

facility amendment costs, due diligence costs and costs associated with our initiative to replace our use of a third-party telephone service provider with our own internal platform and resources. The second quarter 2012 non-recurring expenses were immaterial.

Including the impact of non-recurring expenses described above, Adjusted EBITDA for the second quarter 2013 would have been \$208.3 million, an increase of 5.1% compared to the second quarter last year, with Adjusted EBITDA margin of 38.3%. Excluding those non-recurring expenses, Adjusted EBITDA for the second quarter 2013 was \$211.6 million, an increase of 6.8% from the same quarter last year, resulting in an Adjusted EBITDA margin of 38.9%, a 50 basis point improvement from the second quarter 2012.

Income from operations for the second quarter 2013 was \$45.9 million, a decrease of 53.2%, compared to \$98.1 million for the second quarter 2012, as a result of increased depreciation and amortization expense.

Interest expense decreased 8.2%, due to a lower average effective interest rate, offset in part by increased indebtedness, as well changes to debt premium and deferred financing fee amortizations, as compared to the second quarter last year.

For the three months ended June 30, 2013, we recorded a \$6.5 million loss on the extinguishment of debt in connection with the redemption of \$400.0 million and \$712.6 million aggregate principal amount of the 2017 Notes in May 2013 and June 2013, respectively. There was no loss on extinguishment of debt for the three months ended June 30, 2012.

Net loss was \$27.2 million for the second quarter 2013, compared to net income of \$28.6 million for the second quarter 2012.

### **Key Operating Metrics**

At June 30, 2013, Suddenlink served approximately 1.4 million residential customers, and Suddenlink's RGUs were comprised of 1,189,000 basic video, 844,600 digital video, 1,017,200 residential high-speed Internet and 485,700 residential telephone customers. Suddenlink's approximately 3.5 million RGUs as of June 30, 2013 increased 63,100, or 1.8%, over the prior year. In addition, as of June 30, 2013, Suddenlink served approximately 54,500 commercial high-speed data and 27,800 commercial telephone customers, not included in our RGU or customer relationship totals. Including these commercial customers, our RGUs increased 74,400, or 2.1% over the prior year.

Approximately 65.3% of Suddenlink's residential customers subscribe to bundled services, compared to 63.5% a year ago. Approximately 351,300 of Suddenlink's residential customers receive video, high-speed Internet and telephone services as part of a triple play bundle, representing 25.8% of Suddenlink's total residential customer relationships. Growth of 15,100 residential triple play customers from the second quarter of 2012 represented an increase of 4.5%. Non-video residential customers of approximately 262,000 at June 30, 2013 represent 19.2% of total residential customer relationships, and grew 11.8%.

Suddenlink's ARPU for the second quarter of 2013 was \$150.93, an increase of 8.7% compared to the second quarter of 2012.

Basic video customers decreased by approximately 22,900 customers while digital video customers decreased by approximately 8,500 customers during the second quarter of 2013. During the trailing twelve months, basic video customers decreased by approximately 38,200, or 3.1%, while digital video customers increased by approximately 37,700, or 4.7%. Estimated basic penetration at June 30, 2013, was 38.9% of estimated homes passed. Digital penetration to basic customers was 71.0%.

Residential high-speed Internet customers decreased by approximately 9,000 during the second quarter of 2013, and increased 40,600, or 4.2%, during the trailing twelve months. At June 30, 2013, estimated

residential high-speed Internet penetration was 34.2% of high-speed Internet capable homes passed. During the second quarter of 2013, commercial high-speed data customers increased by approximately 1,300. During the trailing twelve months, commercial high-speed data customers increased by approximately 4,700, or 9.4%. On a combined basis, residential high-speed Internet and commercial high-speed data customers grew 45,300, or 4.4%.

Residential telephone customers grew by approximately 8,200 during the second quarter of 2013, and 23,000, or 5.0%, during the trailing twelve months ended June 30, 2013. At June 30, 2013, estimated residential telephone penetration was 19.1% of telephone capable homes passed. During the second quarter of 2013, commercial telephone customers increased by approximately 2,300 customers, and increased by approximately 6,600 over the trailing twelve months ended June 30, 2013, or 31.1%. These commercial customers purchase 2.9 lines on average. On a combined basis, residential and commercial telephone customers grew 29,600, or 6.1%.

### **Liquidity and Capital Resources**

The following discussion of liquidity and capital resources is presented on an actual basis and does not include historical pro forma adjustments reflecting the acquisition and contribution of Excell in November 2012 and the divestiture of immaterial assets in 2012.

At June 30, 2013, the Company had approximately \$78.7 million of cash on hand with \$16.4 million of outstanding letters of credit, which reduced the availability under our revolving credit facility to approximately \$483.6 million.

Net cash provided by operating activities was \$58.4 million for the three months ended June 30, 2013, compared to net cash provided by operating activities of \$72.0 million for the three months ended June 30, 2012. This change is due primarily to the \$72.0 million Senior Notes redemption premium, offset in part by growth in Adjusted EBITDA, and the timing of payments for accrued interest and other working capital items.

Capital expenditures were \$94.9 million and \$95.4 million for the three months ended June 30, 2013 and 2012, respectively, and \$193.1 million and \$192.9 million for the six months ended June 30, 2013 and 2012, respectively. During fiscal year 2013, we expect capital expenditures to be approximately \$365.0 million to \$375.0 million. This increase in capital expenditures from our previous guidance is a result of additional success based capital expenditures from our fiber to the tower carrier business and capital expenditures associated with a planned move of our corporate offices (including our data center) to a larger facility needed to accommodate future growth. During the first quarter of 2013 we raised our capital expenditure guidance as a result of expected capital expenditures necessary to begin the process to replace our use of a third-party telephone service provider with our own internal platform and resources, and from increased levels of customer premise equipment supporting an increased demand for our TiVo product. We estimate that approximately \$20 million of the full year 2013 capital expenditure guidance relates to our telephone platform investment and our corporate office and data center relocation, which are outside of our typical capital expenditure profile.

In March 2013, we began an initiative to replace our use of a third-party telephone service provider with our own internal platform and resources. The majority of the migration activity relating to this initiative will take place in 2014, and we expect to complete this process by early 2015. We expect to incur up to \$50 million of additional non-recurring operating expenses and capital expenditures through early 2015 to complete this transaction, but also expect to significantly reduce telephone operating expenses when completed.

Free Cash Flow for the quarter ended June 30, 2013 was \$44.2 million, compared to \$33.5 million for the quarter ended June 30, 2012, an increase of 31.8%. The increase in Free Cash Flow for the second quarter of 2013 as compared to the same period in 2012 is primarily due to improved operating results.

The Senior Secured Leverage Ratio (Consolidated Secured Debt to Adjusted Pro Forma EBITDA) for Suddenlink as defined in and calculated in accordance with our Credit Agreement was 2.93x at June 30, 2013.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indentures governing Cequel's 6.375% Senior Notes due 2020 and 5.125% Senior Notes due 2021 was 5.72x at June 30, 2013.

### **Deferred Fee**

On April 1, 2013, we used cash on hand to make a distribution to Cequel Holdings of \$64.6 million. Cequel Holdings then made a distribution to Cequel Corporation of \$64.6 million (the "Deferred Fee"). Cequel Corporation used this distribution to pay the Deferred Fee. The Deferred Fee was accrued as of December 31, 2012.

### **Credit Facility Amendment and Borrowing and Senior Notes Issuance and Redemptions**

#### *Credit Facility*

On April 12, 2013, Suddenlink amended the term loan facility of the Credit Facility to reduce the interest rate on the term loans to the prime rate plus 1.75% or the LIBOR rate plus 2.75%, with a LIBOR floor of 0.75%. There is a 101 soft call on repricings for six months from the amendment date.

On April 26, 2013, Suddenlink borrowed \$300.0 million of incremental term loans (the "Incremental Term Loans") under the Credit Facility. The Incremental Term Loans have the same terms as the existing term loans under the Credit Facility. The proceeds from the Incremental Term Loans and cash on hand were used to redeem \$400.0 million aggregate principal amount of the outstanding 2017 Notes on May 16, 2013.

#### *5.125% Senior Notes Due 2021*

On May 16, 2013, the Issuers issued \$750.0 million aggregate principal amount of the 2021 Notes at par. The proceeds from the sale of the 2021 Notes were used to redeem the remaining \$712.6 million aggregate principal amount of the outstanding 2017 Notes and pay related fees and expenses.

#### *Redemptions of 8.625% Senior Notes Due 2017*

On May 16, 2013, the Issuers redeemed \$400.0 million aggregate principal amount of the outstanding 2017 Notes plus the applicable redemption premium of approximately \$25.9 million, which was financed using the proceeds from the Incremental Term Loans and cash on hand. The carrying amount of the redeemed 2017 Notes was \$423.8 million, thus resulting in a loss on extinguishment of debt of \$2.1 million.

On June 17, 2013, the Issuers redeemed the remaining \$712.6 million aggregate principal amount of the outstanding 2017 Notes plus the applicable redemption premium of approximately \$46.1 million, which was financed using the proceeds from the sale of the 2021 Notes. The carrying amount of the remaining 2017 Notes was \$754.3 million, thus resulting in a loss on extinguishment of debt of \$4.4 million.

### **Conference Call**

As previously announced, the Company will host a conference call to discuss its second quarter results at 11:00 p.m. (Eastern Time) on Tuesday, August 13, 2013. The dial-in information for the earnings call is as follows:

Within the United States	866-394-9561
International	281-312-0031



Password  
Conference ID

Cequel Communications  
18168639

A replay of this earnings call will be available at the Investor Relations link on the Company's website ([suddenlink.com](http://suddenlink.com)) shortly after the conclusion of the call.

During the conference call, representatives of the Company may discuss and answer one or more questions concerning the Company's business and financial matters. The responses to these questions, as well as other matters discussed during the call, may contain information that has not been previously disclosed.

### **Quarterly Report**

The information in this press release should be read in conjunction with the financial statements and footnotes contained in the Company's quarterly report for the quarter ended June 30, 2013 which will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) on August 13, 2013.

### **Current Report**

A current report containing this earnings release will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) shortly after the conference call on August 13, 2013.

### **Use of Non-GAAP Financial Measures**

The Company uses certain measures that are not defined by Generally Accepted Accounting Principles ("GAAP") to evaluate various aspects of its business. Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. Adjusted EBITDA is a non-GAAP financial measure defined as net income/(loss), plus interest expense, (benefit)/provision for income taxes, depreciation, amortization, non-cash share based compensation expense, (gain)/loss on sale of cable assets, loss on termination of derivative instruments, changes in fair value of derivative instruments, other expenses and loss on extinguishment of debt. Free Cash Flow is a non-GAAP financial measure defined as Adjusted EBITDA, less capital expenditures and cash interest expense. Adjusted EBITDA and Free Cash Flow may not be necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA and Free Cash Flow have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow from operations or other combined income or cash flow data prepared in accordance with GAAP. A reconciliation of Net Loss to Adjusted EBITDA is provided in Table 9. A reconciliation of Net Cash from Operating Activities to Free Cash Flow is provided in Table 10.

The Company believes that Adjusted EBITDA and Free Cash Flow provide information useful to investors in assessing the Company's ability to fund operations, service its debt and make additional investments from internally generated funds. In addition, Adjusted EBITDA generally correlates to the covenant calculations under the Credit Agreement.

### **Company Description**

The Company, doing business as Suddenlink Communications, is the seventh largest cable system operator in the United States. Suddenlink makes its services available over its advanced hybrid-fiber coaxial network to approximately 3.1 million homes in the United States as of June 30, 2013. Suddenlink serves approximately 1.4 million customers as of June 30, 2013. The Company's customer base is clustered geographically with approximately 96% of our basic video customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, Missouri, California and Ohio and 89% of our basic video customers located within our top 20 primary systems. Suddenlink simplifies its customers' lives through one call for support, one connection, and one bill for TV, Internet, telephone, and other services.

### **Cautionary Note Regarding Forward-Looking Statements**

Some statements in this Press Release are known as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may relate to, among other things:

- competition for video, high-speed Internet and telephone customers;
- our ability to achieve anticipated customer and revenue growth and to successfully introduce new products and services;
- our ability to complete our capital investment plans on time and on budget;
- the effects of economic conditions or other factors which may negatively affect our customers’ demand for our products or services;
- increasing programming costs and delivery expenses related to our products and services;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions;
- our substantial indebtedness;
- 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; and
- other risks and uncertainties, including those listed under the caption “Risk Factors” in our Annual Report for the year ended December 31, 2012.

These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Press Release that are not historical facts. When used in this Press Release, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to the Company and speak only as of the date on which this Press Release is posted on the Company’s website ([www.suddenlink.com](http://www.suddenlink.com)). The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in the Company’s subsequent reports furnished to holders of the Notes.

**Tables:**

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## 11 Reconciliation of Cash Interest Expense

**TABLE 1**  
**Cequel Communications Holdings I, LLC**  
**Consolidated Statements of Operations (unaudited)**  
**(in thousands)**

	Three Months Ended			Six Months Ended		
	June 30,		Percent Change	June 30,		Percent Change
	2013	2012		2013	2012	
	Actual	Actual		Actual	Actual	
<b>Revenues:</b>						
Video	\$ 287,337	\$ 283,290	1.4%	\$ 576,916	\$ 567,053	1.7%
High Speed Internet	158,031	139,140	13.6%	312,268	274,772	13.6%
Telephone	50,029	47,092	6.2%	99,378	92,905	7.0%
Advertising Sales	21,232	22,176	-4.3%	40,982	40,162	2.0%
Other	27,365	21,554	27.0%	53,401	43,354	23.2%
<b>Total Revenues</b>	<b>543,994</b>	<b>513,252</b>	<b>6.0%</b>	<b>1,082,945</b>	<b>1,018,246</b>	<b>6.4%</b>
<b>Costs and Expenses:</b>						
Operating (excluding depreciation and amortization)	217,948	209,486	-4.0%	435,621	418,374	-4.1%
Selling, general and administrative (excluding non-cash share based compensation expense)	117,793	105,671	-11.5%	232,141	219,961	-5.5%
<b>Operating costs and expenses</b>	<b>335,741</b>	<b>315,157</b>	<b>-6.5%</b>	<b>667,762</b>	<b>638,335</b>	<b>-4.6%</b>
<b>Adjusted EBITDA</b>	<b>208,253</b>	<b>198,095</b>	<b>5.1%</b>	<b>415,183</b>	<b>379,911</b>	<b>9.3%</b>
<i>Adjusted EBITDA Margin (a)</i>	<i>38.3%</i>	<i>38.6%</i>		<i>38.3%</i>	<i>37.3%</i>	
Depreciation and amortization	156,919	99,437	-57.8%	313,496	203,831	-53.8%
Non-cash share based compensation expense	4,417	395	NM	8,834	821	NM
Loss/(gain) on sale of cable assets	1,061	191	NM	1,342	(98)	NM
<b>Income from operations</b>	<b>45,856</b>	<b>98,072</b>	<b>-53.2%</b>	<b>91,511</b>	<b>175,357</b>	<b>-47.8%</b>
Interest expense, net	(65,847)	(71,692)	8.2%	(132,407)	(147,412)	10.2%
Loss on termination of derivative instruments	-	-	NM	-	(6,565)	100.0%
Change in fair value of derivative instruments	-	5,722	100.0%	-	(5,211)	100.0%
Loss on extinguishment of debt	(6,525)	-	100.0%	(6,525)	(14,202)	54.1%
<b>(Loss)/income before provision for income taxes</b>	<b>(26,516)</b>	<b>32,102</b>	<b>182.6%</b>	<b>(47,421)</b>	<b>1,967</b>	<b>NM</b>
<b>(Provision)/benefit for income taxes</b>	<b>(636)</b>	<b>(3,468)</b>	<b>81.7%</b>	<b>3,242</b>	<b>116</b>	<b>NM</b>
<b>Net (loss)/income</b>	<b>\$ (27,152)</b>	<b>\$ 28,634</b>	<b>-194.8%</b>	<b>\$ (44,179)</b>	<b>\$ 2,083</b>	<b>NM</b>

(a) Represents Adjusted EBITDA as a percentage of total revenue.

**TABLE 2**  
**Cequel Communications Holdings I, LLC**  
**Pro Forma Consolidated Statements of Operations (unaudited)**

(in thousands)

	Three Months Ended			Percent Change	Six Months Ended			
	June 30,		2012		June 30,		2012	Percent Change
	2013	2012			2013	2012		
	Actual	Pro-Forma (b)		Actual	Pro-Forma (b)			
Revenues:								
Video	\$ 287,337	\$ 282,721	1.6%	\$ 576,916	\$ 565,913	1.9%		
High Speed Internet	158,031	138,825	13.8%	312,268	274,163	13.9%		
Telephone Advertising Sales	50,029	47,092	6.2%	99,378	92,905	7.0%		
Other	21,232	22,158	-4.2%	40,982	40,097	2.2%		
	27,365	24,409	12.1%	53,401	48,528	10.0%		
Total Revenues	543,994	515,205	5.6%	1,082,945	1,021,606	6.0%		
Costs and Expenses:								
Operating (excluding depreciation and amortization)	217,948	210,765	-3.4%	435,621	420,516	-3.6%		
Selling, general and administrative (excluding non-cash share based compensation expense)	117,793	106,307	-10.8%	232,141	221,043	-5.0%		
Operating costs and expenses	335,741	317,072	-5.9%	667,762	641,559	-4.1%		
Adjusted EBITDA	208,253	198,133	5.1%	415,183	380,047	9.2%		
Adjusted EBITDA Margin (a)	38.3%	38.5%		38.3%	37.2%			
Depreciation and amortization	156,919	99,467	-57.8%	313,496	203,856	-53.8%		
Non-cash share based compensation expense	4,417	396	NM	8,834	821	NM		
Loss/(gain) on sale of cable assets	1,061	191	NM	1,342	(98)	NM		
Income from operations	45,856	98,079	-53.2%	91,511	175,468	-47.8%		
Interest expense, net	(65,847)	(71,692)	8.2%	(132,407)	(147,412)	10.2%		
Loss on termination of derivative instruments	-	-	NM	-	(6,565)	100.0%		
Change in fair value of derivative instruments	-	5,722	100.0%	-	(5,211)	100.0%		
Loss on extinguishment of debt	(6,525)	-	100%	(6,525)	(14,202)	54.1%		
(Loss)/income before provision for income taxes	(26,516)	32,109	182.6%	(47,421)	2,078	NM		
(Provision)/benefit for income taxes	(636)	(3,468)	81.7%	3,242	116	NM		

Net (loss)/income	\$	<u>(27,152)</u>	\$	<u>28,641</u>	-194.8%	\$	<u>(44,179)</u>	\$	<u>2,194</u>	NM
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(a) Represents Adjusted EBITDA as a percentage of total revenue.

(b) Pro forma to include the acquisition and contribution of all the capital stock of Excell on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, where applicable, as if the transactions had been consummated on January 1, 2012.

**TABLE 3**  
**Cequel Communications Holdings I, LLC**  
**Condensed Consolidated Balance Sheets (unaudited)**  
**(in thousands)**

	<u>June 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 78,733	\$ 208,482
Accounts receivable, net	185,142	181,783
Deferred tax asset	10,765	9,742
Prepaid expenses and other assets	<u>20,741</u>	<u>19,267</u>
Total current assets	295,381	419,274
Property, plant and equipment, net	1,869,928	1,893,067
Intangible assets, net	5,158,119	5,255,641
Other long-term assets, net	<u>33,388</u>	<u>20,734</u>
Total assets	<u>\$ 7,356,816</u>	<u>\$ 7,588,716</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Accounts payable and accrued expenses	\$ 255,836	\$ 301,939
Deferred revenue	139,822	138,465
Current portion of long-term debt	25,030	22,000
Other current liabilities	<u>6,361</u>	<u>4,279</u>
Total current liabilities	427,049	466,683
Long-term debt, less current portion	4,742,250	4,893,262
Deferred tax liabilities	688,154	697,011
Other long-term liabilities	<u>8,593</u>	<u>5,645</u>
Total liabilities	5,866,046	6,062,601
Total member's equity	<u>1,490,770</u>	<u>1,526,115</u>
Total liabilities and member's equity	<u>\$ 7,356,816</u>	<u>\$ 7,588,716</u>

**TABLE 4**  
**Cequel Communications Holdings I, LLC**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**  
**(in thousands)**

	<u>Three Months Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net cash provided by operating activities	\$ 58,355	\$ 71,957	\$ 213,063	\$ 226,277
Net cash used in investing activities	(94,945)	(95,381)	(193,111)	(196,915)
Net cash used in financing activities	<u>(144,077)</u>	<u>(76,527)</u>	<u>(149,701)</u>	<u>(81,417)</u>
Decrease in cash and cash equivalents	(180,667)	(99,951)	(129,749)	(52,055)
Cash and cash equivalents, beginning of period	<u>259,400</u>	<u>176,559</u>	<u>208,482</u>	<u>128,663</u>
Cash and cash equivalents, end of period	<u>\$ 78,733</u>	<u>\$ 76,608</u>	<u>\$ 78,733</u>	<u>\$ 76,608</u>

**TABLE 5**  
**Cequel Communications Holdings I, LLC**  
**Capital Expenditures (unaudited)**  
**(in thousands)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Customer premise equipment	\$ 27,745	\$ 26,484	\$ 68,660	\$ 65,824
Scalable infrastructure	2,550	9,121	6,098	19,523
Line extensions	2,067	2,407	3,615	4,257
Upgrade/rebuild	2,361	2,922	6,240	3,933
Commercial	16,083	8,771	27,226	14,936
Support capital	44,139	45,672	81,270	84,439
	<u>\$ 94,945</u>	<u>\$ 95,377</u>	<u>\$ 193,109</u>	<u>\$ 192,912</u>

**TABLE 6**  
**Cequel Communications Holdings I, LLC**  
**Summary Operating Statistics (unaudited)**  
**Approximate as of:**

	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Jun. 30, 2012
	Actual	Actual	Actual	Actual
<b>Revenue Generating Units (RGU):</b>				
Basic video customers (a)	1,189,000	1,211,900	1,211,200	1,230,100
Digital video customers (b)	844,600	853,100	837,500	807,700
Residential high-speed Internet customers (c)	1,017,200	1,026,200	1,002,100	979,400
Residential telephone customers (d)	485,700	477,500	471,700	462,700
<b>Total RGUs (e)</b>	<b>3,536,500</b>	<b>3,568,700</b>	<b>3,522,500</b>	<b>3,479,900</b>
Commercial data (f)	54,500	53,200	51,900	49,900
Commercial telephone (g)	27,800	25,500	24,100	21,200
<b>Total RGUs, including commercial (h)</b>	<b>3,618,800</b>	<b>3,647,400</b>	<b>3,598,500</b>	<b>3,551,000</b>
<b>Quarterly net customer additions (losses):</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Basic video customers	(22,900)	700	(19,100)	(20,100)
Digital video customers	(8,500)	15,600	4,900	11,300
Residential high-speed Internet customers	(9,000)	24,100	5,300	(3,200)
Residential telephone customers	8,200	5,800	1,900	9,500
<b>Total RGUs</b>	<b>(32,200)</b>	<b>46,200</b>	<b>(7,000)</b>	<b>(2,500)</b>
Commercial data	1,300	1,300	900	1,100
Commercial telephone	2,300	1,400	1,500	1,600
<b>Total RGUs, including commercial</b>	<b>(28,600)</b>	<b>48,900</b>	<b>(4,600)</b>	<b>200</b>
<b>Average Revenue per Unit (ARPU):</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Average monthly revenue per basic video customer (i)	\$ 150.93	\$ 148.59	\$ 142.83	\$ 137.99
<b>Residential Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Total customer relationships (j)	1,362,100	1,385,300	1,371,700	1,372,000
Double play relationships (k)	538,400	550,800	542,700	534,000
Double play penetration (l)	39.5%	39.8%	39.6%	38.9%
Triple play relationships (m)	351,300	346,400	342,200	336,200
Triple play penetration (n)	25.8%	25.0%	24.9%	24.5%

Total bundled customers (o)	889,700	897,200	884,900	870,200
Bundled penetration (p)	65.3%	64.8%	64.5%	63.4%
Non-video customer relationships (q)	262,000	260,100	246,800	235,800
Non-video as a % of total customer relationships (r)	19.2%	18.8%	18.0%	17.2%
<b>Estimated Customer Penetration:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Estimated basic penetration (s)	38.9%	39.7%	39.8%	40.6%
Estimated digital penetration (t)	71.0%	70.4%	69.1%	65.7%
Estimated residential high-speed Internet penetration (u)	34.2%	34.5%	33.9%	33.3%
Estimated residential telephone penetration (v)	19.1%	18.9%	18.8%	18.9%
<b>Commercial Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Total customer relationships (w)	80,300	78,800	77,700	75,400
Double play relationships (x)	25,900	24,600	23,800	22,400
Double play penetration (y)	32.3%	31.2%	30.6%	29.7%
Triple play relationships (z)	7,800	7,200	6,800	6,000
Triple play penetration (aa)	9.7%	9.1%	8.8%	8.0%
Total bundled customers (bb)	33,700	31,800	30,600	28,400
Bundled penetration (cc)	42.0%	40.4%	39.4%	37.7%

**TABLE 7**

**Cequel Communications Holdings I, LLC**  
**Pro Forma Summary Operating Statistics (unaudited)**  
**Approximate as of:**

	<u>Jun. 30, 2013</u>	<u>Mar. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Jun. 30, 2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (dd)</u>
<b>Revenue Generating Units (RGU):</b>				
Basic video customers (a)	1,189,000	1,211,900	1,211,200	1,227,200
Digital video customers (b)	844,600	853,100	837,500	806,900
Residential high-speed Internet customers (c)	1,017,200	1,026,200	1,002,100	976,600
Residential telephone customers (d)	485,700	477,500	471,700	462,700
<b>Total RGUs (e)</b>	<b>3,536,500</b>	<b>3,568,700</b>	<b>3,522,500</b>	<b>3,473,400</b>
Commercial data (f)	54,500	53,200	51,900	49,800
Commercial telephone (g)	27,800	25,500	24,100	21,200
<b>Total RGUs, including commercial (h)</b>	<b>3,618,800</b>	<b>3,647,400</b>	<b>3,598,500</b>	<b>3,544,400</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (dd)</u>
<b>Quarterly net customer additions (losses):</b>				
Basic video customers	(22,900)	700	(16,200)	(19,900)
Digital video customers	(8,500)	15,600	5,700	11,400
Residential high-speed Internet customers	(9,000)	24,100	8,100	(3,200)
Residential telephone customers	8,200	5,800	1,900	9,500
<b>Total RGUs</b>	<b>(32,200)</b>	<b>46,200</b>	<b>(500)</b>	<b>(2,200)</b>
Commercial data	1,300	1,300	900	1,100
Commercial telephone	2,300	1,400	1,500	1,600
<b>Total RGUs, including commercial</b>	<b>(28,600)</b>	<b>48,900</b>	<b>1,900</b>	<b>500</b>
	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (dd)</u>	<u>Pro Forma (dd)</u>
<b>Average Revenue per Unit (ARPU):</b>				
Pro forma average monthly revenue	\$ 150.93	\$ 148.59	\$ 143.44	\$ 138.86

per basic video customer (i)

	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (dd)</u>
<b>Residential Customer Relationships:</b>				
Total customer relationships (j)	1,362,100	1,385,300	1,371,700	1,367,600
Double play relationships (k)	538,400	550,800	542,700	532,800
Double play penetration (l)	39.5%	39.8%	39.6%	39.0%
Triple play relationships (m)	351,300	346,400	342,200	336,200
Triple play penetration (n)	25.8%	25.0%	24.9%	24.6%
Total bundled customers (o)	889,700	897,200	884,900	869,000
Bundled penetration (p)	65.3%	64.8%	64.5%	63.5%
Non-video customer relationships (q)	262,000	260,100	246,800	234,300
Non-video as a % of total customer relationships (r)	19.2%	18.8%	18.0%	17.1%
<b>Estimated Customer Penetration:</b>				
Estimated basic penetration (s)	38.9%	39.7%	39.8%	40.7%
Estimated digital penetration (t)	71.0%	70.4%	69.1%	65.8%
Estimated residential high-speed Internet penetration (u)	34.2%	34.5%	33.9%	33.3%
Estimated residential telephone penetration (v)	19.1%	18.9%	18.8%	18.9%
<b>Commercial Customer Relationships:</b>				
Total customer relationships (w)	80,300	78,800	77,700	75,200
Double play relationships (x)	25,900	24,600	23,800	22,400
Double play penetration (y)	32.3%	31.2%	30.6%	29.8%
Triple play relationships (z)	7,800	7,200	6,800	6,000
Triple play penetration (aa)	9.7%	9.1%	8.8%	8.0%
Total bundled customers (bb)	33,700	31,800	30,600	28,400
Bundled penetration (cc)	42.0%	40.4%	39.4%	37.8%

(a) Basic video customers include all residential customers who receive video cable services. Also included are commercial or multi-dwelling accounts that are converted to equivalent basic units ("EBUs") by dividing the total bulk billed basic revenues of a particular system by the most prevalent retail rate paid by non-bulk basic customers in that market for a comparable level of service. This conversion method is consistent with methodology used in determining costs paid to programmers. Our methodology of calculating the number of basic video customers may not be identical to those used by other companies offering similar services.

(b) Digital video customers include all basic video customers that have one or more digital set-top boxes or cable cards in use.

(c) Residential high-speed Internet customers include all residential customers who subscribe to our high-speed Internet service. Excluded from these totals are all commercial high-speed Internet customers, including small and medium sized commercial cable modem accounts and customers who take our scalable, fiber-based enterprise network services.

(d) Residential telephone customers include all residential customers who subscribe to our telephone service. Residential customers who take multiple telephone lines are only counted once in the total. Excluded from these totals are all commercial telephone customers.

(e) Total RGUs represents the sum of basic video, digital video, residential high-speed Internet and residential telephone customers.

(f) Commercial data customers consist of commercial accounts that receive high-speed Internet service via a cable modem and commercial accounts that receive broadband service optically, via fiber connections.

(g) Commercial telephone customers are commercial accounts that subscribe to our telephone service.

(h) Total RGUs, including commercial represents the sum of basic video, digital video, residential high-speed Internet, residential telephone, commercial data and commercial telephone customers.

(i) Average revenue per basic video customer represents the total revenue for a quarter, divided by three, divided by the average basic video customers for the quarter.



(j) Residential customer relationships represent the number of residential customers who receive at least one level of service, encompassing video, high-speed Internet or telephone services, without regard to the number of services purchased. For example, a residential customer who purchases only high-speed Internet service and no video service will count as one customer relationship, and a residential customer who purchases both video and high-speed Internet services will also count as only one customer relationship. Customer relationships exclude EBUs.

(k) Residential double play customer numbers reflect residential customers who subscribe to two of our core services (video, high-speed Internet and telephone).

(l) Residential double play penetration represents double play customers as a percentage of customer relationships.

(m) Residential triple play customer numbers reflect residential customers who subscribe to all three of our core services (video, high-speed Internet and telephone).

(n) Residential triple play penetration represents triple play customers as a percentage of customer relationships.

(o) Total residential bundled customers represents the sum of residential double play and residential triple play customers.

(p) Bundled penetration represents total bundled customers as a percentage of customer relationships.

(q) Non-video customer relationships represents the number of residential customers who receive at least one level of service, encompassing high-speed Internet or telephone services, but do not receive video services

(r) Non-video as a % of total customer relationships represents non-video customer relationships divided by total customer relationships.

(s) Estimated basic penetration is calculated as basic video customers divided by the estimated total homes passed of the Company.

(t) Estimated digital penetration is calculated as digital video customers divided by basic video customers.

(u) Estimated residential high-speed Internet penetration is calculated as residential high-speed Internet customers divided by the estimated homes passed of the Company where residential high-speed Internet service is currently available.

(v) Estimated residential telephone penetration is calculated as residential telephone customers divided by the estimated homes passed of the Company where residential telephone service is currently available.

(w) Commercial customer relationships represent the number of commercial customers who pay for at least one level of service, encompassing video, high-speed data or telephone services, without regard to the number of services purchased. For example, a commercial customer who purchases only high-speed data service and no video service will count as one customer relationship, and a commercial customer who purchases both video and high-speed data services will also count as only one customer relationship. National carrier accounts are excluded from customer relationships.

(x) Commercial double play customer numbers reflect commercial customers who subscribe to two of our core services (video, high-speed data and telephone).

(y) Commercial double play penetration represents double play commercial customers as a percentage of customer relationships.

(z) Commercial triple play customer numbers reflect commercial customers who subscribe to all three of our core services (video, high-speed data and telephone).

(aa) Commercial triple play penetration represents triple play commercial customers as a percentage of customer relationships.

(bb) Total commercial bundled customers represent the sum of commercial double play and commercial triple play customers.

(cc) Bundled commercial penetration represents total bundled commercial customers as a percentage of customer relationships.

(dd) Pro forma to include the acquisition and contribution of all the capital stock of Excell on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, where applicable, as if the transactions had been consummated on January 1, 2012.

**TABLE 8**

**Cequel Communications Holdings I, LLC  
Calculation of Free Cash Flow (unaudited)  
(in thousands)**

Three Months Ended June 30,		Six Months Ended June 30,	
2013	2012	2013	2012

Adjusted EBITDA	\$	208,253	\$	198,095	\$	415,183	\$	379,911
Capital expenditures		(94,945)		(95,377)		(193,109)		(192,912)
Cash interest expense		(69,144)		(69,202)		(139,857)		(142,378)
Free Cash Flow	\$	<u>44,164</u>	\$	<u>33,516</u>	\$	<u>82,217</u>	\$	<u>44,621</u>

**TABLE 9**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Net Loss to Adjusted EBITDA**  
**(in thousands)**

	Three Months Ended		Six Months Ended					
	June 30,		June 30,					
	2013	2012	2013	2012				
Net (loss)/income	\$	(27,152)	\$	28,634	\$	(44,179)	\$	2,083
Add back:								
Interest expense, net		65,847		71,692		132,407		147,412
Provision/(benefit) for income taxes		636		3,468		(3,242)		(116)
Depreciation and amortization		156,919		99,437		313,496		203,831
Non-cash share based compensation		4,417		395		8,834		821
Loss/(gain) on sale of cable assets		1,061		191		1,342		(98)
Loss on termination of derivative instruments		-		-		-		6,565
Change in fair value of derivative instruments		-		(5,722)		-		5,211
Loss on extinguishment of debt		6,525		-		6,525		14,202
Adjusted EBITDA	\$	<u>208,253</u>	\$	<u>198,095</u>	\$	<u>415,183</u>	\$	<u>379,911</u>

**TABLE 10**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Net Cash from Operating Activities to Free Cash Flow**  
**(in thousands)**

	Three Months Ended		Six Months Ended					
	June 30,		June 30,					
	2013	2012	2013	2012				
Net cash provided by operating activities	\$	58,355	\$	71,957	\$	213,063	\$	226,277
Add back:								
Capital expenditures		(94,945)		(95,377)		(193,109)		(192,912)
Cash income tax expense		4,784		2,462		6,637		(172)
Interest income		(113)		(32)		(173)		(87)
Bond premium		71,977		-		71,977		-
Changes in assets and liabilities, net		4,106		54,506		(16,178)		11,515
Free Cash Flow	\$	<u>44,164</u>	\$	<u>33,516</u>	\$	<u>82,217</u>	\$	<u>44,621</u>

**TABLE 11**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Cash Interest Expense**  
**(in thousands)**

	Three Months Ended		Six Months Ended					
	June 30,		June 30,					
	2013	2012	2013	2012				
Interest expense, net	\$	65,847	\$	71,692	\$	132,407	\$	147,412
Add: interest income		113		32		173		87
Add: bond premium amortization		3,197		887		7,166		1,757
Less: deferred financing amortization		(520)		(2,311)		(895)		(5,075)
Less: bond discount amortization		-		(296)		-		(600)

Less: term loan premium/(discount) amortization	<u>507</u>	<u>(802)</u>	<u>1,006</u>	<u>(1,203)</u>
Cash interest expense	\$ <u>69,144</u>	\$ <u>69,202</u>	\$ <u>139,857</u>	\$ <u>142,378</u>

Source: Cequel Communications Holdings I, LLC

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