ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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PART I

Item 1. Business

This combined Annual Report is separately provided by Cablevision Systems Corporation ("Cablevision") and CSC Holdings, LLC ("CSC Holdings" and collectively with Cablevision, the "Company").

Cablevision Systems Corporation

Cablevision is a Delaware corporation which was organized in 1997. Cablevision owns all of the outstanding membership interests in CSC Holdings LLC ("CSC Holdings" and collectively with Cablevision, the "Company") and its liabilities include approximately $2.8 billion principal amount of senior notes. Cablevision has no operations independent of its CSC Holdings subsidiary.

CSC Holdings

CSC Holdings is one of the largest cable operators in the United States based on the number of video customers. As of December 31, 2016, we served approximately 2.4 million residential video customers in and around the New York metropolitan area. We believe that our cable systems (also referred to as our broadband network) in the New York metropolitan area comprise the largest metropolitan cluster of cable systems under common ownership in the United States (measured by number of video customers). We also provide high-speed data (also referred to as high-speed Internet access) and Voice over Internet Protocol ("VoIP") services using our broadband network. Through Cablevision Lightpath, Inc. ("Lightpath"), our wholly-owned subsidiary, we provide Ethernet-based data, Internet, voice and video transport and managed services to the business market in the New York metropolitan area. We also own a cable television advertising sales business and regional news programming services businesses. In addition, through July 7, 2016, we held a 100% interest in Newsday LLC ("Newsday"), which operates a newspaper publishing business.

The Altice Merger

On June 21, 2016 (the "Merger Date"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 16, 2015, by and among Cablevision, Altice N.V. (“Altice”), Neptune Merger Sub Corp., a wholly-owned subsidiary of Altice ("Merger Sub"), Merger Sub merged with and into Cablevision, with Cablevision surviving the merger (the "Merger").

In connection with the Merger, each outstanding share of the Cablevision NY Group Class A common stock, par value $0.01 per share ("CNYG Class A Shares"), and Cablevision NY Group Class B common stock, par value $0.01 per share ("CNYG Class B Shares", and together with the CNYG Class A Shares, the "Shares") other than (i) Shares owned by Cablevision, Altice or any of their respective wholly-owned subsidiaries, in each case not held on behalf of third parties in a fiduciary capacity, received $34.90 in cash without interest, less applicable tax withholdings (the "Merger Consideration").

Pursuant to an agreement, dated December 21, 2015, by and among CVC 2 B.V., CIE Management IX Limited, for and on behalf of the limited partnerships BC European Capital IX-1 through 11 and Canada Pension Plan Investment Board, certain affiliates of BCP and CPPIB (the "Co-Investors") funded approximately $1,000,000 toward the payment of the aggregate Merger Consideration, and indirectly acquired approximately 30% of the Shares of Cablevision.

Also in connection with the Merger, outstanding equity-based awards granted under Cablevision’s equity plans were cancelled and converted into cash based upon the $34.90 per Share merger price in accordance with the original terms of the awards. The total consideration for the outstanding CNYG Class A Shares, the outstanding CNYG Class B Shares, and the equity-based awards amounted to $9,958,323.

In October 2015, Neptune Finco Corp. ("Finco"), an indirect wholly-owned subsidiary of Altice formed to complete the financing described herein and the merger with CSC Holdings, borrowed an aggregate principal amount of $3,800,000 under a term loan facility (the "Term Credit Facility") and entered into revolving loan commitments in an aggregate principal amount of $2,000,000 (the "Revolving Credit Facility" and, together with the Term Credit Facility, the "Credit Facilities").

Finco also issued $1,800,000 aggregate principal amount of 10.125% senior notes due 2023 (the "2023 Notes"), $2,000,000 aggregate principal amount of 10.875% senior notes due 2025 (the "2025 Notes"), and $1,000,000 aggregate principal amount of 6.625% senior guaranteed notes due 2025 (the "2025 Guaranteed Notes") (collectively the "Merger Notes").

On June 21, 2016, immediately following the Merger, Finco merged with and into CSC Holdings, with CSC Holdings surviving the merger (the "CSC Holdings Merger"), and the Merger Notes and the Credit Facilities became obligations of CSC Holdings. The 2025 Guaranteed Notes are guaranteed on a senior basis by each restricted subsidiary of CSC Holdings (other than CSC TKR, LLC and its subsidiaries, which own and operate the New Jersey cable television systems, Cablevision Lightpath, Inc. and any subsidiaries of CSC Holdings that are "Excluded Subsidiaries" under the indenture governing the 2025 Guaranteed Notes) (such subsidiaries, the "Initial Guarantors") and the obligations under the Credit Facilities are (i) guaranteed on a senior basis by each Initial Guarantor and (ii) secured on a first priority basis by capital stock held by CSC Holdings and the guarantors in certain subsidiaries of CSC Holdings, subject to certain exclusions and limitations.

Altice used the proceeds from the Term Credit Facility and the Merger Notes, together with an equity contribution from Altice and its Co-Investors and existing cash at Cablevision, to (a) finance the Merger, (b) refinance the credit agreement, dated as of April 17, 2013 (the "Previous Credit Facility"), among CSC Holdings, certain subsidiaries of CSC Holdings and the lenders party thereto, (c) repay the senior secured credit agreement, dated as of October 12, 2012, among Newsday LLC, CSC Holdings, and the lenders party thereto (the "Previous Newsday Credit Facility"), and (d) pay related fees and expenses.

Overview

Cable television is a service that delivers multiple channels of video programming to subscribers who pay a monthly fee for the services they receive. Video signals are received over-the-air, by fiber optic transport or via satellite delivery by antennas, microwave relay stations and satellite earth stations and are modulated, amplified and distributed over a network of coaxial and fiber optic cable to the subscribers' television.

Cable systems typically are constructed and operated pursuant to non-exclusive franchises awarded by local and state governmental authorities for specified periods of time.

Our cable systems offer varying packages of video service. Our video service is marketed under the "Optimum" brand name. Our video services may include, among other programming, local broadcast network affiliates and independent television stations, certain other news, information, sports and entertainment channels, regional sports networks, and certain premium services. We also offer interactive video service, which enables customers to receive video on demand and subscription video on demand services, as well as interactive entertainment and advertising services.

Revenues are derived principally from monthly fees paid by residential subscribers. In addition to recurring subscriber revenues, we derive revenues from the sales of pay-per-view movies and events, video-on-demand and subscription video-on-demand program services, from the sale of advertising time on advertiser supported programming and from installation, equipment charges and other fees. We also provide high-speed data services using our broadband network. High-speed data services are provided to residential subscribers through a cable modem device. The high-speed data service is marketed as "Optimum Online". We offer VoIP services to our Optimum Online customers, marketed as "Optimum Voice". Our residential video, high-speed data and VoIP services accounted for 47%, 22% and 11%, respectively, of our consolidated revenue for the year ended December 31, 2016. Certain services and equipment provided by substantially all of our cable systems are subject to regulation. See "Regulation". We also derive revenue from the sale of fiber based telecommunications services to the business market, through our Lightpath subsidiary, and the sale of video, high-speed data and VoIP services to small and medium-sized businesses. For the combined 2016 period, 14% of our consolidated revenue was derived from these business services.

In November 2016, we announced our “Generation Gigaspeed” initiative through which we intend to build a next-generation fiber-to-the-home network over the coming five years that is capable of delivering broadband speeds of up to 10 Gbps across our footprint.

Lightpath is a regional provider of fiber based telecommunications to businesses, including Ethernet, data transport, Internet protocol ("IP") based virtual private networks, Internet access, voice services, including session initiation protocol ("SIP") trunking, and VoIP services. Lightpath also provides managed information technology services to businesses, including hosted voice services (cloud based SIP-based private branch exchange ("IP-PBX")), managed WiFi, managed desktop and server backup, and managed collaboration services including audio and web conferencing. Lightpath's customers include, among others, companies in health care, financial, education, legal and professional services, and other industries, as well as the public sector and telecommunication providers (wireless telecommunication companies, incumbent local exchange carriers ("ILEC"), and competitive local exchange carriers ("CLEC")).

As of December 31, 2016, Lightpath had over 8,300 locations connected to its fiber network. Lightpath has built an advanced fiber optic network extending more than 6,700 route miles, which includes approximately 338,000 miles of fiber, throughout the New York metropolitan area. Lightpath holds a franchise from New York City which grants rights of way authority to provide telecommunications services throughout the five boroughs. The franchise expired on December 20, 2008 and the renewal process with New York City is ongoing. We believe we will be able to obtain renewal of the franchise and have received assurance from New York City that the expiration date of the franchise is being treated as extended until a formal determination on renewal is made. Failure to ultimately obtain renewal of the franchise could negatively affect Lightpath's revenues.

Our News 12 Networks, which include seven 24-hour local news channels and five traffic and weather services dedicated to covering areas within the New York metropolitan area, derive their revenue from the sale of advertising on their networks and affiliation fees paid by cable operators, principally Cablevision.

Our wholly-owned subsidiary, Altice Media Solutions, is a cable television advertising company that derives its revenue primarily from the sale of local and regional commercial advertising time on cable television networks in the New York metropolitan area, which offers advertisers the opportunity to target specific geographic and demographic audiences.

We own 21,477,618 shares of Comcast Corporation ("Comcast") common stock (not adjusted for the 2 for 1 stock split in February 2017) acquired in connection with the sale of certain cable systems in prior years. All of these shares have been monetized pursuant to collateralized prepaid forward contracts. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our monetization contracts.

The following table sets forth certain customer metrics:

	Years Ended December 31,			Net Increase (Decrease)	
	2016	2015	2014	2016	2015
	(in thousands, except per customer amounts)				
Total customers relationships (a)	3,141	3,116	3,113	25	3
Residential	2,879	2,858	2,861	21	(3)
Small and medium-sized business	262	258	252	4	6
Residential customers:					
Video (b)	2,428	2,487	2,574	(59)	(87)
High-speed data (b)	2,619	2,562	2,518	57	44
Voice (b)	1,962	2,007	2,047	(45)	(40)
Percentage of residential triple product customers to total residential customer relationships (c)	64.8%	67.6%	69.2%	(2.8)%	(1.6)%
Total serviceable passings (d)	5,116	5,076	5,041	40	35
Average monthly revenue per residential customer (e)	$ 154.49	$ 150.61	$ 149.10	$ 3.88	$ 1.51

(a) Represents number of households/businesses that receive at least one of the Company's services. The 2015 and 2014 amounts have been reduced by 4 thousand and 5 thousand, respectively, to eliminate certain free accounts.

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

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

(d) Represents the estimated number of single residence homes, apartment 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. The 2015 and 2014 amounts have been reduced by 4 thousand and 5 thousand, respectively, to eliminate certain free accounts

(e) Calculated by dividing the average monthly revenue for the fourth quarter of each year presented derived from the sale of video, high-speed data and voice services to residential customers for the respective quarter by the average number of total residential customers for the same period.

Subscriber Services

Video Services

Our cable systems offer a government mandated broadcast basic level of service which generally includes local over-the-air broadcast stations, such as network affiliates (e.g., ABC, NBC, CBS, FOX), and public, educational or governmental channels.

All of our cable systems also offer an expanded basic package of services, generally marketed as "The Optimum Value Package", which includes, among other programming, news, information, entertainment, and sports channels such as, Fox News Channel, CNBC, TLC, ESPN, AMC, the Disney Channel, and regional sports networks such as MSG Network. For additional charges, our cable systems provide premium services such as HBO, Showtime, Cinemax, Starz, StarzEncore and The Movie Channel, which may be purchased either individually or in tiers.

Our digital video programming services currently offered to subscribers, branded "Optimum" TV, include:

- Up to 620 standard definition and high definition ("HD") entertainment channels,
- 90 premium movie channels including multiplexes of HBO, Showtime, Cinemax, Starz, Encore and The Movie Channel,
- Access to on-demand movies and other programming, including shows from the top broadcast and cable networks, and subscription on-demand,
- 50 channels of uninterrupted commercial-free digital music from Music Choice,
- Seasonal sports packages from the National Basketball Association, National Hockey League, Major League Baseball, Major League Soccer, plus a sports and entertainment package with over 40 channels,
- Up to 107 international channels from around the world,
- Up to 173 channels available in HD, including local broadcast affiliates, local sports channels, premium networks such as HBO and various other cable networks,
- A collection of enhanced television applications including News 12 Interactive, News 12 Varsity Interactive, Hulu, and Tag Games,
- Mobile access to content from 182 networks, including News 12, HBO, Starz, ESPN, The NFL Network and The Disney Channel, via the Internet and phone/tablet app experiences,
- Over-the-top video services, including HBO NOW, Showtime and CBS All Access,
- Multi-Room DVR Plus, a remote-storage digital video recorder ("DVR") providing subscribers the ability to record 15 shows simultaneously while watching any live or pre-recorded show, and rewind and pause live television. Recordings can be played back on any digital set top box in the home. We continue to offer a set top box DVR service giving subscribers the ability to record, pause and rewind live television.

The Optimum App, available for the iPad, iPhone, iPod touch, laptop, Kindle Fire and select Android phones and tablets, extends the Optimum television experience to these devices. App features, depending on the platform, include the ability to watch live TV, stream on-demand titles and use the device as a remote to control the customer's digital set top box while inside the home. The App also allows customers to browse Optimum's program guide, search for programming (voice-based search available on select iOS and Android devices), and schedule DVR recordings, inside and outside the home.

Packaging of our video product includes options with programming to suit the needs of our individual customers. Offerings include various levels of programming including premium channels, news, sports, children's programming, general entertainment, international channels and digital music at various price points.

Since our cable systems have been upgraded to provide advanced digital video services, our sales and marketing efforts are primarily directed toward retaining our existing customers and increasing our penetration to homes passed for all of our existing services. We market our video services through in-person selling, as well as telemarketing, direct mail advertising, promotional campaigns and local media and newspaper advertising.

Optimum Online

Optimum Online is our high-speed data offering, which connects customers to the Internet using the same network that delivers our video service.

Our current residential Internet speed tiers deliver up to: (i) 10 megabits per second ("Mbps") downstream and 1Mbps upstream for our Optimum 10 basic level of service, (ii) 60Mbps downstream and 25Mbps upstream for our Optimum 60 level of service, (iii) 101Mbps downstream and 35Mbps upstream for our Optimum 100 level of service, (iv) 200Mbps downstream and 35Mbps upstream for our Optimum 200 level of service, and (v) 300Mbps downstream and 35Mbps upstream for our Optimum 300 level of service.

Additionally, in 2016 a new "Economy Internet" tier was launched, delivering speeds up to 30Mbps downstream and 3Mbps upstream to a low income population that meet very specific qualifications, such as households including senior citizens receiving supplemental security income and/or those with children participating in the free/discounted school lunch program.

All Optimum speed tiers are available on an à la carte basis. Customers can upgrade to Optimum 60, Optimum 100, Optimum 200 or Optimum 300 for an additional charge per month. Optimum Business customers can get up to 350 Mbps in download speed, and up to 50Mbps in upload speed. Business customers can add Static IP (permanently assigned IP addresses) as well. Discount and promotional pricing are available when Optimum Online is combined with our other service offerings.

Optimum Online service includes access to complimentary features such as a free to use wireless "smart router", as well as Internet security software, including anti-virus, anti-spyware, personal firewall, and anti-spam protection.

We have deployed a broadband wireless network ("WiFi") across our service area. The WiFi network allows Optimum Online customers to access the service while they are away from their home or office. WiFi is delivered via wireless access points mounted on our broadband network, in certain retail partner locations, certain NJ Transit rail stations, New York City parks and special venues, such as MacArthur Airport. Similarly, our WiFi network is available in customer homes via a second network included with our "smart router" product. WiFi has been activated across our entire service area, and has more than 1.5 million available hotspots throughout our service area, including our "smart router" product. WiFi is offered as a free value added benefit to Optimum Online customers and for a fee to non-customers in certain locations. Our WiFi service also allows our Optimum Online customers to access the WiFi networks of Comcast, Charter Communications (in Time Warner Cable Inc. and Bright House Networks, LLC's footprints) and Cox Communications, Inc.

Optimum Voice

Optimum Voice is a VoIP service available to Optimum Online subscribers and offers unlimited local, regional and long-distance calling any time of the day or night within the United States, Puerto Rico, U.S. Virgin Islands and Canada with over 20 calling features at a flat monthly rate. Discount and promotional pricing are available when Optimum Voice is combined with other service offerings.

Optimum Voice includes over 20 premium calling features, including enhanced voicemail, call waiting, caller ID, caller ID blocking, call return, three-way calling, call forwarding, and anonymous call blocker, among others. The Optimum Voice Homepage allows customers to manage their calling features and directory listings, view their call history, and receive voicemails via the Internet.

Optimum Voice for Business provides for up to 24 voice lines for small and medium businesses. The service offers over 20 important business calling features at no additional charge. Optimum Voice for Business also offers business trunking services with support for legacy telecom interfaces and newer Internet protocol interfaces. Optional add on services, such as international calling, toll free calling and virtual receptionists, are also available for business customers.

International service for Optimum Voice includes a post-paid per minute plan that is available to both residential and business customers. Users may call from their home phone or designated mobile devices via the remote dialing feature. The competitive rates for calling landline and mobile phones in all international destinations is detailed on Optimum.net.

Bundled Offers

We offer several promotional packages with discounted pricing to existing and new customers who subscribe to two or more of our products as compared to the à la carte prices for each individual product. We also offer other pricing discounts for certain products that are added to existing services. For example, we offer an "Optimum Triple Play" package that

is a special promotion for new customers or eligible current customers where our three products, video, high-speed data and voice, are each available at a reduced rate for a specified period, when purchased together. We also offer promotional and other pricing discounts as part of our competitive and retention strategies.

System Capacity

Our cable plant network uses state of the art hybrid fiber/coax architecture with an average of approximately 300 homes per fiber node. The network is a two-way interactive system with a minimum of 750 MHz offering HD digital channels, high-speed data and voice services.

Programming

Programming is available to the cable television systems from a variety of sources. Program suppliers' compensation is typically a per subscriber monthly fee (subject to contractual escalations) based, in most cases, on the number of customers subscribing to the particular service. The programming contracts are generally for a fixed period of time and are subject to negotiated renewal.

Cable programming costs have increased in recent years and are expected to continue to increase at a pace in excess of CPI or cost-of-living increases, driven primarily by retransmission consent fees, the cost of sports programming, increased costs to produce or purchase cable programming, and other factors.

We typically seek flexible distribution terms that would permit services to be made available in a variety of retail packages and on a variety of platforms and devices in order to maximize consumer choice. Suppliers typically insist that their most popular and attractive services be distributed to a minimum number or percentage of subscribers, which limits our ability to provide consumers full purchasing flexibility. Suppliers also typically seek to control or limit the terms on which we are able to make their services available on various platforms and devices.

Franchises

Our cable television systems are operated in New York, New Jersey, and Connecticut under non-exclusive franchise agreements, where required by the franchising authority, with state and/or municipal or county franchising authorities. Although the terms of franchise agreements differ from jurisdiction to jurisdiction, they typically require payment of franchise fees and contain regulatory provisions addressing, among other things, service quality, cable service to schools and other public institutions, insurance and indemnity. Franchise authorities generally charge a franchise fee of not more than 5% of certain of our cable service revenues that are derived from the operation of the system within such locality. We generally pass the franchise fee on to our subscribers.

Franchise agreements are usually for a term of 5 to 15 years from the date of grant; most are 10 years. Franchises usually are terminable only if the cable operator fails to comply with material provisions, and then only after complying with substantive and procedural protections afforded by the franchise and federal and state law. We have never lost a franchise for an area in which we operate. When a franchise agreement reaches expiration, a franchising authority may seek to impose new requirements, including requirements to upgrade facilities, to increase channel capacity and to provide additional support for local public, education and government access programming. Negotiations can be protracted, and franchise agreements sometimes expire before a renewal is negotiated and finalized. New York and New Jersey state laws provide that pre-existing franchise terms continue in force during the renewal negotiations until agreement is reached or one or both parties seek to pursue "formal" franchise remedies under federal law. As of December 31, 2016, our ten largest franchise areas comprised approximately 56% of our total video customers and of those, one franchise, the Town of Hempstead, New York, comprising an aggregate of approximately 85,000 video customers, was expired. We are currently lawfully operating in the Town of Hempstead, New York franchise area under temporary authority recognized by the State of New York. Federal law provides significant substantive and procedural protections for cable operators seeking renewal of their franchises. See "Regulation - Cable Television". Despite our efforts and the protections of federal law, it is possible that one or more of our franchises may be subject to termination or non-renewal or we may be required to make significant additional investments in response to requirements imposed in the course of the franchise renewal process.

Competition

Cable

Our cable systems operate in an intensely competitive environment, competing with a variety of video, data and voice providers and delivery systems, including telephone companies, wireless data and voice providers, satellite-delivered video signals, Internet-delivered video content, and broadcast television signals available to homes within our market by over-the-air reception.

Telephone Companies. We face competition from two telephone companies. Verizon Communications, Inc. ("Verizon") and Frontier Communications Corporation ("Frontier") offer video programming in addition to their high-speed data and VoIP services to residential and business customers in our service area. The attractive demographics of our service territory make this region a desirable location for investment in distribution technologies by these companies.

We face intense competition from Verizon who has constructed a fiber-to-the-home network plant that passes a significant number of households in our service area. Verizon does not publicly report the extent of their build-out or penetration by area. Any estimate of Verizon's build out and sales activity in our service area is difficult to assess because it is based upon visual inspections and other limited estimating techniques, and therefore serves only as an approximation. We estimate that Verizon is currently able to sell a fiber-based video service, as well as high-speed data and VoIP services, to at least half of the households in our service area. In certain other portions of our service area, Verizon has also built its fiber network where we believe it is not currently able to sell its fiber-based video service, but is able to sell its high-speed data and VoIP services. In these areas (as well as other parts of our service area) Verizon markets direct broadcast satellite ("DBS") services along with its high-speed data and VoIP services. Verizon's fiber network also passes areas where we believe it is not currently able to sell its video, high-speed data or VoIP services. Accordingly, Verizon may increase the number of customers in our service area to whom it is able to sell video, high-speed data and VoIP services in the future.

Frontier offers video service, as well as high-speed data and VoIP services, in competition with us in most of our Connecticut service area. Frontier also markets DBS services in this service area. Verizon and Frontier have made and may continue to make promotional offers at prices lower than ours. This competition affects our ability to add or retain customers and creates pressure upon the pricing of our services. Competition, particularly from Verizon, which has significantly greater financial resources than we do, has negatively impacted our revenues and caused subscriber declines in our service areas in the past and may do so in the future. To the extent Verizon and Frontier continue to offer competitive and promotional packages, our ability to maintain or increase our existing customers and revenue will continue to be negatively impacted. See "Regulation" for a discussion of regulatory and legislative issues.

DBS. We also face competition from DBS providers in our service area. The two major DBS providers, DISH Network Corporation ("DISH Network") and DIRECTV (a subsidiary of AT&T Inc.), are available to the vast majority of our customers. These companies each offer video programming that is substantially similar to the video service that we offer, at competitive prices. Our ability to compete with these DBS providers is affected by the quality and quantity of programming available to us and to them. DIRECTV has exclusive arrangements with the National Football League that give it access to programming that we cannot offer. AT&T also has an agreement to acquire Time Warner Inc., which owns a number of cable networks, including TBS, CNN and HBO, and Warner Bros. Entertainment, which produces television, film and home video content. DIRECTV's access to Time Warner programming could allow DIRECTV to offer competitive and promotional packages that could negatively affect our ability to maintain or increase our existing customers and revenue. However, we believe that cable-delivered VOD services, which include high-definition programming, offer a competitive advantage to DBS service because cable headends can provide two-way communication to deliver many titles which customers can access and control independently, whereas DBS technology can only make available a much smaller number of titles with DVR-like customer control. DBS operators also have marketing arrangements with certain phone companies in which the DBS provider's video services are sold together with the phone company's high-speed Internet and phone services. Each of these competitors has significantly greater financial resources than we do. See "Regulation" for a discussion of regulatory and legislative issues.

Other Competitors and Video Programming Sources. Another source of competition for our Cable systems is the delivery of video content over the Internet directly to subscribers. This competition comes from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections, such as Netflix, Google Inc.'s "YouTube" and Amazon.com, Inc.'s "Prime". Verizon offers a mobile video

delivery service called Go90 and DISH Network has a product offering Internet delivery of a number of cable networks called Sling TV. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. Consumers are able to watch such Internet-delivered content on television sets and mobile devices. The availability of these services has and will continue to adversely affect customer demand for our video services, including premium and on-demand services. Our video service also faces competition from broadcast television stations, entities that make digital video recorded movies and programs available for home rental or sale, satellite master antenna television ("SMATV") systems, which generally serve large multiple dwelling units under an agreement with the landlord and service providers, and "open video system" ("OVS") operators. There can be no assurance that these or other existing, proposed, or as yet undeveloped technologies will not become dominant in the future and render our video service offering less profitable or even obsolete.

Internet access services are also offered by providers of wireless services, including traditional cellular phone carriers and others focused solely on wireless data services. The FCC is likely to continue to make additional radio spectrum available for these wireless Internet access services.

Our VoIP service also faces competition from other competitive providers of voice services, including wireless voice providers, as well as VoIP providers like Vonage that do not own networks but can provide service to any person with a broadband connection.

Lightpath

Lightpath operates as a CLEC in a highly competitive business telecommunications market and competes against the very largest telecommunications companies - including ILECs, other CLECs, and long distance voice service companies. More specifically, Lightpath faces substantial competition from Verizon and Frontier which are the dominant providers of local telephone and broadband services in their respective service areas. ILECs have significant advantages over Lightpath, including greater capital resources, an existing fully operational local network, and long standing relationships with customers.

While Lightpath competes with the ILECs, it also enters into interconnection agreements with ILECs so that its customers can make and receive calls to and from customers served by the ILECs and other telecommunications providers. Federal and state law and regulations require ILECs to enter into such agreements and provide facilities and services necessary for connection, at prices subject to regulation. The specific price, terms and conditions of each agreement, however, depend on the outcome of negotiations between Lightpath and each ILEC. Interconnection agreements are also subject to approval by the state regulatory commissions, which may arbitrate negotiation impasses. Lightpath has entered into interconnection agreements with Verizon for New York, New Jersey, and portions of Connecticut, and with Frontier for portions of Connecticut, which have been approved by the respective state commissions. Lightpath also has entered into interconnection agreements with other ILECs in New York and New Jersey. These agreements, like all interconnection agreements, are for limited terms and upon expiration are subject to renegotiation, potential arbitration, and approval under the laws in effect at that time.

Lightpath also faces competition from one or more competitive access providers and other new entrants in the local telecommunications and data marketplace. In addition to ILECs and other CLECs, potential competitors capable of offering voice or broadband services include electric utilities, long distance carriers, microwave carriers, wireless system operators (operating both mobile and fixed networks), VoIP service providers, and private networks built by large end users. A continuing trend toward business combinations and alliances in the telecommunications industry may create stronger competition for Lightpath.

Regulation

Our cable television systems and related services are subject to extensive federal, state and local regulations. Our systems and services are regulated under congressionally imposed national guidelines, first set forth in the Cable Communications Policy Act of 1984 and amended by the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996 (collectively, the "Federal Cable Act"), as well as under other provisions of the federal Communications Act of 1934 (the "Communications Act"), as amended, and other statutes. The Federal Cable Act, Communications Act, and the rules, regulations and policies of the FCC, as well as other federal and state laws governing cable television, communications, consumer protection, privacy and related matters, affect significant aspects of the Company's cable system and services operations.

The following paragraphs describe the existing legal and regulatory requirements we believe are most significant to our business today.

Cable Television

Franchising. The Federal Cable Act requires cable operators to obtain a franchise in order to provide cable service. Regulatory responsibility for awarding franchises rests with state and local franchising authorities. Federal law prohibits our franchising authorities from granting an exclusive cable franchise to us, and they cannot unreasonably refuse to award an additional franchise to applicants that seek to compete with us. The states in which we operate have enacted comprehensive cable and video service regulation and statutes that are applicable to cable operators and other providers of video service, such as Verizon and Frontier, and effect franchising through a combination of direct state franchising and local municipal franchising. Although the terms of franchise agreements differ from jurisdiction to jurisdiction, they typically require payment of franchise fees and contain regulatory provisions addressing, among other things, use of the right of way, service quality, cable service to schools and other public institutions, insurance, indemnity, and sales of assets or changes in ownership. State and local franchising authority, however, must be exercised consistent with the Federal Cable Act, which sets limits on franchising authorities' powers. The Federal Cable Act restricts franchising authorities from imposing franchise fees greater than 5% of gross revenues from the provision of cable service, prohibits franchising authorities from requiring us to carry specific programming services, and protects us in seeking franchise renewals by limiting the factors a franchising authority may consider and requiring a due process hearing before denial of renewal.

Pricing and Packaging. The Federal Cable Act and the FCC's rules limit the scope of price regulation for cable television services. In certain circumstances, the Federal Cable Act and the FCC rules permit franchise authorities to regulate the rates that cable operators may charge for basic video service, but none of our franchising authorities regulates our rates. Our franchise areas are either rate deregulated or presumptively subject to effective competition and therefore do not face rate regulation at this time. To the extent a local franchising authority succeeded in overcoming the presumption of effective competition in a particular franchise area, rate regulation rules would apply in that area, and the Federal Cable Act and FCC rules also would require us to establish a "basic service" package consisting, at a minimum, of all local broadcast signals that we carry, as well as, if the locality requests, all public, educational and governmental access programming carried by our systems. All subscribers also would be required to purchase this tier as a condition of gaining access to any other programming that we provide. From time to time, Congress or the FCC may consider imposing new pricing or packaging regulations, including proposals requiring cable operators to offer programming services on an unbundled basis rather than as part of a tier or to provide a greater array of tiers to give subscribers the option of purchasing a more limited number of programming services.

Must-Carry/Retransmission Consent. Where eligible local commercial broadcast television stations elect “must carry” status, cable operators are required by the Federal Cable Act to carry its programming without compensation and, in cable systems that are not fully digital, to offer analog-only customers low-cost set-top boxes to make those signals "viewable".

Alternatively, local commercial broadcast television stations may elect “retransmission consent” instead of “must carry” status. Stations making such an election give up their must carry right and negotiate with cable systems the terms on which the cable systems carry the stations. Cable systems may not carry a broadcast station that has elected retransmission consent without the station's consent. The terms of retransmission consent agreements frequently include the payment of compensation to the station. A substantial number of local broadcast stations currently carried by our cable systems have elected to negotiate for retransmission consent, and many have sought substantial compensation.

Ownership Limitations. Federal regulation of the communications field traditionally included a host of ownership restrictions, which limited the size of certain media entities and restricted their ability to enter into competing enterprises. Through a series of legislative, regulatory, and judicial actions, most of these restrictions have been either eliminated or substantially relaxed. Changes in this regulatory area could alter the business environment in which we operate.

Set-Top Boxes. The Telecommunications Act of 1996 includes a provision that requires the FCC to take certain steps to support the development of a retail market for “navigation devices,” such as cable set top boxes. As a result, the FCC adopted certain mandates, including a rule that required cable operators to separate security from non-security functions in digital set-top boxes that they provide to their subscribers for a monthly fee. Congress repealed that rule effective on December 4, 2015 and, since that date, cable operators are allowed to provide navigation devices in which the security

functions and other functions are fully integrated to subscribers that elect to use such boxes. The FCC subsequently initiated a new rulemaking considering whether additional measures should be adopted to support competitive availability of "navigation devices," including competing user interfaces on third party devices. While that effort has not advanced, the FCC may consider implementing measures to promote the competitive availability of retail set-top boxes.

PEG and Leased Access. Localities may require free access to, and support of, public, educational, or governmental ("PEG") channels on our cable systems. In addition to providing PEG channels, we must make a limited number of commercial leased access channels available to third parties (including parties with potentially competitive video services) at regulated rates.

Pole Attachments. The company makes extensive use of utility poles and conduit owned by other utilities to attach and install the cable television facilities that are integral to our facilities and services. The Federal Cable Act requires most utilities to provide cable systems with access to poles and conduits for access to attach such facilities at regulated rates. The FCC has authority to regulate utility company rates for the rental of pole and conduit space used by companies, including cable operators, to provide cable, telecommunications services, and Internet access services, unless states establish their own regulations in this area. Utilities must provide nondiscriminatory access to any pole, conduit, or rights-of-way controlled by the utility. The FCC has also established precise rate formulas that constrain the maximum attachment rates utilities may charge, and FCC rules and precedent define reasonable utility attachment terms and conditions.

Program Access. The program access rules prohibit a cable operator from unduly or improperly influencing the decision of a satellite-delivered cable programming service in which a cable operator holds an attributable interest to sell to an unaffiliated distributor, or from discriminating in the prices, terms, and conditions of sale to an unaffiliated distributor where the purpose or effect of such influence or discrimination is to unfairly and significantly hinder or prevent the competitor from providing satellite cable programming. FCC rules allow a competing distributor to bring complaint against a cable-affiliated terrestrially-delivered programming service or its affiliated cable operator, for acts or practices that the competitor alleges are unfair or deceptive and that significantly hinder or prevent the competitor from providing satellite cable programming.

Program Carriage. The FCC's program carriage rules prohibit us from requiring that an unaffiliated programming service grant us a financial interest or exclusive carriage rights as a condition of its carriage on our cable systems, and we may not discriminate against such programming services in the terms and conditions of carriage on the basis of their affiliation or nonaffiliation with us.

In 2011, the FCC sought formal comment on proposals for changes to its program carriage rules, including a proposal to require programmers and MVPDs to enter into "last best offer" style arbitration when they cannot reach agreement over carriage terms, to expand the scope of the discrimination provision to preclude a vertically-integrated MVPD from discriminating on the basis of a programming vendor's affiliation with another MVPD, and a proposal to allow the FCC to require MVPDs that are found to violate the program carriage rules to pay damages to complainants. The FCC has not yet acted on this proposal. On October 12, 2011, Game Show Network ("GSN") filed a program carriage complaint against us, alleging that we discriminated against it in the terms and conditions of carriage based on GSN's lack of affiliation with us. Although the Enforcement Bureau of the FCC recommended on October 15, 2015, that the administrative law judge adjudicating this dispute find for us as GSN had not satisfied its burden of proving that we discriminated against it on the basis of affiliation (either through direct or circumstantial evidence), the administrative law judge issued his initial decision in GSN's favor on November 23, 2016, requiring that we restore GSN to the expanded basic tier. We have appealed this decision to the FCC and are seeking to delay implementation of the remedy ordered by the administrative law judge pending resolution of the appeal**.** We believe GSN's claims are without merit and we are defending ourselves vigorously.

Exclusive Access to Multitenant Buildings. The FCC has prohibited cable operators from entering into or enforcing exclusive agreements with owners of multitenant buildings under which the operator is the only MVPD with access to the building.

CALM Act. FCC rules require us to ensure that all commercials carried on our cable service comply with specified volume standards.

Privacy and Data Security. In the course of providing service, we collect certain information about our subscribers and their use of our services. We also collect certain information regarding potential subscribers and other individuals. Our

collection, use, disclosure and other handling of information is subject to a variety of federal and state privacy requirements, including those imposed specifically on cable operators by the Federal Cable Act, Federal Trade Commission rules, as well as state privacy, consumer protection, and data security rules. We are subject to data security obligations, as well as requirements to provide notice to individuals and governmental entities in the event of certain data security breaches, and such breaches, depending on their scope and consequences, may lead to litigation and enforcement actions or adversely affect our brand. As cable operators provide interactive and other advanced services, additional privacy and data security requirements may arise through legislation, regulation, or judicial decisions. For example, the Video Privacy Protection Act has been extended to cover online interactive services through which customers can buy or rent movies. In addition, Congress, the Federal Trade Commission, and other lawmakers and regulators are all considering whether to adopt additional measures that could impact the collection, use, and disclosure of subscriber information in connection with the delivery of advertising and other services to consumers customized to their interests. These include measures focused on the privacy implications of Internet-based advertising and other uses of data from online users.

Federal Copyright Regulation. We are required to pay copyright royalty fees on a semi-annual basis to receive a statutory compulsory license to carry broadcast television signals. These fees are subject to periodic audit by the content owners. The amount of a cable operator's royalty fee payments are determined by a statutory formula that takes into account various factors, including the amount of "gross receipts" received from subscribers for "basic" service, the number of "distant" broadcast signals carried, and the characteristics of those distant signals (e.g., network or independent or noncommercial). Certain elements of the royalty formula are subject to adjustment from time to time, which can lead to increases in the amount of our semi-annual royalty payments. There have been adjustments (both upwards and downwards) in the royalty rates in the past; the Copyright Royalty Board currently is empowered to decide petitions seeking royalty rate adjustments. The U.S. Copyright Office, which administers the collection of royalty fees, has made recommendations to Congress for changes in or elimination of the statutory compulsory licenses for cable television carriage of broadcast signals and the U.S. Government Accountability Office is conducting a statutorily-mandated inquiry into whether the cable compulsory license should be phased out. Changes to copyright regulations could adversely affect the ability of our cable television systems to obtain such programming, and could increase the cost of such programming.

Access for Persons with Disabilities. FCC rules require us to ensure that persons with disabilities can more fully access the programming we carry. We are required to provide closed captions and pass through video description to subscribers on some networks we carry, and will shortly be required to provide an easy means of activating closed captioning and to ensure the aural accessibility of emergency information and the accessibility of navigation devices.

Other Regulation. We are subject to various other regulations, including those related to political broadcasting; home wiring; the blackout of certain network, and syndicated programming; prohibitions on transmitting obscene programming; limitations on advertising in children's programming; and standards for emergency alerts, as well as telemarketing and general consumer protection laws. The FCC also imposes various technical standards on our operations. In the aftermath of Superstorm Sandy, the FCC and the states are examining whether new requirements are necessary to improve the resiliency of communications networks, potentially including cable networks.

High-Speed Data

Regulatory Classification. High-speed Internet access services (called "broadband Internet access services") were traditionally classified by the FCC as "information services" for regulatory purposes, a type of service that traditionally was subjected to a lesser degree of regulation than "telecommunications services." In 2015, the FCC reversed this determination and classified broadband Internet access services as "telecommunications services." This reclassification has subjected our broadband Internet access service to substantially greater regulation, although the FCC did not apply all telecommunications service obligations to broadband Internet access service.

Net Neutrality. In March 2015, the FCC released new "Open Internet" rules. These rules prohibit providers of broadband Internet access service from blocking access to lawful content, applications, services, or the attachment of nonharmful devices, subject to reasonable network management as defined by the rules; from impairing or degrading lawful Internet traffic on the basis of content, applications, services, or use of non-harmful devices; from favoring some lawful Internet traffic over other lawful traffic in exchange for consideration; and from prioritizing content and services of their affiliates. The new rules also create a general Open Internet conduct standard that broadband Internet access providers cannot harm consumers or edge providers, and impose greater transparency requirements.

Access For Persons With Disabilities. FCC rules require us to ensure that persons with disabilities have access to "advanced communications services" ("ACS"), such as electronic messaging and interoperable video conferencing. They also require that certain video programming delivered via Internet Protocol include closed captioning and require entities distributing such programming to end users to pass through such captions and identify programming that should be captioned.

Other Regulation. Our provision of Internet services also subjects us to the limitations on use and disclosure of user communications and records contained in the Electronic Communications Privacy Act. Broadband Internet access service is also subject to other federal and state privacy laws applicable to electronic communications. As noted above, Congress, the Federal Trade Commission and other lawmakers and regulators are all considering whether to adopt additional measures that may govern the collection, use, and disclosure of subscriber information in connection with the delivery of advertising and other services to consumers customized to their interests. As a result of the reclassification of broadband Internet access service as a “telecommunications service,” the FCC may consider new requirements governing the privacy and security of certain kinds of data collected from high-speed Internet access customers. Additionally, providers of broadband Internet access services must comply with the Communications Assistance for Law Enforcement Act ("CALEA"), which requires providers to make their services and facilities accessible for law enforcement intercept requests. Various other federal and state laws apply to providers of services that are accessible through broadband Internet access service, including copyright laws, telemarketing laws, prohibitions on obscenity, and a ban on unsolicited commercial e-mail, and privacy and data security laws. Online content we provide is also subject to some of these laws.

Other forms of regulation of high-speed Internet access service currently being considered by the FCC, Congress or state legislatures include consumer protection requirements; cyber security requirements; consumer service standards; requirements to contribute to universal service programs; and requirements to protect personally identifiable customer data from theft.

VoIP Services

The regulatory obligations of VoIP services are the subject of periodic examination and review by the FCC, Congress, and state public service commissions. In 2004, for instance, the FCC initiated a generic rulemaking proceeding concerning the legal and regulatory implications of IP-based services, including VoIP services. Also in 2004, the FCC determined that VoIP services with certain characteristics are interstate services subject to federal rather than state jurisdiction and preempted conflicting state laws. The FCC's determination was upheld by a federal court of appeals, although the court found that the FCC's order did not squarely address the classification of cable-provided VoIP services. While the FCC has not concluded its generic rulemaking proceeding, it has applied some regulations to VoIP service providers that exchange traffic with traditional telephone carriers like Verizon (these services are known as "interconnected VoIP services"). Some states have asserted the right to regulate cable VoIP service, while others have adopted laws that bar the state commission from regulating VoIP service.

Universal Service. Interconnected VoIP services must contribute to the federal universal service fund ("USF") used to subsidize voice services provided to low income households, and voice and broadband services to rural and high cost areas, and other communications services provided to schools, libraries, and rural health care providers. The amount of universal service contribution required of interconnected VoIP service providers is based on a percentage of revenues earned from interstate and international services provided to end users. We allocate our end user revenues and remit payments to the universal service fund in accordance with FCC rules. The FCC has ruled that states may impose state universal service fees on certain types of VoIP providers, which may include cable VoIP providers. States in which we operate have not imposed universal service fund contributions for VoIP providers. In October 2011, the FCC adopted an order that fundamentally revised its federal universal service fund programs to transition support to broadband networks and services, as well as voice services provided over broadband. That order was upheld by the U.S. Court of Appeals for the 10th Circuit, though certain parties have requested a writ of certiorari for parts of the 10th Circuit order to the U.S. Supreme Court.

Local Number Portability. The FCC requires interconnected VoIP service providers and their "numbering partners" to ensure that their customers have the ability to port their telephone numbers when changing providers to or from the interconnected VoIP service. The FCC also has clarified that local exchange carriers and commercial mobile radio service providers have an obligation to port numbers to interconnected VoIP service providers upon a valid port request. Interconnected VoIP service providers are also required to contribute to federal funds to meet the shared costs of local

number portability ("LNP") and the costs of North American Numbering Plan Administration. The FCC is reviewing whether all current numbering requirements should be extended to interconnected VoIP services.

Intercarrier Compensation. In an October 2011 reform order and subsequent clarifying orders, the FCC revised the regime governing payments among providers of voice services for the exchange of calls between and among different networks ("intercarrier compensation") to, among other things, include interconnected VoIP. The FCC addressed compensation applicable to traffic terminating on carriers' networks, clarifying that prospectively, VoIP traffic exchanged with a carrier in TDM format must be compensated at applicable TDM terminating interstate rates for all toll traffic and at applicable rates for local traffic. In April 2012, the FCC clarified that compensation paid to carriers for originating VoIP traffic exchanged within the same state would be subject to intrastate toll rates until July 1, 2014. After that date, compensation for such traffic would be reduced to interstate rates. Intercarrier compensation for all terminating traffic, including VoIP traffic exchanged in TDM format, will be phased down over several years to a "bill-and-keep" regime, with no compensation between carriers for most traffic exchanged. The FCC's authority to establish these rules was upheld on appeal to the U.S. Court of Appeals for the 10th Circuit.

Other Regulation. Interconnected VoIP service providers are required to provide enhanced 911 emergency services to their customers; protect customer proprietary network information from unauthorized disclosure to third parties; report to the FCC on service outages; comply with telemarketing regulations and other privacy and data security requirements; comply with disabilities access requirements and service discontinuance obligations; comply with call signaling requirements; and comply with CALEA standards. In August 2015, the FCC adopted new rules to improve the resiliency of the communications network. Under the new rules, providers of voice services, including interconnected VoIP service providers, will be required to make available eight hours of standby backup power for consumers to purchase at the point of sale. The rules also require that providers inform new and current customers about service limitations during power outages and steps that consumers can take to address those risks.

Other Services

We may provide other services and features over our cable system, such as games and interactive advertising that may be subject to a range of federal, state, and local laws such as privacy and consumer protection regulations. We also maintain various websites that provide information and content regarding our businesses. The operation of these websites is also subject to a similar range of regulations.

Lightpath

The Telecommunications Act of 1996 was enacted to remove barriers to entry in the local telephone market that continues to be dominated by the Bell Operating Companies ("BOCs") and other ILECs by preempting state and local laws that restrict competition and by requiring ILECs to provide competitors, such as cable operators and long distance companies, with nondiscriminatory access and interconnection to the BOC and ILEC networks and access to certain portions of their communications networks (known as network elements) at cost-based rates. The 1996 Telecommunications Act entitles our Lightpath CLEC subsidiaries to certain rights, but as telecommunications carriers, it also subjects them to regulation by the FCC and the states. Their designation as telecommunications carriers also results in other regulations that may affect them and the services they offer.

Interconnection and Intercarrier Compensation. The 1996 Telecommunications Act requires telecommunications carriers to interconnect directly or indirectly with other telecommunications carriers. Under the FCC's intercarrier compensation rules, Lightpath is entitled, in some cases, to compensation from carriers when they terminate their originating calls on Lightpath's network and in other cases are required to compensate another carrier for utilizing that carrier's network to terminate traffic that originates on Lightpath's network. The FCC and state regulatory commissions, including those in the states in which we operate, have adopted limits on the amounts of compensation that may be charged for certain types of traffic. The FCC has revised its intercarrier compensation rules to phase intercarrier compensation rates for terminating traffic down over several years to eventually establish a "bill-and-keep" regime, where most traffic is exchanged between carriers without compensation.

Universal Service. Lightpath is required to contribute to the federal USF. Currently, the FCC assesses USF contributions from Lightpath and other telecommunications carriers on the basis of a percentage of interstate and international revenue they receive from end-user customers. The FCC limits the amount carriers may place on universal service line items on their customer bills. Lightpath is also required to contribute to the New York Targeted Accessibility Fund, which includes state support for universal service. State universal service funds have not been established in other states in

which Lightpath operates. As noted above, the FCC has made fundamental changes to its federal universal service fund programs, reorienting universal service support programs to the provision of broadband services through a new Connect America Fund.

Other Regulation. Lightpath is subject to other FCC requirements in connection with the services it provides, including protecting customer proprietary network information from unauthorized disclosure to third parties; meeting certain notice requirements in the event of service termination; compliance with disabilities access requirements; compliance with CALEA standards; outage reporting; and the payment of fees to fund local number portability administration and the North American Numbering Plan. As noted above, the FCC and states are examining whether new requirements are necessary to improve the resiliency of communications networks. Communications with our customers are also subject to FCC, Federal Trade Commission, and state regulations on telemarketing and the sending of unsolicited commercial e-mail and fax messages, as well as additional privacy and data security requirements.

State Regulation. Lightpath is subject to regulation by state commissions in each state where it provides service. In order to provide service, Lightpath must seek approval from the state regulatory commission or be registered to provide service in each state where it operates and may at times require local approval to construct facilities. Lightpath is currently authorized and provides service in New York, Connecticut and New Jersey. Regulatory obligations vary from state to state and include some or all of the following requirements: filing tariffs (rates, terms and conditions); filing operational, financial, and customer service reports; seeking approval to transfer the assets or capital stock of the telephone company; seeking approval to issue stocks, bonds and other forms of indebtedness of the telephone company; reporting customer service and quality of service requirements; outage reporting; making contributions to state universal service support programs; paying regulatory and state Telecommunications Relay Service and E911 fees; geographic build-out; and other matters relating to competition.

Programming and Entertainment

Cable television programming networks are regulated by the FCC in certain respects. These regulations include requirements that certain of our networks must provide closed-captioning of programming for the hearing impaired.

Employees and Labor Relations

As of December 31, 2016, we had 10,008 full-time, 100 part-time and 369 temporary employees of which 227 full-time employees were covered under collective bargaining agreements. We believe that our relations with employees are satisfactory.

Available Information and Website

We make available free of charge, through our investor relations section at our website, www.alticeusa.com our Annual, Quarterly and Current Reports.

Item 1A. Risk Factors

Risk Factors Relating to Our Business

We operate in a very competitive business environment which could materially adversely affect our business, financial condition, results of operations and liquidity.

We operate in a highly competitive industry. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater resources, operating capabilities and efficiencies of scale, stronger brand name recognition, longstanding relationships with regulatory authorities and customers and greater access to programming or other services.

The loss of customers due to competition has adversely affected our business and financial results and may continue to do so. The effects of competition may adversely affect our ability to service our debt and our liquidity. These risks are heightened by the rapid technological change inherent in our business and the need to acquire, develop and adopt new technology to differentiate our products and services from our competitors. We may need to anticipate far in advance which technology we should use for the development of new products and services or the enhancement of existing products and services. In addition, changes in the regulatory and legislative environments may result in changes to the competitive landscape.

We operate in an intensely competitive environment, competing with a variety of video, data and voice providers and delivery systems, including telephone companies, wireless data and voice providers, satellite-delivered video signals, Internet-delivered video content and broadcast television signals available to homes within our market by over-the-air reception.

We face competition from two companies, Verizon and Frontier, who offer video programming in addition to high-speed data and VoIP services to residential and business customers in our service area. We face intense competition from Verizon, for example, who has constructed a fiber-to-the-home network plant that passes a significant number of households in our service area. Verizon does not publicly report the extent of their build-out or penetration by area. Our estimate of Verizon's build out and sales activity in our New York Metropolitan area is difficult to assess because it is based upon visual inspections and other limited estimating techniques and therefore serves only as an approximation. We estimate that Verizon is currently able to sell a fiber-based video service, as well as high-speed data and VoIP services, to at least half of the households in our service area. In certain other portions of our service area, Verizon has also built its fiber network where we believe it is not currently able to sell its fiber-based video service, but is able to sell its high-speed data and VoIP services. In these areas (as well as other parts of our service area) Verizon markets direct broadcast satellite ("DBS") services along with its high-speed data and VoIP services. Verizon's fiber network also passes areas where we believe it is not currently able to sell its video, high-speed data or VoIP services. Accordingly, Verizon may increase the number of customers in our service area to whom it is able to sell video, high-speed data and VoIP services in the future.

Frontier offers video service, as well as high speed data and VoIP services, in competition with us in most of our Connecticut service area. Frontier also markets DBS services in this service area. Verizon and Frontier have made and may continue to make promotional offers at prices lower than ours.

This competition affects our ability to add and retain customers and creates pressure upon the pricing of our services. Competition, particularly from Verizon, which has significantly greater financial resources than we do, has negatively impacted our revenues and caused subscriber declines in our service areas. To the extent Verizon, Frontier and other competitors continue to offer competitive and promotional packages, our ability to maintain or increase our existing customers and revenue will continue to be negatively impacted.

We also face competition from two major DBS providers in our service area, DISH Network and DirecTV (a subsidiary of AT&T), each with significantly higher numbers of subscribers than we have. These companies each offer video programming that is substantially similar to the video service that we offer, at competitive prices. Our ability to compete with these DBS services is affected by the quality and quantity of programming available to us and to them. DirecTV has exclusive arrangements with the National Football League that gives it access to programming that we cannot offer. DBS operators also have marketing arrangements with certain phone companies in which the DBS provider's video services are sold together with the phone company's high-speed Internet and phone services. Each of these competitors has significantly greater financial resources than we do.

Another source of competition for our video services is the delivery of video content over the Internet directly to subscribers. This competition comes from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections, such as Netflix, Google's "YouTube" and Amazon's "Prime." Verizon offers a mobile video delivery service called Go90 and DISH Network has a product offering Internet delivery of a number of cable networks called Sling TV. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. Consumers are also able to watch such Internet-delivered content on television and mobile devices. The availability of these services has and will continue to adversely affect customer demand for our video services, including premium and on-demand services. Our video service also faces competition from broadcast television stations, entities that make digital video recorded movies and programs available for home rental or sale, satellite master antenna television ("SMATV") systems, which generally serve large multiple dwelling units under an agreement with the landlord and service providers and "open video system" ("OVS") operators. There can be no assurance that these or other existing, proposed, or as yet undeveloped technologies will not become dominant in the future and render our video service offering less profitable or even obsolete.

Internet access services are also offered by providers of wireless services, including traditional cellular phone carriers and others focused solely on wireless data services. The FCC is likely to continue to make additional radio spectrum available for these wireless Internet access services.

Our VoIP service also faces competition from other competitive providers of voice services, including wireless voice providers, as well as VoIP providers like Vonage that do not own networks but can provide service to any person with a broadband connection.

We also operate in a highly competitive business telecommunications market and compete against the very largest telecommunications companies, including incumbent local exchange carriers ("ILEC"), other competitive local exchange carriers ("CLEC") and long distance voice service companies for commercial and enterprise customers. More specifically, we face substantial competition from Verizon and Frontier which are the dominant providers of local telephone and broadband services in their respective service areas. Verizon has significant advantages over us, including greater capital resources, an existing fully operational local network and long-standing relationships with customers. To the extent these competitors decide to reduce their prices, future success of our business may be negatively impacted.

We face significant risks as a result of rapid changes in technology and consumer expectations and behavior.

The telecommunications services industry has undergone significant technological development over time and these changes continue to affect our business, financial condition and results of operations. Such changes have had, and will continue to have, a profound impact on consumer expectations and behavior. Our video business faces technological change risks as a result of the continuing development of new and changing methods for delivery of programming content such as Internet based delivery of movies, shows and other content which can be viewed on televisions, wireless devices and other developing mobile devices. A proliferation of delivery systems for video content can adversely affect our ability to attract and retain subscribers and the demand for our services and it can also decrease advertising demand on our delivery systems. Our high-speed data business faces technological challenges from rapidly evolving wireless Internet solutions. Our voice service offerings face technological developments in the proliferation of voice delivery systems including those based on Internet and wireless delivery. If we do not develop or acquire and successfully implement new technologies, we will limit our ability to compete effectively for subscribers, content and advertising. In addition, we may be required to make material capital and other investments to anticipate and to keep up with technological change. These challenges could adversely affect our business, financial condition and results of operations.

Programming costs are increasing and we may not have the ability to pass these increases on to our subscribers. Disputes with programmers, or the inability to retain or obtain popular programming, can adversely affect our relationship with subscribers and lead to subscriber losses.

Programming costs are one of our largest categories of expenses. In recent years, the cost of programming in the cable and satellite video industries has increased significantly and is expected to continue to increase, particularly with respect to costs for sports programming and broadcast networks. We may not be able to pass programming cost increases on to our subscribers due to the increasingly competitive environment. If we are unable to pass these increased programming costs on to our subscribers, our operating results would be adversely affected.

We attempt to control our programming costs and, therefore, the cost of our video services to our customers by negotiating favorable terms for the renewal of our affiliation agreements with programmers. On certain occasions in the past, such negotiations have led to disputes with programmers that have resulted in temporary periods where we were not carrying a particular broadcast network or programming service or services. In addition, to the extent we are unable to reach agreement with certain programmers on terms we believe are reasonable, we may be forced, or determine for strategic or business reasons, to remove such programming channels from our line-up and may decide to replace them with other programming, which may not be available on acceptable terms or be as attractive to customers. Such disputes, or the removal or replacement of programming, may inconvenience some of our subscribers and can lead to customer dissatisfaction and, in certain cases, the loss of customers.

We have substantial indebtedness and we are highly leveraged, which reduces our capability to withstand adverse developments or business conditions.

We have incurred substantial amounts of indebtedness to finance the merger with Altice, operations, upgrade our cable plant and acquire other cable systems, sources of programming and other businesses. We have also incurred substantial indebtedness in order to offer new or upgraded services to our current and potential customers and to pursue activities outside our core businesses. At December 31, 2016, our total aggregate principal amount of indebtedness was approximately $16.0 billion. Because of our substantial indebtedness, we are highly leveraged and we will continue to be highly leveraged. This means that our payments on our borrowings are significant in relation to our revenues and cash flow. This leverage exposes us to significant risk in the event of downturns in our businesses (whether through

competitive pressures or otherwise), in our industries or in the economy generally, because although our cash flows would decrease in this scenario, our required payments in respect of indebtedness would not.

Our overall leverage and the terms of our financing arrangements could:

- make it more difficult for us to satisfy obligations under our outstanding indebtedness;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions;
- limit our ability to refinance our indebtedness on terms acceptable to us or at all;
- limit our ability to adapt to changing market conditions;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- require us to dedicate a significant portion of our cash flow from operations to paying the principal of and interest on our indebtedness, thereby limiting the availability of our cash flow to fund future capital expenditures, working capital and other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the communications industry generally;
- place us at a competitive disadvantage compared with competitors that have a less significant debt burden; and
- make us more vulnerable to economic downturns and limit our ability to withstand competitive pressures.

In addition, a substantial portion of our indebtedness bears interest at variable rates. If market interest rates increase, variable-rate debt will have higher debt service requirements, which could adversely affect our cash flow and results of operations. While we may enter into agreements limiting our exposure to higher interest rates, these agreements may not offer complete protection from this risk.

Despite our indebtedness levels, we may be able to incur substantially more debt. Any such indebtedness could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional indebtedness in the future. If new debt is added to our current debt levels, the related risks we could face would be magnified. Any decrease in our revenues or an increase in operating costs (and corresponding reduction in our cash flow) would further increase our leverage and would adversely affect our ability to pay our indebtedness as it comes due.

We incurred a loss from continuing operations in 2016 and may incur losses from continuing operations in the future, which may be significant and reduce our ability to raise needed capital.

We incurred a loss from continuing operations of approximately $165.3 million for the combined 2016 period and may incur losses from continuing operations in the future. Losses from continuing operations, which could be significant, could adversely affect our ability to comply with the covenants and restrictions in our debt agreements and could limit our ability to raise needed financing, or to do so on favorable terms, as such losses could be taken into account by potential investors, lenders and the organizations that issue investment ratings on our indebtedness.

The financial markets are subject to volatility and disruptions, which have in the past, and may in the future, adversely affect our business, including by affecting the cost of new capital, our ability to refinance our scheduled debt maturities, our ability to meet our other obligations as they come due and our ability to fund acquisitions or other strategic transactions.

The capital and credit markets experience volatility and disruption. At times, the markets have exerted extreme downward pressure on stock prices and upward pressure on the cost of new debt capital and have severely restricted credit availability for most issuers.

We rely on the capital markets, particularly for offerings of debt securities, as well as the credit markets, to meet our financial commitments and liquidity needs and to fund acquisitions or other strategic transactions. Disruptions or volatility in the capital and credit markets could adversely affect our ability to refinance on satisfactory terms, or at all, our scheduled debt maturities and could adversely affect our ability to draw on our revolving credit facility.

Market disruptions in the past were accompanied by a broader economic downturn, which led to lower demand for our products, such as video services, as well as lower levels of television advertising, and increased incidence of customers' inability to pay for the services we provide. A recurrence of those conditions may further adversely impact our business, financial condition and results of operations.

Economic downturns may impact our ability to comply with the covenants and restrictions in our indentures, credit facilities and agreements governing our other indebtedness and may impact our ability to pay or refinance our indebtedness as it comes due. If we do not repay or refinance our debt obligations when they become due and do not otherwise comply with the covenants and restrictions in our indentures, credit facilities and agreements governing our other indebtedness, we would be in default under those agreements and the debt incurred under those agreements could then be declared immediately due and payable. In addition, any default under our indentures, credit facilities or agreements governing our other indebtedness could lead to an acceleration of debt under other debt instruments that contain cross acceleration or cross-default provisions. If the indebtedness under our indentures, credit facilities and our other debt instruments were accelerated, we would not have sufficient assets to repay amounts due thereunder. To avoid a default, we could be required to defer capital expenditures, sell assets, seek strategic investments from third parties or otherwise reduce or eliminate discretionary uses of cash. However, if such measures were to become necessary, there can be no assurance that we would be able to sell sufficient assets or raise strategic investment capital sufficient to meet our scheduled debt maturities as they come due. In addition, any significant reduction in necessary capital expenditures could adversely affect our ability to retain our existing customer base and obtain new customers, which would adversely affect our business, financial condition and results of operations.

Disruptions in the capital and credit markets can also result in higher interest rates on publicly issued debt securities and increased costs under credit facilities. Such disruptions could increase our interest expense, adversely affecting our business, financial condition and results of operations.

Our access to funds under our revolving credit facility is dependent on the ability of the financial institutions that are parties to those facilities to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our revolving credit facilities 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.

Longer term, volatility and disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect our access to the liquidity needed for our businesses. Such disruptions could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged.

A lowering or withdrawal of the ratings assigned to our subsidiaries' debt securities by ratings agencies may further increase our future borrowing costs and reduce our access to capital.

The debt ratings for our subsidiaries' debt securities are below the "investment grade" category, which results in higher borrowing costs as well as a reduced pool of potential purchasers of that debt as some investors will not purchase debt securities that are not rated in an investment grade rating category. In addition, there can be no assurance that any rating assigned will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency, if in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of a rating may further increase our future borrowing costs and reduce our access to capital.

Our ability to meet our respective obligations under our indebtedness may be restricted by limitations on our subsidiaries' ability to send funds.

Our principal subsidiaries include various entities that own cable systems and other businesses. Our and our subsidiaries' ability to pay interest and principal on our respective outstanding indebtedness is dependent upon the operations of our direct and indirect subsidiaries and the distributions or other payments of the cash they generate to us and our other subsidiaries in the form of distributions, loans or advances. Our subsidiaries are separate and distinct legal entities and, unless any such subsidiaries have guaranteed the underlying indebtedness, have no obligation, contingent or otherwise, to pay any amounts due on our or our other subsidiaries' indebtedness or to make any funds available to us or our other

subsidiaries to do so. These subsidiaries may not generate enough cash to make such funds available to our indebted subsidiaries and in certain circumstances legal and contractual restrictions may also limit their ability to do so. Also, our subsidiaries' creditors, including trade creditors, in the event of a liquidation or reorganization of any subsidiary, would be entitled to a claim on the assets of such subsidiaries, including any assets transferred to those subsidiaries, prior to any of our claims as a stockholder and those creditors are likely to be paid in full before any distribution is made to us. To the extent that we are a creditor of a subsidiary, our claims could be subordinated to any security interest in the assets of that subsidiary and/or any indebtedness of that subsidiary senior to that held by us.

Our ability to incur debt and the use of our funds are limited by significant restrictive covenants in financing agreements.

Our credit facilities and debt instruments contain various financial and operating covenants that, among other things, require the maintenance of financial ratios and restrict the relevant borrower's ability to incur debt from other sources and to use funds for various purposes, including investments in some subsidiaries and payment of dividends. We are also subject to certain affirmative covenants contained in certain of the indentures, credit facilities and agreements governing our other indebtedness, which require us to maintain as specified financial ratio upon the outstanding utilizations exceeding certain thresholds. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure you that we will be able to meet these ratios. Violation of these covenants could result in a default that would permit the parties who have lent money under such credit facilities and such other debt instruments to:

- restrict the ability to borrow undrawn funds under such credit facilities, and
- require the immediate repayment of the borrowings thereunder.

These events would be likely to have a material adverse effect on the value of our debt and equity securities.

We will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations and the failure to do so successfully could adversely affect our business. We may also engage in extraordinary transactions that involve the incurrence of large amounts of debt.

Our business is very capital intensive. Operating and maintaining our cable systems requires significant amounts of cash payments to third parties. Capital expenditures were $628.5 million, $816.4 million and $891.7 million in 2016, 2015 and 2014, respectively, and primarily include payments for customer premise equipment, such as new digital video cable boxes and modems, as well as infrastructure and capital expenditures related to our networks, in addition to the capital requirements of our other businesses.

On November 30, 2016, we announced our "Generation Gigaspeed" initiative through which we intend to build a next-generation fiber-to-the-home network over the coming five years that is capable of delivering broadband speeds of up to 10 Gbps across our footprint. We may incur greater than anticipated capital expenditures in connection with this initiative, fail to realize anticipated benefits, experience business disruptions or encounter other challenges to executing it as planned.

We expect capital expenditures to continue to be significant as we further enhance our service offerings. We may have substantial future capital commitments in the form of long-term contracts that require substantial payments over a period of time. We will not be able to generate sufficient cash internally to fund anticipated capital expenditures, meet these obligations and repay our indebtedness at maturity. Accordingly, we will have to do one or more of the following:

- refinance existing obligations to extend maturities;
- raise additional capital, through debt or equity issuances or both;
- cancel or scale back current and future spending programs; or
- sell assets or interests in one or more of our businesses.

However, we may not be able to refinance existing obligations or raise any required additional capital or to do so on favorable terms. Borrowing costs related to future capital raising activities may be significantly higher than our current borrowing costs and we may not be able to raise additional capital on favorable terms, or at all, if unsettled conditions in financial markets recur. If we are unable to pursue our current and future spending programs, we may be forced to cancel or scale back those programs. Our choice of which spending programs to cancel or reduce may be limited. Failure to successfully pursue our capital expenditure and other spending plans could materially and adversely affect our ability

to compete effectively. It is possible that in the future we may also engage in extraordinary transactions and such transactions could result in the incurrence of substantial additional indebtedness.

We rely on network and information systems for our operations, and a disruption or failure of those systems may disrupt our operations.

Network and information systems are essential to our ability to deliver our services to our customers. We have in place multiple security systems designed to protect against intentional or unintentional disruption, failure, misappropriation or corruption of our network and information systems. A problem of this type might be caused by events such as computer hacking, computer viruses, worms and other destructive or disruptive software, "cyber attacks" and other malicious activity, as well as natural disasters, power outages, terrorist attacks and similar events. Such events could have an adverse impact on us and our customers, including degradation of service, service disruption, excessive call volume to call centers and damage to our plant, equipment and data. Operational or business delays may result from the disruption of network or information systems and the subsequent remediation activities. Moreover, these events may create negative publicity resulting in reputation or brand damage with customers and our results of operations could suffer. We also use certain vendors to supply some of the hardware, software and support of our network. If these vendors are unable to provide equipment or service for any reason, for example due to breach of contract, operational difficulties or financial difficulties or if we are not able to negotiate renewals or extensions of existing agreements with these vendors, our ability to replace these vendors may be limited, which could negatively impact our operations.

We have expended, and expect to continue to spend in the future, significant amounts to protect our network and information systems; however, there can be no assurance that these efforts will prevent any of the problems identified above.

If we experience a significant data security breach or fail to detect and appropriately respond to a significant data security breach, our results of operations and reputation could suffer.

The nature of our business involves the receipt and storage of information about our customers and employees. We have procedures in place to detect and respond to data security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities. If our efforts to protect the security of information about our customers and employees are unsuccessful, a significant data security breach may result in costly government enforcement actions, private litigation and negative publicity resulting in reputation or brand damage with customers, and our results of operations could suffer.

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

The rising popularity of bandwidth-intensive Internet-based services poses risks for our high-speed Internet services. Examples of such services include peer-to-peer file sharing services, gaming services and the delivery of video via streaming technology and by download. If heavy usage of bandwidth-intensive services grows beyond our current expectations, we may need to incur more expenses than currently anticipated to expand the bandwidth capacity of our systems or our customers could have a suboptimal experience when using our high-speed Internet service. In order to continue to provide quality service at attractive prices, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands and to manage bandwidth usage efficiently. Our ability to do these things could be restricted by regulatory and legislative efforts to impose so-called "net neutrality" requirements on cable operators like us that provide high-speed Internet services. See discussion under "Item 1, Business Regulation".

Our business depends on intellectual property rights and on not infringing on the intellectual property rights of others.

We rely on our patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. Third parties have in the past, and may in the future, assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These

assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the rapid rate of issuance of new patents, we believe it is not possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. Asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products and/or services or components of those products and/or services.

Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to modify our business, develop a non-infringing technology, use alternate technology or enter into license agreements. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to modify our business, develop non-infringing technology, use alternate technology or license the proprietary rights on commercially reasonable terms and conditions, our business, results of operations and financial condition could be materially adversely affected.

We may be liable for the material that content providers distribute over our networks.

The law relating to the liability of private network operators for information carried on, stored or disseminated through their networks is still unsettled. As such, we could be exposed to legal claims relating to content disseminated on our networks. Claims could challenge the accuracy of materials on our network or could involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our business, financial condition and results of operations could be materially adversely affected.

A portion of our workforce is represented by labor unions. Collective bargaining agreements can increase our expenses. Labor disruptions could adversely affect our operations.

As of December 31, 2016, 227 of our full-time employees were covered by collective bargaining agreements (field operations employees in Brooklyn, New York) with the Communication Workers of America ("CWA"). Cablevision and the CWA entered into a collective bargaining agreement in 2015 and this agreement was renewed in June 2016. The collective bargaining agreements with the CWA covering this group of employees or any other agreements with other unions may increase our expenses. In addition, any disruptions to our operations due to labor related problems could have an adverse effect on our business.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

At December 31, 2016, we reported approximately $26.2 billion of consolidated total assets, of which approximately $19.5 billion were intangible. Intangible assets primarily include franchises from city and county governments to operate cable television systems goodwill, subscriber relationships, and trade names. While we believe that the carrying values of our intangible assets are recoverable, we may not receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business. We urge you to read carefully our consolidated financial statements contained herein, which provide more detailed information about these intangible assets.

We may seek acquisitions and other strategic transactions and the integration of acquisitions could materially adversely affect our business, financial condition and results of operations.

Acquisitions entail numerous risks, including:

- strain on our financial, management and operational resources, including the distraction of our management team in identifying potential acquisition targets, conducting due diligence and negotiating acquisition agreements;
- difficulties in integrating the operations, personnel, products, technologies and systems of acquired businesses;

- difficulties in enhancing our customer support resources to adequately service our existing customers and the customers of acquired businesses;
- the potential loss of key employees or customers of the acquired businesses;
- unanticipated liabilities or contingencies of acquired businesses;
- unbudgeted costs which we may incur in connection with pursuing potential acquisitions which are not consummated;
- failure to achieve projected cost savings or cash flow from acquired businesses;
- fluctuations in our operating results caused by incurring considerable expenses to acquire businesses before receiving the anticipated revenues expected to result from the acquisitions; and
- difficulties in obtaining regulatory approvals required to consummate acquisitions.

If we make acquisitions or other strategic transactions in the future, we may incur more debt, contingent liabilities and amortization expenses, which could materially adversely affect our business, financial condition and results of operations. We could also issue substantial additional equity which could dilute existing stockholders.

If our acquisitions do not result in the anticipated operating efficiencies, are not effectively integrated, or result in costs which exceed our expectations, our business, financial condition and results of operations could be materially adversely affected.

The MSG Distribution and the AMC Networks Distribution could result in significant tax liability.

We have received private letter rulings from the IRS to the effect that, among other things, the MSG Distribution (whereby Cablevision distributed to its stockholders all of the outstanding common stock of The Madison Square Garden Company ("Madison Square Garden"), a company which owns the sports, entertainment and media businesses previously owned and operated by Cablevision) and the AMC Networks Distribution (whereby Cablevision distributed to its stockholders all of the outstanding common stock of AMC Networks, a company which consisted principally of national programming networks, including AMC, WE tv, IFC and Sundance Channel, previously owned and operated by Cablevision) and certain related transactions, will qualify for tax-free treatment under the Internal Revenue Code of 1986, as amended (the "Code").

Although a private letter ruling from the IRS generally is binding on the IRS, if the factual representations or assumptions made in the letter ruling request are untrue or incomplete in any material respect, we will not be able to rely on the ruling. Furthermore, the IRS will not rule on whether a distribution satisfies certain requirements necessary to obtain tax-free treatment under the Code. Rather, the ruling is based upon our representations that these conditions have been satisfied, and any inaccuracy in such representations could invalidate the ruling.

If the MSG Distribution or the AMC Networks Distribution does not qualify for tax-free treatment for U.S. federal income tax purposes, then, in general, we would be subject to tax as if we had sold the Madison Square Garden common stock or AMC Networks common stock, as the case may be, in a taxable sale for its fair value. Cablevision stockholders at time of the distributions would be subject to tax as if they had received a distribution equal to the fair value of Madison Square Garden common stock or AMC Networks common stock, as the case may be, that was distributed to them, which generally would be treated as a taxable dividend. It is expected that the amount of any such taxes to Cablevision's stockholders and us would be substantial.

If we are unable to retain key employees, our ability to manage our business could be adversely affected.

Our operational results have depended, and our future results will depend, upon the retention and continued performance of our management team. The competitive environment for management talent in the broadband communications industry could adversely impact our ability to retain and hire new key employees for management positions. The loss of the services of key members of management and the inability or delay in hiring new key employees could adversely affect our ability to manage our business and our future operational and financial results.

Our overlapping executives may result in the diversion of corporate opportunities and other potential conflicts.

Our board of directors has adopted a policy that acknowledges that directors and officers of the Company may also be serving as directors, officers, employees or agents of Altice N.V. and its subsidiaries other than us and that we may engage in material business transactions with such entities. The Company renounced its rights to certain business

opportunities and the new policy provides that no director or officer of the Company who is also serving as a director, officer, employee or agent of Altice N.V. and its other subsidiaries will be liable to the Company for breach of any fiduciary duty that would otherwise exist by reason of the fact that any such individual directs a corporate opportunity (other than certain limited types of opportunities set forth in the policy) to Altice N.V. and its other subsidiaries instead of the Company, or does not refer or communicate information regarding such corporate opportunities to the Company. The policy expressly validates certain contracts, agreements, assignments and transactions (and amendments, modifications or terminations thereof) between the Company and Altice N.V. and/or any of its other subsidiaries and, to the fullest extent permitted by law, provides that the actions of the overlapping directors or officers in connection therewith are not breaches of fiduciary duties owed to the Company or any of its subsidiaries.

Risk Factors Relating to Regulatory and Legislative Matters

Our business is subject to extensive governmental legislation and regulation, which could adversely affect our business, increase our operational and administrative expenses and limit our revenues.

Regulation of the cable industry has increased cable operators' operational and administrative expenses and limited their revenues. Cable operators are subject to, among other things:

- rules governing the provisioning and marketing of cable equipment and compatibility with new digital technologies;
- rules and regulations relating to customer and employee privacy;
- rules establishing limited rate regulation of video service;
- rules governing the copyright royalties that must be paid for retransmitting broadcast signals;
- rules governing when a cable system must carry a particular broadcast station and when it must first obtain retransmission consent to carry a broadcast station;
- rules governing the provision of channel capacity to unaffiliated commercial leased access programmers;
- rules limiting the ability to enter into exclusive agreements with MDUs, and control inside wiring;
- rules, regulations and regulatory policies relating to the provision of high-speed Internet service, including new "net neutrality" requirements;
- rules, regulations and regulatory policies relating to the provision of voice communications;
- rules for franchise renewals and transfers; and
- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards and customer service and consumer protection requirements.

Additionally, many aspects of these regulations are currently the subject of judicial proceedings and administrative or legislative proposals. There are also ongoing efforts to amend or expand the federal, state and local regulation of some of our cable systems, which may compound the regulatory risks we already face, and proposals that might make it easier for our employees to unionize. The federal Internet Tax Freedom Act, which prohibited many taxes on Internet access service, but was subject to periodic renewals, was recently modified so that the collection of taxes on Internet service is now permanently prohibited. Certain states and localities are considering new cable and telecommunications taxes that could increase operating expenses. Certain states are also considering adopting energy efficiency regulations governing the operation of equipment that we use, which could constrain innovation. Congress is considering whether to rewrite the entire Communications Act of 1934, as amended (the "Communications Act") to account for changes in the communications marketplace or to adopt more focused changes. In response to recent data breaches and increasing concerns regarding the protection of consumers' personal information, Congress and regulatory agencies are considering the adoption of new privacy and data security laws and regulations that could result in additional privacy, as well as network and information security, requirements for our business. These new laws, as well as existing legal and regulatory obligations, could require significant expenditures.

Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.

Our cable systems generally operate pursuant to franchises, permits and similar authorizations issued by a state or local governmental authority controlling the public rights-of-way. Some franchises establish comprehensive facilities and

service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In some instances, local franchises have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities. As of December 31, 2016, our ten largest franchise areas comprised approximately 56% of our total video customers and of those, one franchise, the Town of Hempstead, New York, comprising an aggregate of approximately 85,000 video customers, was expired. We are currently lawfully operating in the Town of Hempstead, New York franchise area under temporary authority recognized by the State of New York.

The traditional cable franchising regime is currently undergoing significant change as a result of various federal and state actions. Some state franchising laws do not allow incumbent operators like us to immediately opt into favorable statewide franchising as quickly as new entrants, and often require us to retain certain franchise obligations that are more burdensome than those applied to new entrants.

We cannot assure you that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisors have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, we cannot assure you that we will be able to renew, or to renew on terms as favorable, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more key markets could adversely affect our business in the affected geographic area.

Our cable system franchises are non-exclusive. Accordingly, local and state franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect results of operations.

Our cable system franchises are non-exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with us without securing a local franchise or on more favorable franchise terms. There are federal legislative and regulatory proposals now pending regarding the ability of municipalities to construct and deploy broadband facilities that could compete with our cable systems. In addition, certain telephone companies are seeking authority to operate in communities without first obtaining a local franchise. As a result, competing operators may build systems in areas in which we hold franchises. The FCC has adopted rules that streamline entry for new competitors (including those affiliated with telephone companies) and reduce franchising burdens for these new entrants. At the same time, a substantial number of states have adopted new franchising laws. Again, these laws were principally designed to streamline entry for new competitors, and they often provide advantages for these new entrants that are not immediately available to existing operators. As a result of these new franchising laws and regulations, we have seen an increase in the number of competitive cable franchises or operating certificates being issued, and we anticipate that trend to continue.

The FCC also administers a program that collects Universal Service Fund contributions from telecommunications service providers and uses them to subsidize the provision of telecommunications services in high-cost areas and to low-income consumers and the provision of Internet and telecommunications services to schools, libraries and certain health care providers. The FCC has begun to redirect some of this funding to broadband deployment in ways that could assist competitors in competing with our services.

Local franchising authorities have the ability to impose additional regulatory constraints on our business, which could reduce our revenues or increase our expenses.

In addition to the franchise agreement, local franchising authorities in some jurisdictions have adopted cable regulatory ordinances that further regulate the operation of cable systems. This additional regulation increases the cost of operating our business. For example, some local franchising authorities impose minimum customer service standards on our operations. There are no assurances that the local franchising authorities will not impose new and more restrictive requirements. Local franchising authorities who are certified to regulate rates generally have the power to reduce rates and order refunds on the rates charged for basic service and equipment, which could reduce our revenues.

Further regulation of the cable industry could restrict our marketing options or impair our ability to raise rates to cover our increasing costs.

The cable industry has operated under a federal rate regulation regime for approximately two decades. Currently, rate regulation is strictly limited to the basic service tier and associated equipment and installation activities. Our franchise authorities have not certified to exercise this limited rate regulation authority, and they would now need to demonstrate that absence of "effective competition" (as defined under federal law) as part of any rate regulation certification. However, the FCC and Congress continue to be concerned that cable rate increases are exceeding inflation. It is possible that either the FCC or Congress will adopt more extensive rate regulation for our video services or regulate our other services, such as high-speed Internet and telephone services, which could impede our ability to raise rates, or require rate reductions. To the extent we are unable to raise our rates in response to increasing costs, or are required to reduce our rates, our business, financial condition, results of operations and liquidity will be materially adversely affected. There has been legislative and regulatory interest in requiring cable operators to offer historically bundled programming services on an á la carte basis. It is possible that new marketing restrictions could be adopted in the future. These restrictions could affect how we provide, and limit, customer equipment used in connection with our service and how we provide access to video programming beyond conventional cable delivery. A recent FCC proposal that would require multichannel video programming distributors ("MVPDs") to accommodate third-party devices through the provision of multiple "information flows" to third-party devices could adversely affect our relationship with our customers and programmers and our operations. It is also possible that regulations will be adopted affecting the negotiations between MVPDs (like us) and programmers. While these regulations might provide us with additional rights and protections in our programming negotiations, they might also limit our flexibility in ways that adversely affect our operations.

We may be materially adversely affected by regulatory changes related to pole attachment costs.

Pole attachments are cable wires that are attached to utility poles. Cable system pole attachments to utility poles historically have been regulated at the federal or state level, generally resulting in favorable pole attachment rates for attachments used to provide cable service. Any changes in the current pole attachment approach could result in a substantial increase in our pole attachment costs.

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

Cable operators also face significant regulation affecting the carriage of broadcast and other programming channels. We can be required to devote substantial capacity to the carriage of programming that we might not otherwise carry voluntarily, including certain local broadcast signals; local public, educational and governmental access programming; and unaffiliated, commercial leased access programming (channel capacity designated for use by programmers unaffiliated with the cable operator). Regulatory changes in this area could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity and limit our ability to offer services that would maximize our revenue potential. It is possible that other legal restraints will be adopted limiting our discretion over programming decisions.

Increasing regulation of our Internet service product could adversely affect our ability to provide new products and services.

On February 26, 2015, the FCC adopted a new "network neutrality" or "open Internet" Order that: (1) reclassified broadband Internet access service as a Title II common carrier service, (2) applied certain existing Title II provisions and associated regulations; (3) forbore from applying a range of other existing Title II provisions and associated regulations, but to varying degrees indicated that this forbearance may be only temporary, and (4) issued new rules expanding disclosure requirements and prohibiting blocking, throttling, paid prioritization, and unreasonable interference

with the ability of end users and edge providers to reach each other. The Order also subjected broadband providers' Internet traffic exchange rates and practices to potential FCC oversight and created a mechanism for third parties to file complaints regarding these matters. The Order has been appealed by multiple parties, but the rules are currently in effect. The Order could limit our ability to efficiently manage our cable systems and respond to operational and competitive challenges.

Offering telephone services may subject us to additional regulatory burdens, causing us to incur additional costs.

We offer telephone services over our broadband network and continue to develop and deploy interconnected VoIP services. The FCC has ruled that competitive telephone companies that support VoIP services, such as those that we offer to our customers, are entitled to interconnect with incumbent providers of traditional telecommunications services, which ensures that our VoIP services can operate in the market. However, the scope of these interconnection rights are being reviewed in a current FCC proceeding, which may affect our ability to compete in the provision of voice services or result in additional costs. It remains unclear precisely to what extent federal and state regulators will subject VoIP services to traditional telephone service regulation. Expanding our offering of these services may require us to obtain certain authorizations, including federal and state licenses. We may not be able to obtain such authorizations in a timely manner, or conditions could be imposed upon such licenses or authorizations that may not be favorable to us. The FCC has already extended certain traditional telecommunications requirements, such as E911 capabilities, Universal Service Fund contribution, Communications Assistance for Law Enforcement Act ("CALEA"), measures to protect Customer Proprietary Network Information and customer privacy, disability access, number porting, battery back-up, network outage reporting, rural call completion reporting, and other regulatory requirements to many VoIP providers such as us. If additional telecommunications regulations are applied to our VoIP service, it could cause us to incur additional costs and may otherwise materially adversely impact our operations. In 2011, the FCC released an order significantly changing the rules governing intercarrier compensation for the origination and termination of telephone traffic between interconnected carriers. These rules have resulted in a substantial decrease in interstate compensation payments over a multi-year period. Further, the FCC's initiative to collect data concerning certain point to point transport ("special access") services we provide could result in additional regulatory burdens and additional costs.

We may be materially adversely affected by regulatory, legal and economic changes relating to our physical plant.

Our systems depend on physical facilities, including transmission equipment and miles of fiber and coaxial cable. Significant portions of those physical facilities occupy public rights-of-way and are subject to local ordinances and governmental regulations. Other portions occupy private property under express or implied easements, and many miles of the cable are attached to utility poles governed by pole attachment agreements. No assurances can be given that we will be able to maintain and use our facilities in their current locations and at their current costs. Changes in governmental regulations or changes in these relationships could have a material adverse effect on our business and our results of operations.

Item 2. <u>Properties</u>

We own our headquarters building located in Bethpage, New York with approximately 558,000 square feet of space. We also own certain other real estate where our earth stations, headend equipment and microwave receiving antennae are located primarily in New York, New Jersey and Connecticut, aggregating approximately 705,000 square feet of space.

We lease real estate where certain of our business offices, earth stations, transponders, microwave towers, warehouses, headend equipment, hub sites, access studios and microwave receiving antennae are located, as well as other properties, aggregating approximately 2,679,000 square feet of space primarily in New York, New Jersey and Connecticut.

We generally own all assets (other than real property) related to our cable operations, including our headend equipment (towers, antennae, electronic equipment and satellite earth stations), cable system plant (distribution equipment, amplifiers, subscriber drops and hardware), converters, test equipment, program production equipment, tools and maintenance equipment. We also generally own our service and other vehicles.

We believe our properties are adequate for our use.

Item 3. Legal Proceedings

Refer to Note 17 to our consolidated financial statements included in this Annual Report for a discussion of our legal proceedings.

PART II

Item 6. Selected Financial Data

The operating and balance sheet data included in the following selected financial data have been derived from the consolidated financial statements of Cablevision and CSC Holdings. The selected financial data presented below should be read in conjunction with the audited consolidated financial statements of Cablevision and CSC Holdings and the notes thereto included in Item 8 of this Report.

As a result of push down accounting in connection with the Merger, Cablevision's and CSC Holdings' financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: (1) the periods up to the Merger date, January 1, 2016 through June 20, 2016 and the years ended December 31, 2015, 2014, 2013 and 2012 labeled "Predecessor" and (2) the period from the Merger date, June 21, 2016 through December 31, 2016 labeled "Successor". The Predecessor periods represent the financial information of the Company prior to the Merger, while the Successor period represents the financial information of the Company subsequent to the Merger. The accompanying selected financial data includes a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

Operating Data:	**Cablevision Systems Corporation** (dollars in thousands)					
	Successor	Predecessor				
			Years Ended December 31,			
	June 21, 2016 to December 31, 2016 (a)	January 1, 2016 to June 20, 2016	2015	2014	2013	2012 (b)
Revenue	$ 3,444,052	$ 3,137,604	$ 6,545,545	$ 6,508,557	$ 6,287,383	$ 6,180,677
Operating expenses	3,369,187	2,662,298	5,697,074	5,587,299	5,588,159	5,411,629
Operating income	74,865	475,306	848,471	921,258	699,224	769,048
Other income (expense):						
Interest expense, net	(606,347)	(285,508)	(584,839)	(575,580)	(600,637)	(660,074)
Gain (loss) on investments, net	141,896	129,990	(30,208)	129,659	313,167	294,235
Gain (loss) on equity derivative contracts, net	(53,696)	(36,283)	104,927	(45,055)	(198,688)	(211,335)
Loss on interest rate swap contracts, net	—	—	—	—	—	(1,828)
Loss on extinguishment of debt and write-off of deferred financing costs	(102,894)	—	(1,735)	(10,120)	(22,542)	(66,213)
Other (income) expense, net	4,329	4,855	6,045	4,988	2,436	2,486
Income (loss) from continuing operations before income taxes	(541,847)	288,360	342,661	425,150	192,960	126,319
Income tax benefit (expense)	213,065	(124,848)	(154,872)	(115,768)	(65,635)	(51,994)
Income (loss) from continuing operations, net of income taxes	(328,782)	163,512	187,789	309,382	127,325	74,325
Income (loss) from discontinued operations, net of income taxes (c)	—	—	(12,541)	2,822	338,316	159,288
Net income (loss)	(328,782)	163,512	175,248	312,204	465,641	233,613
Net loss (income) attributable to noncontrolling interests	(551)	236	201	(765)	20	(90)
Net income (loss) attributable to Cablevision Systems Corporation stockholder(s)	$ (329,333)	$ 163,748	$ 175,449	$ 311,439	$ 465,661	$ 233,523

(a) Includes restructuring costs of $199,257 and loss on extinguishment of debt and write-off of deferred financing costs of $102,894.

(b) Includes service outage credits of $33,156 (reduction to revenue) and operating expenses of $73,832 related to Superstorm Sandy.

(c) See Note 6 to our consolidated financial statements for additional information regarding discontinued operations.

	Cablevision Systems Corporation					
	Successor	Predecessor				
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Years Ended December 31,			
			2015	2014	2013	2012
INCOME PER SHARE:						
Basic income per share attributable to Cablevision Systems Corporation stockholder(s):						
Income from continuing operations, net of income taxes		$ 0.60	$ 0.70	$ 1.17	$ 0.49	$ 0.28
Income (loss) from discontinued operations, net of income taxes		$ —	$ (0.05)	$ 0.01	$ 1.30	$ 0.61
Net income		$ 0.60	$ 0.65	$ 1.18	$ 1.79	$ 0.89
Basic weighted average common shares (in thousands)		272,035	269,388	264,623	260,763	262,258
Diluted income per share attributable to Cablevision Systems Corporation stockholder(s):						
Income from continuing operations, net of income taxes		$ 0.58	$ 0.68	$ 1.14	$ 0.48	$ 0.28
Income (loss) from discontinued operations, net of income taxes		$ —	$ (0.05)	$ 0.01	$ 1.27	$ 0.60
Net income		$ 0.58	$ 0.63	$ 1.15	$ 1.75	$ 0.87
Diluted weighted average common shares (in thousands)		280,199	276,339	270,703	265,935	267,330
Cash dividends declared and paid per common share		$ —	$ 0.450	$ 0.600	$ 0.600	$ 0.600
Amounts attributable to Cablevision Systems Corporation stockholder(s):						
Income (loss) from continuing operations, net of income taxes	$ (329,333)	$ 163,748	$ 187,990	$ 308,617	$ 127,345	$ 74,235
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822	338,316	159,288
Net income (loss)	$ (329,333)	$ 163,748	$ 175,449	$ 311,439	$ 465,661	$ 233,523

	CSC Holdings, LLC					
	(dollars in thousands)					
	Successor	Predecessor				
	June 21, 2016 to December 31, 2016 (a)	January 1, 2016 to June 20, 2016	Years Ended December 31, 2015	2014	2013	2012 (b)
Revenue	$ 3,444,052	$ 3,137,604	$ 6,545,545	$ 6,508,557	$ 6,287,383	$ 6,180,677
Operating expenses	3,369,187	2,662,298	5,697,074	5,587,299	5,588,159	5,411,629
Operating income	74,865	475,306	848,471	921,258	699,224	769,048
Other income (expense):						
Interest expense, net	(510,208)	(157,343)	(313,952)	(304,831)	(315,572)	(406,783)
Gain (loss) on investments, net	141,896	129,990	(30,208)	129,659	313,167	294,235
Gain (loss) on equity derivative contracts, net	(53,696)	(36,283)	104,927	(45,055)	(198,688)	(211,335)
Loss on interest rate swap contracts, net	—	—	—	—	—	(1,828)
Loss on extinguishment of debt and write-off of deferred financing costs	(102,894)	—	(1,735)	(9,618)	(23,144)	(66,213)
Other (income) expense, net	4,329	4,855	6,045	4,988	2,436	2,486
Income (loss) from continuing operations before income taxes	(445,708)	416,525	613,548	696,401	477,423	379,610
Income tax benefit (expense)	170,440	(179,658)	(269,356)	(236,450)	(188,079)	(152,547)
Income (loss) from continuing operations, net of income taxes	(275,268)	236,867	344,192	459,951	289,344	227,063
Income (loss) from discontinued operations, net of income taxes (c)	—	—	(12,541)	2,822	330,711	159,288
Net income (loss)	(275,268)	236,867	331,651	462,773	620,055	386,351
Net loss (income) attributable to noncontrolling interests	(551)	236	201	(765)	20	(90)
Net income (loss) attributable to CSC Holdings, LLC's sole member	$ (275,819)	$ 237,103	$ 331,852	$ 462,008	$ 620,075	$ 386,261
Amounts attributable to CSC Holdings, LLC's sole member:						
Income from continuing operations, net of income taxes	$ (275,819)	$ 237,103	$ 344,393	$ 459,186	$ 289,364	$ 226,973
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822	330,711	159,288
Net income (loss)	$ (275,819)	$ 237,103	$ 331,852	$ 462,008	$ 620,075	$ 386,261

(a) Includes restructuring costs of $199,257 and loss on extinguishment of debt and write-off of deferred financing costs of $102,894.

(b) Includes service outage credits of $33,156 (reduction to revenue) and operating expenses of $73,832 related to Superstorm Sandy.

(c) See Note 6 to our consolidated financial statements for additional information regarding discontinued operations.

Balance Sheet Data:

	Cablevision Systems Corporation (Dollars in thousands)				
	Successor	Predecessor			
	December 31,	December 31,			
	2016	2015	2014	2013	2012
Total assets (a)	$ 26,176,709	$ 6,800,174	$ 6,682,021	$ 6,500,967	$ 7,155,058
Credit facility debt (a)	2,631,887	2,514,454	2,769,153	3,745,625	3,900,218
Collateralized indebtedness	1,286,069	1,191,324	986,183	817,950	556,152
Senior notes and debentures (a)	9,474,898	5,801,011	5,784,213	5,068,926	5,406,771
Senior guaranteed notes	2,289,494	—	—	—	—
Notes payable	13,726	14,544	23,911	5,334	12,585
Capital lease obligations	25,343	45,966	46,412	31,290	56,569
Total debt (a)	15,721,417	9,567,299	9,609,872	9,669,125	9,932,295
Redeemable equity	43,378	—	8,676	9,294	11,999
Stockholders' equity (deficiency)	2,289,027	(4,911,316)	(5,041,469)	(5,284,330)	(5,639,164)
Noncontrolling interest	287	(268)	779	786	1,158
Total equity (deficiency)	2,289,314	(4,911,584)	(5,040,690)	(5,283,544)	(5,638,006)

	CSC Holdings, LLC (Dollars in thousands)				
	Successor	Predecessor			
	December 31,	December 31,			
	2016	2015	2014	2013	2012
Total assets (a)	$ 26,176,335	$ 6,775,441	$ 6,598,820	$ 6,400,438	$ 7,407,703
Credit facility debt (a)	2,631,887	2,514,454	2,769,153	3,745,625	3,900,218
Collateralized indebtedness	1,286,069	1,191,324	986,183	817,950	556,152
Senior notes and debentures (a)	6,732,816	3,032,252	3,024,411	2,281,814	2,564,000
Senior guaranteed notes	2,289,494	—	—	—	—
Notes payable	13,726	14,544	23,911	5,334	12,585
Capital lease obligations	25,343	45,966	46,412	31,290	56,569
Total debt (a)	12,979,335	6,798,540	6,850,070	6,882,013	7,089,524
Redeemable equity	43,378	—	8,676	9,294	11,999
Member's equity (deficiency)	4,629,865	(2,451,224)	(2,528,298)	(2,644,072)	(2,851,773)
Noncontrolling interest	287	(268)	779	786	1,158
Total equity (deficiency)	4,630,152	(2,451,492)	(2,527,519)	(2,643,286)	(2,850,615)

(a) Years ended December 31, 2015, 2014, 2013 and 2012 have been restated to reflect the adoption of Accounting Standards Update ("ASU") 2015-03, Simplifying the Presentation of Debt Issuance Costs.

(b) December 31, 2016 amounts reflect the step up to fair value resulting from the Altice Merger and includes additional debt assumed in connection with the Altice Merger. See Note 3 of the accompanying consolidated financial statements.

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

	Years Ended December 31,			Net Increase (Decrease)	
	2016	2015	2014	2016	2015
	(in thousands, except per customer amounts)				
Total customers relationships (a)	3,141	3,116	3,113	25	3
Residential	2,879	2,858	2,861	21	(3)
Small and medium-sized business	262	258	252	4	6
Residential customers:					
Video (b)	2,428	2,487	2,574	(59)	(87)
High-speed data (b)	2,619	2,562	2,518	57	44
Voice (b)	1,962	2,007	2,047	(45)	(40)
Percentage of residential triple product customers to total residential customer relationships (c)	64.8%	67.6%	69.2%	(2.8)%	(1.6)%
Total serviceable passings (d)	5,116	5,076	5,041	40	35
Average monthly revenue per residential customer (e)	$ 154.49	$ 150.61	$ 149.10	$ 3.88	$ 1.51

(a) Represents number of households/businesses that receive at least one of the Company's services. The 2015 and 2014 amounts have been reduced by 4 thousand and 5 thousand, respectively, to eliminate certain free accounts.

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

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

(d) Represents the estimated number of single residence homes, apartment 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. The 2015 and 2014 amounts have been reduced by 4 thousand and 5 thousand, respectively, to eliminate certain free accounts.

(e) Calculated by dividing the average monthly revenue for the fourth quarter of each year presented derived from the sale of video, high-speed data and voice services to residential customers for the respective quarter by the average number of total residential customers for the same period.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

- the level of our revenue;
- competition for subscribers from existing competitors (such as telephone companies, direct broadcast satellite ("DBS") distributors, and Internet-based providers) and new competitors entering our franchise areas;
- demand for our video, high-speed data and voice services, which is impacted by competition from other services and changes in technology and consumer expectations and behavior;
- the level of our expenses, including the cost of programming;
- the level of our capital expenditures;
- changes in the laws or regulations under which we operate;
- general economic conditions in the areas in which we operate;
- the state of the market for debt securities and bank loans;
- market demand for new services;
- demand for advertising on our cable television systems;
- industry conditions;
- 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;
- the outcome of litigation and other proceedings, including the matters described under Item 3. Legal Proceedings;
- future acquisitions and dispositions of assets;
- the tax-free treatment of the MSG Distribution and the AMC Networks Distribution (each as defined herein);
- whether pending uncompleted transactions, if any, are completed on the terms and at the times set forth (if at all);
- other risks and uncertainties inherent in our cable and other telecommunications services businesses, and our other businesses;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate; and
- the factors described in our filings with the Securities and Exchange Commission, prior to our merger with Altice, and herein, including under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date on which this Annual Report is posted on our website (www.alticeusa.com). We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in our expectations or otherwise.

CABLEVISION SYSTEMS CORPORATION

All dollar amounts, except per customer and per share data, included in the following discussion under this Item 7, are presented in thousands.

Summary

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. See "Item 1A. Risk Factors".

The Altice Merger

On June 21, 2016 (the "Merger Date"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 16, 2015, by and among Cablevision, Altice N.V. ("Altice"), Neptune Merger Sub Corp., a wholly-owned subsidiary of Altice ("Merger Sub"), Merger Sub merged with and into Cablevision, with Cablevision surviving the merger (the "Merger").

In connection with the Merger, each outstanding share of the Cablevision NY Group Class A common stock, par value $0.01 per share ("CNYG Class A Shares"), and Cablevision NY Group Class B common stock, par value $0.01 per share ("CNYG Class B Shares", and together with the CNYG Class A Shares, the "Shares") other than (i) Shares owned by Cablevision, Altice or any of their respective wholly-owned subsidiaries, in each case not held on behalf of third parties in a fiduciary capacity, received $34.90 in cash without interest, less applicable tax withholdings (the "Merger Consideration").

Pursuant to an agreement, dated December 21, 2015, by and among CVC 2 B.V., CIE Management IX Limited, for and on behalf of the limited partnerships BC European Capital IX-1 through 11 and Canada Pension Plan Investment Board, certain affiliates of BCP and CPPIB (the "Co-Investors") funded approximately $1,000,000 toward the payment of the aggregate Merger Consideration, and indirectly acquired approximately 30% of the Shares of Cablevision.

Also in connection with the Merger, outstanding equity-based awards granted under Cablevision's equity plans were cancelled and converted into cash based upon the $34.90 per Share merger price in accordance with the original terms of the awards. The total consideration for the outstanding CNYG Class A Shares, the outstanding CNYG Class B Shares, and the equity-based awards amounted to $9,958,323.

In October 2015, Neptune Finco Corp. ("Finco"), an indirect wholly-owned subsidiary of Altice formed to complete the financing described herein and the merger with CSC Holdings, borrowed an aggregate principal amount of $3,800,000 under a term loan facility (the "Term Credit Facility") and entered into revolving loan commitments in an aggregate principal amount of $2,000,000 (the "Revolving Credit Facility" and, together with the Term Credit Facility, the "Credit Facilities").

Finco also issued $1,800,000 aggregate principal amount of 10.125% senior notes due 2023 (the "2023 Notes"), $2,000,000 aggregate principal amount of 10.875% senior notes due 2025 (the "2025 Notes"), and $1,000,000 aggregate principal amount of 6.625% senior guaranteed notes due 2025 (the "2025 Guaranteed Notes") (collectively the "Merger Notes").

On June 21, 2016, immediately following the Merger, Finco merged with and into CSC Holdings, with CSC Holdings surviving the merger (the "CSC Holdings Merger"), and the Merger Notes and the Credit Facilities became obligations of CSC Holdings. The 2025 Guaranteed Notes are guaranteed on a senior basis by each restricted subsidiary of CSC Holdings (other than CSC TKR, LLC and its subsidiaries, which own and operate the New Jersey cable television systems, Cablevision Lightpath, Inc. and any subsidiaries of CSC Holdings that are "Excluded Subsidiaries" under the indenture governing the 2025 Guaranteed Notes) (such subsidiaries, the "Initial Guarantors") and the obligations under the Credit Facilities are (i) guaranteed on a senior basis by each Initial Guarantor and (ii) secured on a first priority basis by capital stock held by CSC Holdings and the guarantors in certain subsidiaries of CSC Holdings, subject to certain exclusions and limitations.

Altice used the proceeds from the Term Credit Facility and the Merger Notes, together with an equity contribution from Altice and its Co-Investors and existing cash at Cablevision, to (a) finance the Merger, (b) refinance the credit agreement, dated as of April 17, 2013 (the "Previous Credit Facility"), among CSC Holdings, certain subsidiaries of CSC Holdings

and the lenders party thereto, (c) repay the senior secured credit agreement, dated as of October 12, 2012, among Newsday LLC, CSC Holdings, and the lenders party thereto (the "Previous Newsday Credit Facility"), and (d) pay related fees and expenses.

Overview

We derive revenue principally through monthly charges to residential subscribers of our video, high-speed data and VoIP services. These monthly charges include fees for video programming, high-speed data and VoIP services, as well as equipment rental, digital video recorder ("DVR"), video-on-demand, pay-per-view, installation and home shopping commissions. Our residential video, high-speed data and VoIP services accounted for 47%, 22% and 11%, respectively, of our consolidated revenue for the combined 2016 period. We also derive revenue from the sale of fiber based telecommunications services to the business market, through our Lightpath subsidiary, and the sale of video, high-speed data and VoIP services to small and medium-sized businesses. For the combined 2016 period, 14% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, which accounted for 4% of our consolidated revenue for the combine 2016 period. Our other revenue for the combined 2016 period accounted for approximately 2% of our consolidated revenue and primarily represented revenue recognized by Newsday, which was consolidated through July 7, 2016 and affiliation fees paid by cable operators for carriage of our News 12 Networks.

Revenue increases are derived from rate increases, increases in the number of subscribers to our services, including additional services sold to our existing subscribers, programming package upgrades by our video customers, speed tier upgrades by our high-speed data customers, and acquisition transactions that result in the addition of new subscribers.

Our ability to increase the number of subscribers to our services is significantly related to our penetration rates (the number of subscribers to our services as a percentage of serviceable passings, which represent the estimated number of single residence homes, apartment and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines, including commercial establishments that have connected to our cable distribution network). Due to the high penetration of our video, high-speed data and VoIP services (47.5%, 51.2%, and 38.4%, respectively, of serviceable passings at December 31, 2016), our ability to maintain or increase our existing customers and revenue in the future will continue to be negatively impacted.

Our video, high-speed data and VoIP services, face competition from telephone companies, DBS service providers, and others, including the delivery of video content over the Internet directly to subscribers. As discussed in greater detail under “Competition” above, we face intense competition from Verizon and Frontier. Verizon has constructed a fiber-to-the-home network plant that passes a significant number of households in our service area. Verizon does not publicly report the extent of their build-out or penetration by area. Our estimate of Verizon's build out and sales activity in our service area is difficult to assess because it is based upon visual inspections and other limited estimating techniques, and therefore serves only as an approximation. We estimate that Verizon is currently able to sell a fiber-based video service, as well as high-speed data and VoIP services, to at least half of the households in our service area. In certain other portions of our service area, Verizon has also built its fiber network where we believe it is not currently able to sell its fiber-based video service, but is able to sell its high-speed data and VoIP services. In these areas (as well as other parts of our service area) Verizon markets DBS services along with its high-speed data and VoIP services. Verizon’s fiber network also passes areas where we believe it is not currently able to sell its video, high-speed data or VoIP services. Accordingly, Verizon may increase the number of customers in our service area to whom it is able to sell video, high-speed data and VoIP services in the future.

Frontier offers video service, as well as high-speed data and VoIP services, in competition with us in most of our Connecticut service area. Frontier also markets DBS services in this service area. Verizon and Frontier have made and may continue to make promotional offers at prices lower than ours. This competition affects our ability to add or retain customers and creates pressure upon the pricing of our services. Competition, particularly from Verizon has negatively impacted our revenues and caused subscriber declines in our service areas. To the extent Verizon and Frontier continue to offer competitive and promotional packages, our ability to maintain or increase our existing customers and revenue will continue to be negatively impacted.

The two major DBS providers, DISH Network and DIRECTV, are available to the vast majority of our customers. These companies each offer video programming that is substantially similar to the video service that we offer, at competitive prices.

We also operate in a highly competitive business telecommunications market and compete against the very largest telecommunications companies - including ILECs, other CLECs, and long distance voice service companies. More specifically, we face substantial competition from Verizon and Frontier which are the dominant providers of local telephone and broadband services in their respective service areas. To the extent our competitors reduce their prices, future success of our business services operations may be negatively impacted.

Our revenue has been negatively impacted by the prolonged weak economic conditions in certain portions of our service area as customers with less disposable income may have been more willing to obtain services from our competitors or other sources. Our revenues may continue to be negatively impacted by the prolonged weak economic conditions in certain portions of our service area. In addition, new and existing customers are able to obtain video content from a wide variety of sources, including Internet-delivered content. Also, new and existing customers may choose to use a mobile device as their sole source of voice services. Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances or preference, negatively impacts the demand for our services.

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. For example, we have deployed WiFi access points throughout our footprint and in October 2016 we unveiled faster high-quality broadband service across the whole Optimum footprint in New York, New Jersey, and Connecticut, with speeds of up to 300Mbps downstream for residential customers and up to 350Mbps downstream for business customers.

On November 30, 2016, we announced our “Generation Gigaspeed” initiative through which we intend to build a next-generation fiber-to-the-home network over the coming five years that is capable of delivering broadband speeds of up to 10 Gbps across 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.

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 discussion below regarding revenues and operating expenses and "Liquidity and Capital Resources - Capital Expenditures" for additional information regarding our capital expenditures.

Critical Accounting Policies

In preparing its financial statements, the Company is required to make certain estimates, judgments and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The significant accounting policies, which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, include the following:

Business Combinations

The Company applied business combination accounting for the Merger, which resulted in a new accounting basis in the identifiable assets and liabilities. Accordingly, the consolidated financial statements on or after June 21, 2016 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to June 20, 2016 do not include the effect of any changes in the Company's corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

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

Impairment of Long-Lived and Indefinite-Lived Assets

The Company's long-lived and indefinite-lived assets at December 31, 2016 include goodwill of $5,838,959, other intangible assets of $13,614,598 ($8,113,575 of which are indefinite-lived intangible assets), and $4,605,418 of property, plant and equipment. Such assets accounted for approximately 92% of the Company's consolidated total assets. Goodwill and identifiable indefinite-lived intangible assets, which primarily represent the Company's cable television franchises are tested annually for impairment during the fourth quarter ("annual impairment test date") and upon the occurrence of certain events or substantive changes in circumstances. In 2014 and 2015, the Company tested goodwill and identifiable indefinite-lived intangible assets in the first quarter.

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

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

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

When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the Company is required to determine goodwill impairment using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of the reporting unit with its carrying amount, including goodwill utilizing an enterprise-value based premise approach. If the carrying amount of the reporting unit exceeds its

fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill that would be recognized in a business combination.

The Company assesses the qualitative factors discussed above to determine whether it is necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test. This quantitative test is required only if the Company concludes that it is more likely than not that a unit of accounting's fair value is less than its carrying amount. When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the impairment test for identifiable indefinite-lived intangible assets requires a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. At December 31, 2016 the Company had indefinite-lived cable television franchises of $8,113,575, reflecting agreements we have with state and local governments that allow us to construct and operate a cable business within a specified geographic area and allow us to solicit and service potential customer in the service areas defined by the franchise rights currently held by the Company.

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

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

During the fourth quarter of 2016, the Company assessed the qualitative factors described above to determine whether it is necessary to perform the two-step quantitative goodwill impairment test and concluded that it is not more likely than not that the reporting unit's fair value is less than its carrying amount. The Company also assessed these qualitative factors to determine whether it is necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test and concluded that it is not more likely than not that the unit of accounting's fair value is less than its carrying amount.

In 2014, the Company recorded impairment charges of $5,631 relating to the excess of the carrying value over the estimated fair values of Newsday's amortizing subscriber relationships and advertising relationships, respectively. The decrease in fair values, which were determined based on discounted cash flows, resulted primarily from the decline in projected cash flows related to these assets. The Company also recorded impairment charges of $200 in 2014, related to Newsday trademarks, reflecting the excess of the carrying values over the estimated fair values.

Valuation of Deferred Tax Assets

Deferred tax assets have resulted primarily from the Company's future deductible temporary differences and net operating loss carry forwards ("NOLs"). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income and tax planning strategies

to allow for the utilization of its NOLs and deductible temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statement of operations. Management evaluates the realizability of the deferred tax assets and the need for additional valuation allowances quarterly. At this time, based on current facts and circumstances, management believes that it is more likely than not that the Company will realize benefit for its gross deferred tax assets, except those deferred tax assets against which a valuation allowance has been recorded which relate to certain state NOLs. The Company increased the valuation allowance by $86 for the period January 1, 2016 through June 20, 2016 and increased the valuation allowance by $297 for the period June 21, 2016 through December 31, 2016. The Company decreased the valuation allowance by $902 and $344 in 2015 and 2014, respectively. During 2016, 2015 and 2014, certain state NOLs either expired or could not be utilized in the future. The deferred tax asset corresponding to the expired NOLs had been fully offset by a valuation allowance. The associated deferred tax asset and valuation allowance were both reduced by $3,368, $1,581 and $6,735 in 2016, 2015 and 2014, respectively.

Plant and Equipment

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

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

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

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

Legal Contingencies

The Company is party to various lawsuits and proceedings and is subject to other claims that arise in the ordinary course of business, some involving claims for substantial damages. The Company records an estimated liability for these claims when management believes the loss from such matters is probable and reasonably estimable. The Company reassesses the risk of loss as new information becomes available and adjusts liabilities as necessary. The actual cost of resolving a claim may be substantially different from the amount of the liability recorded. Refer to Note 17 to our consolidated financial statements included in this Annual Report for a discussion of our legal contingencies.

Certain Transactions

In addition to the Altice Merger, the following transactions occurred during the periods covered by this Management's Discussion and Analysis of Financial Condition and Results of Operations:

Newsday Transaction

In September 2015, the Company purchased the minority interest in Newsday Holdings LLC ("Newsday Holdings") held by Tribune Media Company ("Tribune") for approximately $8,300. As a result of this transaction, Newsday Holdings became a wholly-owned subsidiary of the Company.

In July 2016, the Company completed the sale of a 75% interest in Newsday LLC. The Company retained the remaining 25% ownership interest. Effective July 7, 2016, the operating results of Newsday are no longer consolidated with those of the Company and the Company's 25% interest in the operating results of Newsday is recorded on the equity basis.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, income (loss) from discontinued operations, non-operating other income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on equity derivative contracts, gain (loss) on investments, 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 present Adjusted EBITDA as a measure of our ability to service our debt and make continuing investments, including in our capital infrastructure. 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 the most important indicators of our business performance, and evaluate management's effectiveness with specific reference to these indicators. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), cash flows from operating activities, and other measures of performance and/or liquidity presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies. Each presentation of Adjusted EBITDA in this Annual Report includes a reconciliation of Adjusted EBITDA to net income (loss).

Consolidated Results of Operations - Cablevision Systems Corporation

As a result of push down accounting in connection with the Merger, Cablevision's and CSC Holdings' financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: (1) the periods up to the Merger date, January 1, 2016 through June 20, 2016 and the years ended December 31, 2015 and 2014, labeled "Predecessor" and (2) the period from the Merger date, June 21, 2016 through December 31, 2016 labeled "Successor". The Predecessor periods represent the financial information of the Company prior to the Merger, while the Successor period represents the financial information of the Company subsequent to the Merger. The accompanying selected financial data includes a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

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

Certain reclassifications have been made in the consolidated financial statements in the 2014 and 2015 financial statements to conform to the 2016 presentation.

	Successor	Predecessor		Predecessor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Combined 2016 Period (a)	Year Ended December 31, 2015	Year Ended December 31, 2014	% Change Combined 2016 to 2015	% Change 2015 to 2014
Revenue:							
Residential:							
Video	$ 1,638,691	$ 1,468,006	$ 3,106,697	$ 3,142,991	$ 3,151,872	(1)%	— %
High-speed data	782,615	673,010	1,455,625	1,303,918	1,248,708	12 %	4 %
Voice	376,034	342,142	718,176	748,181	743,967	(4)%	1 %
Business Services	477,943	419,764	897,707	852,958	830,227	5 %	3 %
Advertising	158,838	121,213	280,051	262,030	289,965	7 %	(10)%
Other	29,578	131,579	161,157	275,396	283,956	(41)%	(3)%
Eliminations	(19,647)	(18,110)	(37,757)	(39,929)	(40,138)	(5)%	(1)%
Total Revenue	3,444,052	3,137,604	6,581,656	6,545,545	6,508,557	1 %	1 %
Operating expenses:							
Programming and other direct costs	1,164,925	1,088,555	2,253,480	2,269,290	2,197,735	(1)%	3 %
Other operating expenses	1,028,447	1,136,970	2,165,417	2,546,319	2,520,582	(15)%	1 %
Restructuring and other expense	212,150	22,223	234,373	16,213	2,480	1,346 %	554 %
Depreciation and amortization (including impairments)	963,665	414,550	1,378,215	865,252	866,502	59 %	— %
Operating income	74,865	475,306	550,171	848,471	921,258	(35)%	(8)%
Other income (expense):							
Interest expense, net	(606,347)	(285,508)	(891,855)	(584,839)	(575,580)		
Gain (loss) on investments, net	141,896	129,990	271,886	(30,208)	129,659		
Gain (loss) on equity derivative contracts, net	(53,696)	(36,283)	(89,979)	104,927	(45,055)		
Loss on extinguishment of debt and write-off of deferred financing costs	(102,894)	—	(102,894)	(1,735)	(10,120)		
Other income (expense), net	4,329	4,855	9,184	6,045	4,988		
Income (loss) from continuing operations before income taxes	(541,847)	288,360	(253,487)	342,661	425,150		
Income tax benefit (expense)	213,065	(124,848)	88,217	(154,872)	(115,768)		
Income (loss) from continuing operations, net of income taxes	(328,782)	163,512	(165,270)	187,789	309,382		
Income (loss) from discontinued operations, net of income taxes	—	—	—	(12,541)	2,822		
Net income (loss)	(328,782)	163,512	(165,270)	175,248	312,204		
Net loss (income) attributable to noncontrolling interests	(551)	236	(315)	201	(765)		
Net income (loss) attributable to Cablevision Systems Corporation stockholder(s)	$ (329,333)	$ 163,748	$ (165,585)	$ 175,449	$ 311,439		

(a) The Combined 2016 Period results include the operating results for the period January 1, 2016 to June 20, 2016 (Predecessor period) and for the period June 21, 2016 through December 31, 2016 (Successor period).

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

	Successor	Predecessor		Predecessor			
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Combined 2016 Period	Year Ended December 31, 2015	Year Ended December 31, 2014	Combined 2016 to 2015 Favorable (Unfavorable)	2015 to 2014 Favorable (Unfavorable)
Net income (loss)	(328,782)	163,512	(165,270)	175,248	312,204	(340,518)	(136,956)
(Income) loss from discontinued operations, net of income taxes	—	—	—	12,541	(2,822)	(12,541)	15,363
Income tax (benefit) expense	(213,065)	124,848	(88,217)	154,872	115,768	(243,089)	39,104
Other income (expense), net	(4,329)	(4,855)	(9,184)	(6,045)	(4,988)	(3,139)	(1,057)
Loss on extinguishment of debt and write-off of deferred financing costs	102,894	—	102,894	1,735	10,120	101,159	(8,385)
(Gain) loss on equity derivative contracts, net	53,696	36,283	89,979	(104,927)	45,055	194,906	(149,982)
(Gain) loss on investments, net	(141,896)	(129,990)	(271,886)	30,208	(129,659)	(302,094)	159,867
Interest expense, net	606,347	285,508	891,855	584,839	575,580	307,016	9,259
Depreciation and amortization (including impairments)	963,665	414,550	1,378,215	865,252	866,502	512,963	(1,250)
Restructuring and other expenses	212,150	22,223	234,373	16,213	2,480	218,160	13,733
Share-based compensation	9,164	25,231	34,395	65,286	43,984	(30,891)	21,302
Adjusted EBITDA	$ 1,259,844	$ 937,310	$ 2,197,154	$ 1,795,222	$ 1,834,224	$ 401,932	$ (39,002)

The following table sets forth certain customer metrics:

	Years Ended December 31,			Net Increase (Decrease)	
	2016	2015	2014	2016	2015
	(in thousands, except per customer amounts)				
Total customers relationships (a)	3,141	3,116	3,113	25	3
Residential	2,879	2,858	2,861	21	(3)
Small and medium-sized business	262	258	252	4	6
Residential customers:					
Video	2,428	2,487	2,574	(59)	(87)
High-speed data	2,619	2,562	2,518	57	44
Voice	1,962	2,007	2,047	(45)	(40)
Percentage of residential triple product customers to total residential customer relationships	64.8%	67.6%	69.2%	(2.8)%	(1.6)%
Total serviceable passings (a)	5,116	5,076	5,041	40	35
Average monthly revenue per residential customer (b)	$ 154.49	$ 150.61	$ 149.10	$ 3.88	$ 1.51

(a) The 2015 and 2014 amounts have been reduced by 4 thousand and 5 thousand, respectively, to eliminate certain free accounts.

(b) Calculated by dividing the average monthly revenue for the fourth quarter of each year presented derived from the sale of video, high-speed data and voice services to residential customers for the respective quarter by the average number of total residential customers for the same period.

Video Revenue

Video revenue decreased $36,294 (1%) for the combined year ended December 31, 2016 as compared to the prior year due primarily to a decline in video customers and a decrease due to a pay-per-view boxing event that took place in 2015. Partially offsetting these decreases were increases in revenue as compared to the prior year due primarily to rate increases for certain video services implemented during the first quarter of 2016 and an increase in fees charged to restore suspended services.

Video revenue decreased $8,881 for the year ended December 31, 2015 as compared to the prior year due primarily to rate increases for certain video services implemented during the second quarter of 2014 and the first quarter of 2015, and lower net promotional activity as a result of continued disciplined pricing policies. In addition, pay-per-view revenue increased primarily due to a boxing event in 2015. Offsetting these increases was a decrease in revenue due primarily to a decline in video customers.

We believe our video customer declines noted in the table above are largely attributable to intense competition, particularly from Verizon, as well as competition from companies that deliver video content over the Internet directly to customers. Also, the declines are attributable to our disciplined pricing and credit policies. These factors are expected to continue to impact our ability to maintain or increase our existing customers and revenue in the future.

High-Speed Data Revenue

High-speed data revenue increased $151,707 (12%) for the combined year ended December 31, 2016 as compared to the prior year due to rate increases for certain high-speed data services implemented during the first quarter of 2016, an increase in high-speed data customers, and an increase in fees charged to restore suspended services.

High-speed data revenue increased $55,210 (4%) for the year ended December 31, 2015 as compared to the prior year due to rate increases for certain high-speed data services implemented during the fourth quarter of 2014 and lower net promotional activity as a result of continued disciplined pricing policies. High-speed data revenue also increased due to an increase in high-speed data customers.

Voice Revenue

Voice revenue decreased $30,005 (4%) for the combined year ended December 31, 2016 as compared to the prior year due primarily to a decline in voice customers and a decline in international calling.

Voice revenue increased $4,214 (1%) for the year ended December 31, 2015 as compared to the prior year due primarily to rate increases for certain voice services implemented during the second quarter of 2014 and lower net promotional activity as a result of continued disciplined pricing policies. Offsetting these increases was a decrease in revenue due primarily to a decline in voice customers.

Business Services Revenue

Business services revenue increased $44,749 (5%) for the combined year ended December 31, 2016 as compared to the prior year primarily due to rate increases for certain high-speed data services implemented during the first quarter of 2016, an increase in high-speed data customers and an increase in Ethernet revenue from an increase in services installed, partially offset by reduced traditional voice and data services.

Business services revenue increased $22,731 (3%) for the year ended December 31, 2015 as compared to the prior year primarily due to rate increases for certain high-speed data services implemented during the fourth quarter of 2014 and an increase in Ethernet revenue from an increase in services installed, partially offset by reduced traditional voice and data services.

Advertising Revenue

Advertising revenue increased $18,021 (7%) for the combined year ended December 31, 2016 as compared to the prior year due primarily to an increase in advertising sales to the political sector.

Advertising revenue decreased $27,935 (10%) for the year ended December 31, 2015 as compared to the prior year due primarily to a decline in advertising sales to the political and gaming sectors.

Other Revenue

Other revenue, which primarily includes revenue recognized by Newsday and affiliation fees paid by cable operators for carriage of our News 12 Networks, decreased $114,239 (41%) for the combined year ended December 31, 2016 as compared to the prior year primarily due to the Company no longer consolidating the operating results of Newsday as a result of the sale of a 75% interest in Newsday, effective July 7, 2016. The Company's 25% interest in the operating results of Newsday is recorded on the equity basis.

Other revenue decreased $8,560 (3%) for the year ended December 31, 2015 as compared to the prior year primarily due to a decrease in revenues at Newsday due primarily to decreases in advertising revenues driven primarily by competition from other media, partially offset by an increase in circulation revenues.

Programming and Other Direct Costs

Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of video-on-demand and pay-per-view) and are generally paid on a per-subscriber basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of cable television service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes. Through July 7, 2016, these costs also included content, production and distribution costs of the Newsday business.

Programming and other direct costs decreased $15,810 (1%) for the combined year ended December 31, 2016 and increased $71,555 (3%) in 2015 as compared to the prior years. The net increase (decrease) is attributable to the following:

	Combined 2016	Predecessor 2015
Decrease in costs primarily related to the sale of Newsday in July 2016	$ (54,133)	$ (10,143)
Decrease in call completion and transport costs primarily due to lower level of activity	(20,443)	(14,184)
Increase (decrease) in cost of sales (which includes a lower cost or market valuation adjustment of $17,382 related to wireless handset inventory from 2015, partially offset by the bulk of sale of handset inventory of $5,445 during the first quarter of 2016)	(10,238)	20,373
Increase in franchise and other fees due primarily to increases in rates in certain areas, partially offset by lower video customers	3,140	4,307
Increase in programming costs due primarily to contractual rate increases and a pay-per-view boxing event in 2015, partially offset by lower video customers	65,760	66,942
Other net increases	104	4,260
	$ (15,810)	$ 71,555

Programming costs aggregated $1,878,705, $1,812,945 and $1,746,003 for the combined 2016 period, and the year ended December 31, 2015 and 2014, respectively. Our programming costs increased 4% for the combined year ended December 31, 2016 and 4% in 2015 due primarily to an increase in contractual programming rates, partially offset by a decrease in video customers. Our programming costs in 2017 will continue to be impacted by changes in programming rates, which we expect to increase by high single digits, and by changes in the number of video customers.

Other Operating Expenses

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

Customer installation and repair and maintenance costs may fluctuate as a result of changes in 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. Network repair and maintenance and utility costs also fluctuate as capitalizable network upgrade and enhancement activity changes.

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

Other operating expenses decreased $380,902 (15%) for the combined year ended December 31, 2016 and increased $25,737 (1%) in 2015 as compared to the prior years. The net increase (decrease) is attributable to the following:

	Combined 2016	Predecessor 2015
Decrease primarily in employee related costs related to the elimination of certain positions, lower net benefits and an increase in capitalizable activity, partially offset by merit increases	$ (190,274)	$ (21,169)
Decrease in costs primarily related to the sale of Newsday in July 2016	(73,650)	(5,294)
Decrease in expenses related to long-term incentive plan awards	(14,827)	(15,120)
Increase (decrease) in share-based compensation	(26,788)	18,963
Increase (decrease) in legal costs	(23,878)	17,548
Increase (decrease) in sales and marketing costs	(20,875)	9,962
Decrease in repairs and maintenance costs relating to our operations and facilities	(17,153)	(1,714)
Decrease in contractor costs due primarily to lower truck rolls	(10,611)	(18,514)
Settlement of a class action legal matter	(9,500)	9,500
Increase (decrease) in product development costs and product consulting fees	(4,215)	29,785
Increase in Altice management fee for certain executive services	10,556	—
Other net increases	313	1,790
	$ (380,902)	$ 25,737

Restructuring and Other Expense

Restructuring and other expense for the combined year ended December 31, 2016 and 2015 amounted to $234,373 and $16,213, respectively. The restructuring expense for 2016 is primarily related to severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in the Successor period that are intended to simplify the Company's organizational structure. The restructuring and other expense for 2015 includes merger related transaction costs of $17,862, net of adjustments related to prior restructuring plans of $1,649. The restructuring and other expense of $2,480 for 2014 reflects adjustments related to prior restructuring plans.

Depreciation and Amortization

Depreciation and amortization (including impairments) increased $512,963 (59%) for the combined year ended December 31, 2016 and decreased $1,250 in 2015 as compared to the prior years. The net increase in 2016 is primarily due to depreciation and amortization expense recorded during the Successor period related to the step-up in the carrying value of property, plant and equipment and amortizable intangible assets recorded in connection with the Merger, partially offset by certain assets being retired or becoming fully depreciated. The net decrease in 2015 resulted primarily from certain assets becoming fully depreciated, partially offset by depreciation of new asset purchases.

Adjusted EBITDA

Adjusted EBITDA increased $401,932 (22%) for the combined year ended December 31, 2016 and decreased $39,002 (2%) for 2015 as compared to the prior years. The increase in 2016 was due primarily to an increase in revenue, and a decrease in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above. The decrease in 2015 was due primarily to an increase in operating expenses (excluding depreciation and amortization expense, restructuring and other expense and share-based compensation), partially offset by an increase in revenue as discussed above.

Interest Expense, net

Interest expense, net increased $307,016 (52%) for the combined year ended December 31, 2016 and $9,259 (2%) for 2015 and as compared to the prior years. The net increases are attributable to the following:

	Combined 2016	Predecessor 2015
Increase (decrease) due to change in average debt balances	$ 237,119	$ (7,941)
Increase due to change in average interest rates on our indebtedness	70,837	16,918
Higher interest income	(1,942)	(505)
Other net increases, primarily amortization of deferred financing costs	1,002	787
	$ 307,016	$ 9,259

See "Liquidity and Capital Resources" discussion below for a detail of our borrower groups.

Gain (Loss) on Investments, net

Gain (loss) on investments, net for the combined year ended December 31, 2016 and for the years ended December 31, 2015 and 2014 of $271,886, $(30,208) and $129,659, respectively, consists primarily of the increase or decrease in the fair value of Comcast common stock owned by the Company. The effects of these gains (losses) are partially offset by the (losses) gains on the related equity derivative contracts, net described below.

Gain (Loss) on Equity Derivative Contracts, net

Gain (loss) on equity derivative contracts, net for the combined year ended December 31, 2016 and for the years ended December 31, 2015 and 2014 of $(89,979), $104,927 and $(45,055), respectively, consists of unrealized and realized gains (losses) due to the change in fair value of the Company's equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by the (losses) gains on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Loss on Extinguishment of Debt and Write-off of Deferred Financing Costs

Loss on extinguishment of debt and write-off of deferred financing costs amounted to $102,894, $1,735 and $10,120 for the combined year ended December 31, 2016 and for the years ended December 31, 2015 and 2014, respectively. The 2016 amount includes the write-off of unamortized deferred financing costs and the unamortized discount related to the prepayment of $1,290,500 outstanding under the Term Credit Facility (see discussion below).

The 2015 amount includes the write-off of unamortized deferred financing costs and the unamortized discount related to the $200,000 repayment of CSC Holdings Term B loan facility.

The 2014 amount includes $9,618, related to the $750,000 repayment of CSC Holdings' outstanding Term B loan facility in May 2014 and the $200,000 repayment in September 2014. In addition, the 2014 amount includes the write-off of unamortized deferred financing costs of $1,436 and a net gain of $934, net of fees, recognized in connection with the repurchase of Cablevision's outstanding 5.875% senior notes due September 2022.

Income Tax Expense

Income tax benefit (expense) amounted to $213,065 for the period from June 21, 2016 through December 31, 2016 and $(124,848) for the period from January 1, 2016 through June 20, 2016. In the Successor period, excluding the impact of the nondeductible share-based compensation related to the Company's carry unit plan of $3,208, the effective tax rate would have been 40%. In the Predecessor period, certain merger-related costs were determined to be nondeductible, resulting in additional deferred tax expense of $9,392. Absent this item, the effective tax rate would have been 40%.

Income tax expense of $154,872 for the year ended December 31, 2015, reflected an effective tax rate of 45%. In April 2015, corporate income tax changes were enacted for both New York State and the City of New York. Those changes included a provision whereby investment income will be subject to higher taxes. Accordingly, in the second quarter of 2015, Cablevision recorded deferred tax expense of $16,334 to remeasure the deferred tax liability for the investment in Comcast common stock and associated derivative securities. Also in 2015, Cablevision recorded tax benefit of $2,630 related to research credits. Absent these items, the effective tax rate for the year ended December 31, 2015 would have been 41%.

Income tax expense of $115,768 for the year ended December 31, 2014, reflected an effective tax rate of 27%. In January 2014, the Internal Revenue Service informed the Company that the consolidated federal income tax returns for 2009 and 2010 were no longer under examination. Accordingly, in the first quarter of 2014, Cablevision recorded a tax benefit of $53,132 associated with the reversal of a noncurrent liability relating to an uncertain tax position. New York State corporate tax reform legislation enacted on March 31, 2014 resulted in tax benefit of $2,050. Also in 2014, Cablevision recorded tax benefit of $2,634 related to research credits. Absent these items, the effective tax rate for the year ended December 31, 2014 would have been 41%.

Loss From Discontinued Operations

Loss from discontinued operations for the year ended December 31, 2015 amounted to $12,541, net of income taxes, and primarily reflects an expense related to the decision in a case relating to Rainbow Media Holdings LLC, a business whose operations were previously discontinued.

Income from discontinued operations for the year ended December 31, 2014 amounted to $2,822, net of income taxes and resulted primarily from the settlement of a contingency related to Montana property taxes related to Bresnan Cable.

See Note 6 to our consolidated financial statements for additional information regarding discontinued operations.

CSC HOLDINGS, LLC

The consolidated statements of operations of CSC Holdings are essentially identical to the consolidated statements of operations of Cablevision, except for the following:

	Successor	Predecessor	Combined	Predecessor	
	June 21, 2016 through December 31, 2016	January 1, 2016 through June 20, 2016	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net income (loss) attributable to Cablevision Systems Corporation stockholders	$ (329,333)	$ 163,748	$ (165,585)	$ 175,449	$ 311,439
Interest expense relating to Cablevision senior notes included in Cablevision's consolidated statements of operations	94,805	105,492	200,297	222,861	222,712
Interest income related to cash held at Cablevision	(1)	(19)	(20)	(28)	(17)
Interest income included in CSC Holdings' consolidated statements of operations related to interest on Cablevision's senior notes held by Newsday Holdings, through the date of sale in July 2016 (this interest income is eliminated in the consolidated statements of operations of Cablevision)	1,335	22,692	24,027	48,054	48,054
Write-off of deferred financing costs, net of gain on extinguishment of debt relating to Cablevision senior notes	—	—	—	—	502
Income tax benefit included in Cablevision's consolidated statements of operations	(42,625)	(54,810)	(97,435)	(114,484)	(120,682)
Net income (loss) attributable to CSC Holdings, LLC's sole member	$ (275,819)	$ 237,103	$ (38,716)	$ 331,852	$ 462,008

Refer to Cablevision's Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

CASH FLOW DISCUSSION

Continuing Operations - Cablevision Systems Corporation

Operating Activities

Net cash provided by operating activities amounted to $925,857 for the combined year ended December 31, 2016 compared to $1,258,087 for the year ended December 31, 2015. The 2016 cash provided by operating activities resulted from $1,212,945 of income from continuing operations before depreciation and amortization, partially offset by $121,948 of non-cash items, $21,640 resulting from an increase in current and other assets and $143,500 as a result of a decrease in accounts payable and other liabilities. The decrease in cash provided by operating activities of $332,230 in 2016 as

compared to 2015 resulted from a decrease in income from continuing operations before depreciation and amortization and other non-cash items of $141,695 and a decrease of $190,535 resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items.

Net cash provided by operating activities amounted to $1,258,087 for the year ended December 31, 2015 compared to $1,378,271 for the year ended December 31, 2014. The 2015 cash provided by operating activities resulted from $1,053,041 of income from continuing operations before depreciation and amortization and $179,651 of non-cash items. In addition to these increases were increases in cash of $15,065 resulting from a decrease in current and other assets and $10,330 as a result of an increase in accounts payable and other liabilities. The decrease in cash provided by operating activities of $120,184 in 2015 as compared to 2014 resulted from a decrease in income from continuing operations before depreciation and amortization and other non-cash items of $150,276, partially offset by an increase of $30,092 resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items.

Net cash provided by operating activities amounted to $1,378,271 for the year ended December 31, 2014. The 2014 cash provided by operating activities resulted from $1,175,884 of income from continuing operations before depreciation and amortization, $207,084 of non-cash items and $1,869 from a decrease in current and other assets. Partially offsetting these increases was a decrease in cash of $6,566 as a result of a decrease in accounts payable and other liabilities.

Investing Activities

Net cash used in investing activities for the combined year ended December 31, 2016 was $614,707 compared to $827,803 for the year ended December 31, 2015. The 2016 investing activities consisted primarily of $628,488 of capital expenditures, net payments related to other investments of $3,998, and additions to other intangible assets of $1,815, partially offset by other net cash receipts of $19,594, including $13,825 from the sale of an affiliate interest.

Net cash used in investing activities for the year ended December 31, 2015 was $827,803 compared to $888,062 for the year ended December 31, 2014. The 2015 investing activities consisted primarily of $816,396 of capital expenditures, net payments related to other investments of $7,779, and additions to other intangible assets of $8,035, partially offset by other net cash receipts of $4,407.

Net cash used in investing activities for the year ended December 31, 2014 was $888,062. The 2014 investing activities consisted primarily of $891,678 of capital expenditures, partially offset by other net cash receipts of $3,616.

Financing Activities

Net cash used in financing activities amounted to $89,646 for the combined year ended December 31, 2016 compared to $276,904 for the year ended December 31, 2015. In 2016, the Company's financing activities consisted of net repayments of credit facility debt of $1,246,203, payments of deferred financing costs of $186,927, payments related to the net share settlement of restricted stock awards of $41,469, principal payments on capital lease obligations of $20,261, tax withholding associated with shares issued for equity-based compensation of $6,034, payment of accrued dividends of $4,066, and repayments of notes payable of $1,291. Partially offsetting these decreases were proceeds of $1,310,000 from the issuance of notes, net proceeds from collateralized indebtedness of $91,841, net proceeds from stock option exercises of $14,411, contributions from noncontrolling interests of $240 and an excess tax benefit related to share-based awards of $113.

Net cash used in financing activities amounted to $276,904 for the year ended December 31, 2015 compared to $346,902 for the year ended December 31, 2014. In 2015, the Company's financing activities consisted primarily of repayments of credit facility debt of $260,321, dividend distributions to common stockholders of $125,170, principal payments on capital lease obligations of $20,250, payments related to the net share settlement of restricted stock awards of $19,141, payment for the acquisition of the noncontrolling interest in Newsday of $8,300, repayments of notes payable of $2,458, distributions to noncontrolling interests of $901 and payments of debt financing costs of $250, partially offset by net proceeds from collateralized indebtedness of $135,466, proceeds from stock option exercises of $18,727 and an excess tax benefit related to share-based awards of $5,694.

Net cash used in financing activities amounted to $346,902 for the year ended December 31, 2014. In 2014, the Company's financing activities consisted primarily of repayments of credit facility debt of $990,785, dividend distributions to common stockholders of $160,545, payments to repurchase senior notes, including fees, of $36,097, principal payments on capital lease obligations of $15,481, payments of debt financing costs of $14,273, payments

related to the net share settlement of restricted stock awards of $6,608, repayments of notes payable of $2,306, and distributions to noncontrolling interests of $1,014, partially offset by proceeds from the issuance of senior notes of $750,000, net proceeds from collateralized indebtedness and related derivative contracts of $74,516, proceeds from stock option exercises of $55,355 and an excess tax benefit related to share-based awards of $336.

Continuing Operations - CSC Holdings, LLC

Operating Activities

Net cash provided by operating activities amounted to $1,147,038 for the combined year ended December 31, 2016 compared to $1,496,756 for the year ended December 31, 2015. The 2016 cash provided by operating activities resulted from $1,339,814 of income from continuing operations before depreciation and amortization, partially offset by $38,016 of non-cash items, $17,436 resulting from an increase in current and other assets and $137,324 as a result of a decrease in accounts payable and other liabilities. The decrease in cash provided by operating activities of $349,718 in 2016 as compared to 2015 resulted from a decrease of $334,325 resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items and a decrease in income from continuing operations before depreciation and amortization and other non-cash items of $15,393.

Net cash provided by operating activities amounted to $1,496,756 for the year ended December 31, 2015 compared to $1,636,265 for the year ended December 31, 2014. The 2015 cash provided by operating activities resulted from $1,209,444 of income from continuing operations before depreciation and amortization and non-cash items of $107,747. In addition cash increased $150,488 as a result of an increase in accounts payable and other liabilities and increased $29,077 as a result of a decrease in current and other assets. The decrease in cash provided by operating activities of $139,509 in 2015 as compared to 2014 resulted from a decrease in income from continuing operations before depreciation and amortization and other non-cash items of $96,327 and a decrease of $43,182 resulting from changes in working capital, including the timing of payments and collections of accounts receivable, among other items.

Net cash provided by operating activities amounted to $1,636,265 for the year ended December 31, 2014. The 2014 cash provided by operating activities resulted from $1,326,453 of income from continuing operations before depreciation and amortization, non-cash items of $87,065, a $116,951 decrease in current and other assets and a $105,796 increase in accounts payable and other liabilities.

Investing Activities

Net cash used in investing activities for the combined year ended December 31, 2016 was $614,707 compared to $827,803 for the year ended December 31, 2015. The 2016 investing activities consisted primarily of $628,488 of capital expenditures, net payments related to other investments of $3,998, and additions to other intangible assets of $1,815, partially offset by other net cash receipts of $19,594, including $13,825 from the sale of an affiliate interest.

Net cash used in investing activities for the year ended December 31, 2015 was $827,803 compared to $888,062 for the year ended December 31, 2014. The 2015 investing activities consisted primarily of $816,396 of capital expenditures, net payments related to other investments of $7,779, and additions to other intangible assets of $8,035, partially offset by other net cash receipts of $4,407.

Net cash used in investing activities for the year ended December 31, 2014 was $888,062. The 2014 investing activities consisted primarily of $891,678 of capital expenditures, partially offset by other net cash receipts of $3,616.

Financing Activities

Net cash used in financing activities amounted to $303,860 for the combined year ended December 31, 2016 compared to $486,008 for the year ended December 31, 2015. In 2016 the Company's financing activities consisted of net repayments of credit facility debt of $1,246,203 distributions to Cablevision of $251,259, payments of deferred financing costs of $186,927, principal payments on capital lease obligations of $20,261 and repayments of notes payable of $1,291, partially offset by proceeds of $1,310,000 from the issuance of notes, net proceeds from collateralized indebtedness of $91,841, and contributions from noncontrolling interests of $240.

Net cash used in financing activities amounted to $486,008 for the year ended December 31, 2015 compared to $590,747 for the year ended December 31, 2014. In 2015, the Company's financing activities consisted primarily of repayments of credit facility debt of $260,321, distributions to Cablevision of $343,164, principal payments on capital lease obligations of $20,250, payment for the acquisition of the noncontrolling interest in Newsday of $8,300, repayments of

notes payable of $2,458, distributions to noncontrolling interests of $901, and payments of debt financing costs of $250, partially offset by net proceeds from collateralized indebtedness of $135,466 and an excess tax benefit related to share-based awards of $14,170.

Net cash used in financing activities amounted to $590,747 for the year ended December 31, 2014. In 2014, the Company's financing activities consisted primarily of repayments of credit facility debt of $990,785, distributions to Cablevision of $396,382, principal payments on capital lease obligations of $15,481, payments of debt financing costs of $14,273, repayments of notes payable of $2,306, and distributions to noncontrolling interests of $1,014, partially offset by proceeds from the issuance of senior notes of $750,000, net proceeds from collateralized indebtedness and related derivative contracts of $74,516, and an excess tax benefit related to share-based awards of $4,978.

Discontinued Operations - Cablevision Systems Corporation and CSC Holdings, LLC

The net effect of discontinued operations on cash and cash equivalents amounted to a cash outflow of $21,000 for the combined year ended December 31, 2016, a cash outflow of $514 for the year ended December 31, 2015 and a cash inflow of $4,882 for the year ended December 31, 2014.

Operating Activities

Net cash used in operating activities from discontinued operations amounted to $21,000, $484 and $1,199 for the combined year ended December 31, 2016 and for the years ended December 31, 2015 and 2014, respectively.

Investing Activities

Net cash used in investing activities of discontinued operations for the year ended December 31, 2015 was $30 compared to net cash provided by investing activities of $6,081 for the year ended December 31, 2014. The 2014 investing activities consisted primarily of proceeds from the settlement of a contingency related to Montana property taxes.

LIQUIDITY AND CAPITAL RESOURCES

Cablevision

Cablevision has no operations independent of its subsidiaries. Cablevision's outstanding debt securities consist of $2,799,024 face value of senior notes and debentures, which are held by third party investors.

Funding for Our Debt Service Requirements

Funding for the debt service requirements of our debt securities has been provided by our subsidiaries' operations, principally CSC Holdings, as permitted by the covenants governing CSC Holdings' credit agreements and indentures. Funding for our subsidiaries has generally been provided by cash flow from operations, cash on hand, borrowings under the Restricted Group (as later defined) revolving credit facility, and the proceeds from the issuance of securities in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand and borrowings under the Restricted Group revolving credit facility 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. We have accessed the debt markets for significant amounts of capital in the past (including in connection with the Merger) and expect to do so in the future.

We have assessed our ability to repay our scheduled debt maturities over the next 12 months and we currently believe that a combination of cash on hand, cash generated from operating activities and availability under the Restricted Group revolving credit facility, should provide us with sufficient liquidity to repay such scheduled current debt maturities in the next 12 months totaling $944,477 under our credit facilities, senior notes, capital leases, and notes payable as of December 31, 2016. Our collateralized debt maturing in the next 12 months will be settled either by delivering shares of Comcast common stock or by delivering cash from the net proceeds of new monetization transactions. 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 Restricted Group 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 Restricted Group 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.

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 ability to access the capital and credit markets. We will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating discretionary uses of cash.

Debt Outstanding

The following table summarizes the carrying value of our outstanding debt, net of deferred financing costs, discounts and premiums (excluding accrued interest), as well as interest expense and capital expenditures. The following table includes debt assumed in connection with the CSC Holdings Merger discussed above.

	As of December 31, 2016						
	Restricted Group	Newsday LLC	Other Entities	Total CSC Holdings	Cablevision	Elimination	Total Cablevision
Credit facility debt (a)	$ 2,631,887	$ —	$ —	$ 2,631,887	$ —	$ —	$ 2,631,887
Senior Guaranteed Notes (b)	2,289,494	—	—	2,289,494	—	—	2,289,494
Senior notes and debentures (c)(d)	6,732,816	—	—	6,732,816	2,742,082	—	9,474,898
Collateralized indebtedness relating to stock monetizations (e)	—	—	1,286,069	1,286,069	—	—	1,286,069
Capital lease obligations	25,343	—	—	25,343	—	—	25,343
Notes payable	13,726	—	—	13,726	—	—	13,726
Total debt	$ 11,693,266	$ —	$ 1,286,069	$ 12,979,335	$ 2,742,082	$ —	$ 15,721,417
Period from January 1, 2016 through June 20, 2016 (Predecessor)							
Interest expense	$ 143,977	$ 9,836	$ 27,793	$ 181,606	$ 128,184	$ (22,692)	$ 287,098
Capital expenditures	$ 322,592	$ 2,136	$ 5,403	$ 330,131	$ —	$ —	$ 330,131
Period from June 21, 2016 through December 31, 2016 (Successor)							
Interest expense	$ 467,408	$ (30)	$ 45,441	$ 512,819	$ 96,140	$ (1,335)	$ 607,624
Capital expenditures	$ 293,012	$ —	$ 5,345	$ 298,357	$ —	$ —	$ 298,357

(a) Includes $100,256 of credit facility debt assumed by CSC Holdings in connection with the Merger.

(b) Represents $985,469 ($1,000,000 principal amount) of senior guaranteed notes assumed by CSC Holdings in connection with the Merger and $1,304,025 ($1,310,000 principal amount) of senior guaranteed notes issued in September 2016.

(c) The total carrying value of the senior notes and debentures outstanding prior to the Merger was reduced by $52,788 to reflect the fair value of the notes on the Merger Date.

(d) Includes $3,745,129 ($3,800,000 principal amount) of senior notes assumed by CSC Holdings in connection with the Merger.

(e) The total carrying value of the collateralized debt was reduced by $9,142 to reflect its fair value on the Merger Date.

The following table provides details of our outstanding credit facility debt as of December 31, 2016:

	Maturity Date	Interest Rate	Principal	Carrying Value (a)
Restricted Group:				
Revolving Credit Facility (b)	November 30, 2021	4.07%	$ 175,256	$ 145,013
Term Credit Facility (c)	October 11, 2024	3.88%	2,500,000	2,486,874
				$ 2,631,887

(a) The unamortized discount and deferred financing costs amounted to $43,369 at December 31, 2016.

(b) Includes $100,256 of credit facility debt assumed by CSC Holdings in connection with the Merger.

(c) Represents $3,800,000 principal amount assumed by CSC Holdings in connection with the Merger, net of principal repayments made. See discussion below regarding the Extension Amendment entered into in September 2016.

The Company is required to make principal payments aggregating $25,000 under the Term Credit Facility in 2017.

Payment Obligations Related to Debt

Total amounts payable by us in connection with our outstanding obligations (giving effect to the Extension Amendment discussed below) during the five years subsequent to December 31, 2016 and thereafter, including related interest, as well as capital lease obligations, notes payable, and the value deliverable at maturity under monetization contracts are as follows:

	Cablevision	Restricted Group	Other Entities (a)	Total
2017	$ 1,113,880	$ 908,106	$ 828,759	$ 2,850,745
2018	857,193	1,681,315	532,492	3,071,000
2019	78,130	1,328,211	—	1,406,341
2020	558,130	773,718	—	1,331,848
2021	38,130	1,946,973	—	1,985,103
Thereafter	687,154	11,375,907	—	12,063,061
Total	$ 3,332,617	$ 18,014,230	$ 1,361,251	$ 22,708,098

(a) Represents the Company's obligations in connection with monetization contracts it has entered into. The Company has the option, at maturity, to deliver the shares of common stock underlying the monetization contracts in full satisfaction of the maturing collateralized indebtedness and the related derivative contracts or obtain the required cash equivalent of the common stock through new monetization and derivative contracts.

Restricted Group

CSC Holdings and those of its subsidiaries which conduct our video, high-speed data and VoIP services operations, as well as Lightpath, which provides Ethernet-based data, Internet, voice and video transport and managed services to the business market, comprise the "Restricted Group" as they are subject to the covenants and restrictions of the credit

facility and indentures governing the notes and debentures issued by CSC Holdings. In addition, the Restricted Group is also subject to the covenants of the debt issued by Cablevision.

Sources of cash for the Restricted Group include primarily cash flow from the operations of the businesses in the Restricted Group, borrowings under its credit facility and issuance of securities in the capital markets and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital video, high-speed data and VoIP services (including enhancements to its service offerings such as a broadband wireless network (WiFi)); debt service, including distributions made to Cablevision to service interest expense and principal repayments on its debt securities; other corporate expenses and changes in working capital; and investments that it may fund from time to time. Prior to the Merger, the Restricted Group also made distributions to Cablevision to fund dividends paid to its stockholders, share repurchases and senior note repurchases.

Credit Facility

As of December 31, 2016, CSC Holdings had $2,500,000 outstanding under the Term Credit Facility and $175,256 outstanding under the Revolving Credit Facility and $2,034,523 was undrawn and available under the Revolving Credit Facility, subject to covenant limitations, to be drawn to meet the net funding and investment requirements of the Restricted Group.

The Credit Facilities permit CSC Holdings to request revolving loans, swing line loans or letters of credit from the revolving lenders, swingline lenders or issuing banks, as applicable, thereunder, from time to time prior to October 9, 2020, unless the commitments under the Revolving Credit Facility have been previously terminated.

Loans comprising each Eurodollar Borrowing or ABR Borrowing, as applicable, bear interest at a rate per annum equal to the Adjusted LIBO Rate or the Alternate Base Rate, as applicable, plus the Applicable Margin, where the Applicable Margin means: in respect of revolving credit loans (i) with respect to any Eurodollar Loan, 3.25% per annum and (ii) with respect to any ABR Loan, 2.25% per annum.

On September 9, 2016, CSC Holdings entered into an amendment (the "Extension Amendment") to the Credit Facilities and the incremental loan assumption agreements dated June 21, 2016 and July 21, 2016 between CSC Holdings and certain lenders party thereto (the "Extending Lenders") pursuant to which each Extending Lender agreed to extend the maturity of its Term Credit Facility under the Credit Facilities to October 11, 2024 and to certain other amendments to the Credit Facilities. In October 2016, CSC Holdings used the net proceeds from the sale of $1,310,000 aggregate principal amount of 5.5% senior guaranteed notes due 2027 (the "2027 Guaranteed Notes") (after the deduction of fees and expenses) to prepay outstanding loans under the Term Credit Facility that were not extended pursuant to the Extension Amendment. The total aggregate principal amount of the Term Credit Facility, after giving effect to the use of proceeds of the 2027 Guaranteed Notes, is $2,500,000 (the "Extended Term Loan"). The Extended Term Loan was effective on October 11, 2016. In connection with the prepayment of the Term Credit Facility, the Company wrote-off the deferred financing costs and the unamortized discount related to the existing term loan aggregating $102,894. Additionally, the Company recorded deferred financing costs and an original issue discount of $7,249 and $6,250, respectively, which are both being amortized to interest expense over the term of the Extended Term Loan.

On December 9, 2016, the Credit Facilities were amended to increase the availability under the Revolving Credit Facility from $2,105,000 to $2,300,000 and extend the maturity on $2,280,000 of this facility to November 30, 2021. The remaining $20,000 will mature on October 9, 2020.

In January 2017, CSC Holdings borrowed $225,000 under its revolving credit facility and in February 2017, made a repayment of $175,000 with cash on hand.

The Credit Facilities require CSC Holdings to prepay outstanding term loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions, and (ii) commencing with the first full fiscal year after the consummation of the Merger, a ratable share (based on the outstanding principal amount of the Extended Term Loan divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Extended Term Loan) of 50% of the annual excess cash flow of CSC Holdings and its restricted subsidiaries, which will be reduced to 0% if the Consolidated Net Senior Secured Leverage Ratio of CSC Holdings is less than or equal to 4.5 to 1.

Under the Term Credit Facility, CSC Holdings was required to make and made scheduled quarterly payment of $9,500 beginning with the fiscal quarter ending September 30, 2016. Under the Extended Term Loan, CSC Holdings is required to make scheduled quarterly payments equal to 0.25% of the principal amount of the Extended Term Loan, with the remaining balance scheduled to be paid on October 11, 2024, beginning with the fiscal quarter ending March 31, 2017. Interest will be calculated under the Extended Term Loan subject to a "floor" applicable to the Adjusted LIBO Rate of 0.75% per annum, and the Applicable Margin is (1) with respect to any ABR Loan, 2.00% per annum and (2) with respect to any Eurodollar Loan, 3.00% per annum. If the Adjusted LIBO Rate for the Extended Term Loan is less than 0.75% for any given period, the interest rate is fixed at 3.75% per annum.

The obligations under the Credit Facilities are guaranteed by each restricted subsidiary of CSC Holdings (other than CSC TKR, LLC and its subsidiaries and certain excluded subsidiaries) (the “Initial Guarantors”) and, subject to certain limitations, will be guaranteed by each future material wholly-owned restricted subsidiary of CSC Holdings. The obligations under the Credit Facilities (including any guarantees thereof) are secured on a first priority basis, subject to any liens permitted by the Credit Facilities, by capital stock held by CSC Holdings or any guarantor in certain subsidiaries of CSC Holdings, subject to certain exclusions and limitations.

The Credit Facilities include negative covenants that are substantially similar to the negative covenants contained in the indentures under which the Merger Notes were issued (see discussion below). The Credit Facilities include one financial maintenance covenant (solely for the benefit of the Revolving Credit Facility), consisting of a maximum Consolidated Net Senior Secured Leverage Ratio of 5.0 to 1, which will be tested on the last day of any fiscal quarter but only if on such day there are outstanding borrowings under the Revolving Credit Facility (including swingline loans but excluding any cash collateralized letters of credit and undrawn letters of credit not to exceed $15,000). The Credit Facilities also contain certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the obligations under the Credit Facilities may be accelerated.

CSC Holdings was in compliance with all of its financial covenants under the Credit Facilities as of December 31, 2016.

Repayment of Previous Credit Facility

On June 21, 2016, in connection with the Merger, CSC Holdings repaid all of its outstanding indebtedness under the Previous Credit Facility amounting to $2,030,699.

CSC Holdings Merger Notes

The $1,000,000 principal amount of the 2025 Guaranteed Notes bears interest at a rate of 6.625% per annum and was issued at a price of 100.00%. Interest on the 2025 Guaranteed Notes is payable semi-annually on January 15 and July 15, commencing on July 15, 2016. These 2025 Guaranteed Notes are guaranteed on a senior basis by the Initial Guarantors.

The $1,800,000 principal amount of the 2023 Notes and $2,000,000 principal amount of the 2025 Notes, bear interest at a rate of 10.125% and 10.875%, respectively, per annum and were issued at prices of 100.00%. Interest on the 2023 Notes and 2025 Notes is payable semi-annually on January 15 and July 15, which began on July 15, 2016.

Deferred financing costs of approximately $76,579 incurred in connection with the issuance of the Merger Notes are being amortized to interest expense over the term of the Merger Notes.

CSC Holdings may redeem some or all of the 2023 Notes at any time on or after January 15, 2019, and some or all of the 2025 Notes and 2025 Guaranteed Notes at any time on or after October 15, 2020, at the redemption prices set forth in the relevant indenture, plus accrued and unpaid interest, if any. CSC Holdings may also redeem up to 40% of each series of the Merger Notes using the proceeds of certain equity offerings before October 15, 2018, at a redemption price equal to 110.125% for the 2023 Notes, 110.875% for the 2025 Notes and 106.625% for the 2025 Guaranteed Notes, in each case plus accrued and unpaid interest. In addition, at any time prior to January 15, 2019, CSC Holdings may redeem some or all of the 2023 Notes, and at any time prior to October 15, 2020, CSC Holdings may redeem some or all of the 2025 Notes and the 2025 Guaranteed Notes, at a price equal to 100% of the principal amount thereof, plus a “make whole” premium specified in the relevant indenture plus accrued and unpaid interest.

The indentures under which the Merger Notes were issued contain certain covenants and agreements, including limitations on the ability of CSC Holdings and its restricted subsidiaries to (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or

make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances, and (viii) engage in mergers or consolidations, in each case subject to certain exceptions. The indentures also contain certain customary events of default. If an event of default occurs, the obligations under the Merger Notes may be accelerated.

As of December 31, 2016, the Company was in compliance with all of its financial covenants under the indentures under which the senior notes and debentures and guaranteed notes were issued.

CSC Holdings 5.5% Senior Guaranteed Notes due 2027 (Successor)

In September 2016, CSC Holdings issued $1,310,000 aggregate principal amount of 5.50% senior guaranteed notes due April 15, 2027. The 2027 Guaranteed Notes are senior unsecured obligations and rank pari passu in right of payment with all of the existing and future senior indebtedness, including the existing senior notes and the Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

As discussed above, in October 2016, CSC Holdings used the proceeds from the issuance of the 2027 Guaranteed Notes (after the deduction of fees and expenses) to prepay the outstanding loans under the Term Credit Facility that were not extended pursuant to the Extension Amendment. In connection with the issuance of the 2027 Guaranteed Notes, the Company incurred deferred financing costs of approximately $5,575, which are being amortized to interest expense over the term of the 2027 Guaranteed Notes.

The Company may redeem some or all of the 2027 Guaranteed Notes at any time on or after April 15, 2022 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any. The Company may also redeem up to 40% of each series of the 2027 Guaranteed Notes using the proceeds of certain equity offerings before October 15, 2019, at a redemption price equal to 105.500%, plus accrued and unpaid interest.

Recent Event

On March 15, 2017, CSC Holdings priced $3,000,000 of 8.25-year senior secured term loans with institutional investors. The new senior secured term loans will bear interest at 2.25% over LIBOR. The closing of the new financing is subject to closing conditions and the proceeds will be used to refinance the entire $2,500,000 principal amount of loans under CSC Holdings Term Credit Facility that matures in October 2024 and redeem $500,000 of the 8.625% Senior Notes due September 2017 issued by Cablevision.

Newsday LLC Credit Facility

On June 21, 2016, in connection with the Merger, Newsday LLC repaid all of its outstanding indebtedness under the Previous Newsday Credit Agreement amounting to $480,000.

Cablevision Mirror Notes

In July 2016, CSC Holdings contributed to Cablevision the outstanding Cablevision 7.75% senior notes due 2018 of $345,238 and the Cablevision 8.00% senior notes due 2020 of $266,217 held by Newsday Holdings, LLC and Cablevision cancelled the notes. The contribution of these notes to Cablevision had no impact to the financial position of Cablevision or CSC Holdings.

Capital Expenditures

The following table provides details of the Company's capital expenditures for the years ended December 31, 2016 and 2015:

	Successor	Predecessor		Predecessor
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Combined Year Ended December 31, 2016	Year Ended December 31, 2015
Customer premise equipment	$ 77,536	$ 68,418	$ 145,954	$ 212,350
Scalable infrastructure	55,441	110,127	165,568	229,801
Line extensions	16,394	14,713	31,107	27,216
Upgrade/rebuild	20,117	24,412	44,529	55,694
Support	71,252	50,210	121,462	161,319
Business to Business	45,716	44,137	89,853	96,405
Other	11,901	18,114	30,015	33,611
Total Cablevision	$ 298,357	$ 330,131	$ 628,488	$ 816,396

Capital expenditures for 2016 decreased $187,908 (23%) as compared to 2015. These decreases were primarily related to lower spending on customer premise equipment, construction parts and electronics, and facility upgrades. These decreases were partially offset by spending to upgrade network infrastructure.

Monetization Contract Maturities

The following monetization contracts relating to our Comcast common stock matured in 2016:

Month of Maturity:	Shares covered under monetization contract (a)
April 2016	2,732,184
June 2016	2,668,875
August 2016	2,668,875

(a) Share amounts are not adjusted for the 2 for 1 stock split in February 2017.

We settled our obligations under the related collateralized indebtedness by delivering cash from the net proceeds of a new monetization transactions on our Comcast common stock that will mature in April, June, and August 2018.

During 2017, monetization contracts covering 13,407,684 shares (not adjusted for the 2 for 1 stock split in February 2017) of Comcast common stock held by us will mature. We intend to settle such transactions by either delivering shares of the Comcast common stock and the related equity derivative contracts or by delivering cash from the net proceeds of new monetization transactions.

See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our monetization contracts.

Contractual Obligations and Off Balance Sheet Commitments

Our contractual obligations as of December 31, 2016, which consist primarily of our debt obligations and the effect such obligations are expected to have on our liquidity and cash flow in future periods, are summarized in the following table:

	Payments Due by Period					
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years	Other
Off balance sheet arrangements:						
Purchase obligations (a)	$ 5,287,042	$ 1,897,178	$ 2,531,595	$ 827,827	$ 30,442	$ —
Operating lease obligations (b)	375,948	57,853	97,114	79,918	141,063	—
Guarantees (c)	19,793	3,909	15,884	—	—	—
Letters of credit (d)	97,220	220	14,297	82,703	—	—
	5,780,003	1,959,160	2,658,890	990,448	171,505	—
Contractual obligations reflected on the balance sheet:						
Debt obligations (e)	22,682,126	2,836,308	4,467,158	3,315,599	12,063,061	—
Capital lease obligations (f)	25,972	14,437	10,183	1,352	—	—
Taxes (g)	7,809	—	—	—	—	7,809
	22,715,907	2,850,745	4,477,341	3,316,951	12,063,061	7,809
Total	$ 28,495,910	$ 4,809,905	$ 7,136,231	$ 4,307,399	$ 12,234,566	$ 7,809

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to our customers and minimum purchase obligations to purchase goods or services. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of subscribers receiving the programming. Amounts reflected above related to programming agreements are based on the number of subscribers receiving the programming as of December 2016 multiplied by the per subscriber rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2016. See Note 2 to our consolidated financial statements for a discussion of our program rights obligations.

(b) Operating lease obligations represent primarily future minimum payment commitments on various long-term, noncancelable leases, at rates now in force, for office, production and storage space, and rental space on utility poles. See Note 8 to our consolidated financial statements for a discussion of our operating leases.

(c) Includes franchise and performance surety bonds primarily for our cable television systems. Also includes outstanding guarantees primarily by CSC Holdings in favor of certain financial institutions in respect of ongoing interest expense obligations in connection with the monetization of our holdings of shares of Comcast common stock. Payments due by period for these arrangements represent the year in which the commitment expires.

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

(e) Includes interest and principal payments due on our (i) credit facility debt, (ii) senior guaranteed notes and senior notes and debentures, (iii) notes payable and (iv) collateralized indebtedness. See Notes 10 and 11 to our consolidated financial statements for a discussion of our long-term debt.

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

(g) Represents tax liabilities, including accrued interest, relating to uncertain tax positions. See Note 13 to our consolidated financial statements for a discussion of our income taxes.

The table above does not include obligations for payments required to be made under multi-year franchise agreements based on a percentage of revenues generated from video service per year. For the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015

and 2014 (Predecessor), the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $106,213, $95,432, $199,701 and $178,630, respectively.

Other Events

Dividends

Pursuant to the terms of the Merger Agreement, Cablevision was not permitted to declare and pay dividends or repurchase stock, in each case, without the prior written consent of Altice. In accordance with these terms, Cablevision did not declare dividends during the period January 1, 2016 through June 20, 2016 (Predecessor).

During the period January 1, 2016 through June 20, 2016 (Predecessor), Cablevision paid $4,066 related to restricted shares that vested in respect of dividends declared and accrued on the CNYG common stock in prior periods. In addition, on June 21, 2016, approximately $3,773 of accrued dividends were paid on restricted shares and performance restricted stock units that vested in connection with the Merger.

CSC Holdings made cash equity distribution payments to Cablevision aggregating $106,941 and $144,318, respectively, during the 2016 Successor period and 2016 Predecessor period, respectively. These distribution payments were funded from cash on hand. The proceeds were used to fund:

- Cablevision's interest payments on its senior notes (Predecessor and Successor periods);
- Cablevision's payments in respect of dividends declared and accrued in prior periods related to restricted shares that vested (Predecessor period only); and
- Cablevision's payments for the acquisition of treasury shares related to statutory minimum tax withholding obligations upon the vesting of certain restricted shares (Predecessor period only).

Newsday Transactions

In July 2016, the Company completed the sale of a 75% interest in Newsday LLC. The Company retained the remaining 25% ownership interest. Effective July 7, 2016, the operating results of Newsday are no longer consolidated with those of the Company and the Company's 25% interest in the operating results of Newsday is recorded on the equity basis.

Managing our Interest Rate and Equity Price Risk

Interest Rate Risk

Interest rate risk is primarily a result of exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Our exposure to interest rate risk results from changes in short-term interest rates. Interest rate risk exists primarily with respect to our credit facility debt, which bears interest at variable rates. The carrying value of our outstanding credit facility debt at December 31, 2016 amounted to $2,631,887. To manage interest rate risk, we have from time to time entered into various interest rate swap contracts to adjust the proportion of total debt that is subject to variable interest rates. Such contracts effectively fixed the borrowing rates on our floating rate debt to limit the exposure against the risk of rising rates. We did not have any interest swap contracts in place at December 31, 2016. We do not enter into interest rate swap contracts for speculative or trading purposes. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. We diversify our swap contracts among various counterparties to mitigate exposure to any single financial institution. See discussion above for further details of our credit facility debt and See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" below for a discussion regarding the fair value of our debt.

Equity Price Risk

We have entered into derivative contracts to hedge our equity price risk and monetize the value of our shares of common stock of Comcast. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2016, we did not have an early termination shortfall relating to any of these contracts. The underlying stock and the equity collars are carried at fair value on our consolidated balance sheets and the collateralized indebtedness is carried

at its principal value, net of the unamortized fair value adjustment. The fair value adjustment is being amortized over the term of the related indebtedness. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for information on how we participate in changes in the market price of the stocks underlying these derivative contracts.

All of our monetization transactions are obligations of our wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings provides guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). The guarantee exposure approximates the net sum of the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and the equity collar. All of our equity derivative contracts are carried at their current fair value in our consolidated balance sheets with changes in value reflected in our consolidated statements of operations, and all of the counterparties to such transactions currently carry investment grade credit ratings.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-01, Business Combinations (Topic 805), Clarifying the Definition of a Business, which amends Topic 805 to interpret the definition of a business by adding guidance to assist in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied prospectively.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. ASU No. 2016-01 modifies how entities measure certain equity investments and also modifies the recognition of changes in the fair value of financial liabilities measured under the fair value option. Entities will be required to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. For financial liabilities measured using the fair value option, entities will be required to record changes in fair value caused by a change in instrument-specific credit risk (own credit risk) separately in other comprehensive income. ASU No. 2016-01 becomes effective for us on January 1, 2018. We have not yet completed the evaluation of the effect that ASU No. 2016-01 will have on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All dollar amounts, except per share data, included in the following discussion under this Item 7A are presented in thousands.

Equity Price Risk

We are exposed to market risks from changes in certain equity security prices. Our exposure to changes in equity security prices stems primarily from the shares of Comcast common stock we hold. We have entered into equity derivative contracts consisting of a collateralized loan and an equity collar to hedge our equity price risk and to monetize the value of these securities. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. The contracts' actual hedge prices per share vary depending on average stock prices in effect at the time the contracts were executed. The contracts' actual cap prices vary depending on the maturity and terms of each contract, among other factors. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2016, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value on our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of the unamortized fair value adjustment. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to $1,286,069 at December 31, 2016. At maturity, the contracts provide for the option to deliver cash or shares of Comcast common stock, with a value determined by reference to the applicable stock price at maturity.

As of December 31, 2016, the fair value and the carrying value of our holdings of Comcast common stock aggregated $1,483,030. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately $148,303. As of December 31, 2016, the net fair value and the carrying value of the equity collar component of the equity derivative contracts entered into to partially hedge the equity price risk of our holdings of Comcast common stock aggregated $2,202, a net liability position. For the periods June 21, 2016 through December 31, 2016 (Successor) and January 1, 2016 through June 20, 2016 (Predecessor), we recorded a net loss of $53,696 and $36,283, respectively, related to our outstanding equity derivative contracts and recorded an unrealized gain of $141,538 and $129,510, respectively, related to the Comcast common stock that we held during the respective periods.

Fair Value of Equity Derivative Contracts		
Fair value as of December 31, 2015, net asset position	$	79,702
Change in fair value, net		(36,283)
Additions		8,075
Fair value as of June 20, 2016, net asset position		51,494
Change in fair value, net		(53,696)
Fair value as of December 31, 2016, net liability position	$	(2,202)

The maturity, number of shares deliverable at the relevant maturity, hedge price per share, and the lowest and highest cap prices received for the Comcast common stock monetized via an equity derivative prepaid forward contract are summarized in the following table:

# of Shares Deliverable (a)		Maturity	Hedge Price per Share (b)	Cap Price (c) Low	Cap Price (c) High
13,407,684	(d)	2017	$55.96 - $59.11	$ 70.84	$ 76.85
8,069,934		2018	$61.67 - $67.22	$ 74.01	$ 80.66

(a) Share amounts are not adjusted for the 2 for 1 stock split in February 2017.

(b) Represents the price below which we are provided with downside protection and above which we retain upside appreciation. Also represents the price used in determining the cash proceeds payable to us at inception of the contracts.

(c) Represents the price up to which we receive the benefit of stock price appreciation.

(d) Includes an equity derivative contract relating to 2,668,875 shares that matured and was settled in January 2017 from proceeds of a new monetization contract covering an equivalent number of shares.

Fair Value of Debt: At December 31, 2016, the fair value of our fixed rate debt of $14,360,889 was higher than its carrying value of $13,064,187 by $1,296,702. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at December 31, 2016 would increase the estimated fair value of our fixed rate debt by $1,276,244 to $15,637,133. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Item 8. Financial Statements and Supplementary Data.

For information required by Item 8, refer to the Index to Financial Statements on page 65.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

SIGNATURE

Cablevision and CSC Holdings have duly caused this Annual Report to be signed on their behalf by the undersigned, thereunto duly authorized on the 17th day of March, 2017.

Cablevision Systems Corporation
CSC Holdings, LLC

By: /s/ Charles Stewart
Name: Charles Stewart
Title: Vice President, Treasurer and Chief Financial Officer of Cablevision Systems Corporation and CSC Holdings, LLC

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Independent Auditors' Report

The Board of Directors
Cablevision Systems Corporation:

We have audited the accompanying consolidated financial statements of Cablevision Systems Corporation and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 (Successor) and December 31, 2015 (Predecessor), and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity (deficiency), and cash flows for the period from June 21, 2016 to December 31, 2016 (Successor), for the period from January 1, 2016 to June 20, 2016 (Predecessor), and the years ended December 31, 2015 and 2014 (Predecessor), and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of Cablevision Systems Corporation and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the period from June 21, 2016 to December 31, 2016 (Successor), for the period from January 1, 2016 to June 20, 2016 (Predecessor), and the years ended December 31, 2015 and 2014 (Predecessor), in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective June 21, 2016, Altice N.V. acquired approximately 70% of the outstanding shares of Cablevision Systems Corporation in a business combination accounted for as a purchase. As a result of the acquisition, the consolidated financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable.

/s/ KPMG LLP

New York, New York
March 17, 2017

Independent Auditors' Report

The Board of Directors
CSC Holdings, LLC:

We have audited the accompanying consolidated financial statements of CSC Holdings, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 (Successor) and December 31, 2015 (Predecessor), and the related consolidated statements of operations and comprehensive income (loss), total changes in total members' equity (deficiency), and cash flows for the period from June 21, 2016 to December 31, 2016 (Successor), for the period from January 1, 2016 to June 20, 2016 (Predecessor), and the years ended December 31, 2015 and 2014 (Predecessor), and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material aspects, the financial position of CSC Holdings, LLC and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the period from June 21, 2016 to December 31, 2016 (Successor), for the period from January 1, 2016 to June 20, 2016 (Predecessor), and the years ended December 31, 2015 and 2014 (Predecessor), in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective June 21, 2016, Altice N.V. acquired approximately 70% of the outstanding shares of Cablevision Systems Corporation in a business combination accounted for as a purchase. As a result of the acquisition, the consolidated financial information for the periods after the acquisition is presented on a different cost basis than that for the periods before the acquisition and, therefore, is not comparable.

/s/ KPMG LLP

New York, New York
March 17, 2017

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015
(In thousands)
(See Note 3)

	Successor	Predecessor
	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 216,625	$ 1,003,279
Restricted cash	16,301	1,600
Accounts receivable, trade (less allowance for doubtful accounts of $4,952 and $6,039)	266,701	266,383
Prepaid expenses and other current assets	70,272	123,242
Amounts due from affiliates	10,634	767
Deferred tax asset	—	14,596
Investment securities pledged as collateral	741,515	455,386
Derivative contracts	352	10,333
Total current assets	1,322,400	1,875,586
Property, plant and equipment, net of accumulated depreciation of $562,739 and $9,625,348	4,605,418	3,017,015
Investment in affiliates	5,606	—
Investment securities pledged as collateral	741,515	756,596
Derivative contracts	10,604	72,075
Other assets	37,609	32,920
Amortizable customer relationships, net of accumulated amortization of $335,459 and $27,778	4,514,541	11,636
Amortizable trade names, net of accumulated amortization of $44,422 and $0	965,578	—
Other amortizable intangibles, net of accumulated amortization of $2,483 and $32,532	20,904	25,315
Trademarks and other indefinite-lived intangible assets	—	7,250
Indefinite-lived cable television franchises	8,113,575	731,848
Goodwill	5,838,959	262,345
Deferred financing costs, net of accumulated amortization of $0 and $8,150	—	7,588
	$ 26,176,709	$ 6,800,174

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2016 and 2015
(In thousands, except share and per share amounts)

	Successor	Predecessor
	2016	2015
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 552,501	$ 453,653
Accrued liabilities:		
Interest	378,245	119,005
Employee related costs	185,890	344,091
Other accrued expenses	247,896	169,899
Amounts due to affiliates	73,087	29,729
Deferred revenue	47,829	55,545
Liabilities under derivative contracts	13,158	2,706
Credit facility debt	25,000	562,898
Collateralized indebtedness	622,332	416,621
Senior notes and debentures	926,045	—
Capital lease obligations	14,050	20,350
Notes payable	5,427	13,267
Total current liabilities	3,091,460	2,187,764
Defined benefit plan obligations	84,106	99,228
Other liabilities	110,248	165,768
Deferred tax liability	6,429,640	704,835
Credit facility debt	2,606,887	1,951,556
Collateralized indebtedness	663,737	774,703
Senior guaranteed notes	2,289,494	—
Senior notes and debentures	8,548,853	5,801,011
Capital lease obligations	11,293	25,616
Notes payable	8,299	1,277
Total liabilities	23,844,017	11,711,758
Commitments and contingencies		
Redeemable equity	43,378	—
Stockholders' Equity (Deficiency):		
Preferred Stock, $.01 par value, 50,000,000 shares authorized, none issued (Predecessor)	—	—
Common Stock, $.01 par value, 1,000 shares authorized, 100 shares issued and outstanding (Successor)	—	—
CNYG Class A common stock, $.01 par value, 800,000,000 shares authorized, 304,196,703 shares issued and 222,572,210 shares outstanding (Predecessor)	—	3,042
CNYG Class B common stock, $.01 par value, 320,000,000 shares authorized, 54,137,673 shares issued and outstanding (Predecessor)	—	541
RMG Class A common stock, $.01 par value, 600,000,000 shares authorized, none issued (Predecessor)	—	—
RMG Class B common stock, $.01 par value, 160,000,000 shares authorized, none issued (Predecessor)	—	—
Paid-in capital	2,920,743	792,351
Accumulated deficit	(633,695)	(4,059,411)
	2,287,048	(3,263,477)
Treasury stock, at cost (81,624,493 CNYG Class A common shares) (Predecessor)	—	(1,610,167)
Accumulated other comprehensive income (loss)	1,979	(37,672)
Total stockholders' equity (deficiency)	2,289,027	(4,911,316)
Noncontrolling interest	287	(268)
Total equity (deficiency)	2,289,314	(4,911,584)
	$ 26,176,709	$ 6,800,174

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Revenue (including revenue from affiliates of $1,086, $2,088, $5,343 and $5,075, respectively) (See Note 16)	$ 3,444,052	$ 3,137,604	$ 6,545,545	$ 6,508,557
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,947, $84,636, $176,909 and $179,144, respectively) (See Note 16)	1,164,925	1,088,555	2,269,290	2,197,735
Other operating expenses (including charges (credits) from affiliates of $8,793, $2,182, $5,372 and $3,878, respectively) (See Note 16)	1,028,447	1,136,970	2,546,319	2,520,582
Restructuring and other expense	212,150	22,223	16,213	2,480
Depreciation and amortization (including impairments)	963,665	414,550	865,252	866,502
	3,369,187	2,662,298	5,697,074	5,587,299
Operating income	74,865	475,306	848,471	921,258
Other income (expense):				
Interest expense	(607,624)	(287,098)	(585,764)	(576,000)
Interest income	1,277	1,590	925	420
Gain (loss) on investments, net	141,896	129,990	(30,208)	129,659
Gain (loss) on equity derivative contracts, net	(53,696)	(36,283)	104,927	(45,055)
Loss on extinguishment of debt and write-off of deferred financing costs	(102,894)	—	(1,735)	(10,120)
Other expense, net	4,329	4,855	6,045	4,988
	(616,712)	(186,946)	(505,810)	(496,108)
Income (loss) from continuing operations before income taxes	(541,847)	288,360	342,661	425,150
Income tax benefit (expense)	213,065	(124,848)	(154,872)	(115,768)
Income (loss) from continuing operations, net of income taxes	(328,782)	163,512	187,789	309,382
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822
Net income (loss)	(328,782)	163,512	175,248	312,204
Net loss (income) attributable to noncontrolling interests	(551)	236	201	(765)
Net income (loss) attributable to Cablevision Systems Corporation stockholders	$ (329,333)	$ 163,748	$ 175,449	$ 311,439
INCOME PER SHARE:				
Basic income (loss) per share attributable to Cablevision Systems Corporation stockholder(s):				
Income from continuing operations, net of income taxes		$ 0.60	$ 0.70	$ 1.17
Income (loss) from discontinued operations, net of income taxes		$ —	$ (0.05)	$ 0.01
Net income		$ 0.60	$ 0.65	$ 1.18
Basic weighted average common shares (in thousands)		272,035	269,388	264,623
Diluted income (loss) per share attributable to Cablevision Systems Corporation stockholder(s):				
Income from continuing operations, net of income taxes		$ 0.58	$ 0.68	$ 1.14
Income (loss) from discontinued operations, net of income taxes		$ —	$ (0.05)	$ 0.01
Net income		$ 0.58	$ 0.63	$ 1.15
Diluted weighted average common shares (in thousands)		280,199	276,339	270,703
Amounts attributable to Cablevision Systems Corporation stockholder(s):				
Income (loss) from continuing operations, net of income taxes	$ (329,333)	$ 163,748	$ 187,990	$ 308,617
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822
Net income (loss)	$ (329,333)	$ 163,748	$ 175,449	$ 311,439
Cash dividends declared and paid per share of common stock	$ —	$ —	$ 0.45	$ 0.60

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net income (loss)	$ (328,782)	$ 163,512	$ 175,248	$ 312,204
Other comprehensive income (loss):				
Defined benefit pension and postretirement plans (see Note 14):				
Unrecognized actuarial gain (loss)	3,452	68	2,694	(6,866)
Applicable income taxes	(1,381)	(28)	(1,106)	2,815
Unrecognized income (loss) arising during period, net of income taxes	2,071	40	1,588	(4,051)
Amortization of actuarial losses, net included in net periodic benefit cost	—	929	1,224	2,296
Applicable income taxes	—	(388)	(502)	(941)
Amortization of actuarial losses, net included in net periodic benefit cost, net of income taxes	—	541	722	1,355
Settlement loss (income) included in net periodic benefit cost	(154)	1,655	3,822	5,347
Applicable income taxes	62	(679)	(1,569)	(2,192)
Settlement loss (income) included in net periodic benefit cost, net of income taxes	(92)	976	2,253	3,155
Other comprehensive income	1,979	1,557	4,563	459
Comprehensive income (loss)	(326,803)	165,069	179,811	312,663
Comprehensive loss (income) attributable to noncontrolling interests	(551)	236	201	(765)
Comprehensive income (loss) attributable to Cablevision Systems Corporation stockholder(s)	$ (327,354)	$ 165,305	$ 180,012	$ 311,898

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
(In thousands)
(See Note 3)

	CNYG Class A Common Stock	CNYG Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficiency)	Non-controlling Interest	Total Equity (Deficiency)
Predecessor:									
Balance at January 1, 2014	$ 2,925	$ 541	$ 885,601	$ (4,546,299)	$ (1,584,404)	$ (42,694)	$ (5,284,330)	$ 786	$ (5,283,544)
Net income attributable to Cablevision Systems Corporation stockholders	—	—	—	311,439	—	—	311,439	—	311,439
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	1,007	1,007
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	—	—	459	459	—	459
Proceeds from exercise of options and issuance of restricted shares	78	—	55,252	—	—	—	55,330	—	55,330
Recognition of equity-based stock compensation arrangements	—	—	44,335	—	—	—	44,335	—	44,335
Treasury stock acquired from forfeiture and acquisition of restricted shares	—	—	9	—	(6,617)	—	(6,608)	—	(6,608)
Excess tax benefit on share-based awards	—	—	336	—	—	—	336	—	336
Dividends on CNYG Class A and CNYG Class B common stock	—	—	(162,806)	—	—	—	(162,806)	—	(162,806)
Adjustments to noncontrolling interests	—	—	376	—	—	—	376	(1,014)	(638)
Balance at December 31, 2014	$ 3,003	$ 541	$ 823,103	$ (4,234,860)	$ (1,591,021)	$ (42,235)	$ (5,041,469)	$ 779	$ (5,040,690)

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) (continued)
(In thousands)
(See Note 3)

	CNYG Class A Common Stock	CNYG Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficiency)	Non-controlling Interest	Total Equity (Deficiency)
Balance at January 1, 2015	$ 3,003	$ 541	$ 823,103	$ (4,234,860)	$ (1,591,021)	$ (42,235)	$ (5,041,469)	$ 779	$ (5,040,690)
Net income attributable to Cablevision Systems Corporation stockholders	—	—	—	175,449	—	—	175,449	—	175,449
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	(146)	(146)
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	—	—	4,563	4,563	—	4,563
Proceeds from exercise of options and issuance of restricted shares	39	—	18,648	—	—	—	18,687	—	18,687
Recognition of equity-based stock compensation arrangements	—	—	60,817	—	—	—	60,817	—	60,817
Treasury stock acquired from forfeiture and acquisition of restricted shares	—	—	5	—	(19,146)	—	(19,141)	—	(19,141)
Excess tax benefit on share-based awards	—	—	5,694	—	—	—	5,694	—	5,694
Dividends on CNYG Class A and CNYG Class B common stock	—	—	(124,752)	—	—	—	(124,752)	—	(124,752)
Adjustments to noncontrolling interests	—	—	8,836	—	—	—	8,836	(901)	7,935
Balance at December 31, 2015	$ 3,042	$ 541	$ 792,351	$ (4,059,411)	$ (1,610,167)	$ (37,672)	$ (4,911,316)	$ (268)	$ (4,911,584)

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) (continued)
(In thousands)
(See Note 3)

	CNYG Class A Common Stock	CNYG Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficiency)	Non-controlling Interest	Total Equity (Deficiency)
Balance at January 1, 2016	$ 3,042	$ 541	$ 792,351	$ (4,059,411)	$ (1,610,167)	$ (37,672)	$ (4,911,316)	$ (268)	$ (4,911,584)
Net income attributable to Cablevision Systems Corporation stockholders	—	—	—	163,748	—	—	163,748	—	163,748
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	(236)	(236)
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	—	—	1,557	1,557	—	1,557
Proceeds from exercise of options and issuance of restricted shares	15	—	14,544	—	—	—	14,559	—	14,559
Recognition of equity-based stock compensation arrangements	—	—	24,997	—	—	—	24,997	—	24,997
Treasury stock acquired from forfeiture and acquisition of restricted shares	—	—	1	—	(41,470)	—	(41,469)	—	(41,469)
Tax withholding associated with shares issued for equity-based compensation	(4)	—	(6,030)	—	—	—	(6,034)	—	(6,034)
Excess tax benefit on share-based awards	—	—	82	—	—	—	82	—	82
Contributions from noncontrolling interests	—	—	—	—	—	—	—	240	240
Balance at June 20, 2016	$ 3,053	$ 541	$ 825,945	$ (3,895,663)	$ (1,651,637)	$ (36,115)	$ (4,753,876)	$ (264)	$ (4,754,140)

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) (continued)
(In thousands)
(See Note 3)

	CNYG Class A Common Stock	CNYG Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity (Deficiency)	Non-controlling Interest	Total Equity (Deficiency)
Successor:									
Balance at June 21, 2016	$ —	$ —	$ 2,950,974	$ (304,362)	$ —	$ —	$ 2,646,612	$ (264)	$ 2,646,348
Net loss attributable to stockholder	—	—	—	(329,333)	—	—	(329,333)	—	(329,333)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	551	551
Pension liability adjustments, net of income taxes	—	—	—	—	—	1,979	1,979	—	1,979
Share-based compensation expense	—	—	9,164	—	—	—	9,164	—	9,164
Change in fair value of redeemable equity	—	—	(43,378)	—	—	—	(43,378)	—	(43,378)
Excess tax benefit on share-based awards	—	—	31	—	—	—	31	—	31
Tax impact related to the Newsday Holdings, LLC transactions	—	—	3,952	—	—	—	3,952	—	3,952
Balance at December 31, 2016	$ —	$ —	$ 2,920,743	$ (633,695)	$ —	$ 1,979	$ 2,289,027	$ 287	$ 2,289,314

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities:				
Net income (loss)	$ (328,782)	$ 163,512	$ 175,248	$ 312,204
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Loss (income) from discontinued operations, net of income taxes	—	—	12,541	(2,822)
Depreciation and amortization (including impairments)	963,665	414,550	865,252	866,502
Impairment of assets included in restructuring charges	2,445	—	—	—
Equity in net loss of affiliates	1,132	—	—	—
Gain on sale of affiliate interests	(206)	—	—	—
Loss (gain) on investments, net	(141,896)	(129,990)	30,208	(129,659)
Loss (gain) on equity derivative contracts, net	53,696	36,283	(104,927)	45,055
Loss on extinguishment of debt and write-off of deferred financing costs	102,894	—	1,735	10,120
Amortization of deferred financing costs and discounts (premiums) on indebtedness	(10,233)	11,673	23,764	22,887
Share-based compensation expense	9,164	24,778	60,321	43,984
Settlement loss and amortization of actuarial losses related to pension and postretirement plans	3,298	2,584	5,046	7,643
Deferred income taxes	(238,646)	116,150	133,396	159,779
Provision for doubtful accounts	21,799	13,240	35,802	47,611
Excess tax benefits related to share-based awards	(31)	(82)	(5,694)	(336)
Change in assets and liabilities, net of effects of acquisitions and dispositions:				
Accounts receivable, trade	(37,396)	(18,162)	(24,760)	(42,446)
Prepaid expenses and other assets	43,424	(844)	38,860	44,488
Amounts due from and due to affiliates, net	64,320	(5,082)	1,043	(1,463)
Accounts payable	(23,868)	36,147	6,896	25,486
Accrued liabilities	(60,396)	(160,937)	1,200	(35,931)
Deferred revenue	7,380	(9,726)	2,156	5,169
Net cash provided by operating activities	431,763	494,094	1,258,087	1,378,271
Cash flows from investing activities:				
Capital expenditures	(298,357)	(330,131)	(816,396)	(891,678)
Proceeds related to sale of equipment, including costs of disposal	4,663	1,106	4,407	6,178
Proceeds from sale of affiliate interests	13,825	—	—	—
Decrease (increase) in other investments	(4,608)	610	(7,779)	(1,369)
Additions to other intangible assets	(106)	(1,709)	(8,035)	(1,193)
Net cash used in investing activities	(284,583)	(330,124)	(827,803)	(888,062)

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from financing activities:				
Proceeds from credit facility debt	$ 3,095,000	$ —	$ —	$ —
Repayment of credit facility debt	(4,326,250)	(14,953)	(260,321)	(990,785)
Proceeds from issuance of senior notes	1,310,000	—	—	750,000
Proceeds from collateralized indebtedness	179,388	337,149	774,703	416,621
Repayment of collateralized indebtedness and related derivative contracts	(143,102)	(281,594)	(639,237)	(342,105)
Redemption and repurchase of senior notes, including premiums and fees	—	—	—	(36,097)
Repayment of notes payable	—	(1,291)	(2,458)	(2,306)
Proceeds from stock option exercises	—	14,411	18,727	55,355
Tax withholding associated with shares issued for equity-based awards	—	(6,034)	—	—
Dividend distributions to common stockholders	—	(4,066)	(125,170)	(160,545)
Principal payments on capital lease obligations	(8,709)	(11,552)	(20,250)	(15,481)
Deemed repurchases of restricted stock	—	(41,469)	(19,141)	(6,608)
Additions to deferred financing costs	(186,927)	—	(250)	(14,273)
Payment for purchase of noncontrolling interest	—	—	(8,300)	—
Contributions from (distributions to) noncontrolling interests, net	—	240	(901)	(1,014)
Excess tax benefit related to share-based awards	31	82	5,694	336
Net cash used in financing activities	(80,569)	(9,077)	(276,904)	(346,902)
Net increase in cash and cash equivalents from continuing operations	66,611	154,893	153,380	143,307
Cash flows of discontinued operations:				
Net cash used in operating activities	—	(21,000)	(484)	(1,199)
Net cash provided by (used in) investing activities	—	—	(30)	6,081
Net increase (decrease) in cash and cash equivalents from discontinued operations	—	(21,000)	(514)	4,882
Cash and cash equivalents at beginning of period	150,014	1,003,279	850,413	702,224
Cash and cash equivalents at end of period	$ 216,625	$ 1,137,172	$ 1,003,279	$ 850,413

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015
(In thousands)
(See Note 3)

	Successor	Predecessor
	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 216,140	$ 995,827
Restricted cash	16,301	1,600
Accounts receivable, trade (less allowance for doubtful accounts of $4,952 and $6,039)	266,701	266,383
Prepaid expenses and other current assets	70,383	120,576
Amounts due from affiliates	10,634	748
Investment securities pledged as collateral	741,515	455,386
Derivative contracts	352	10,333
Total current assets	1,322,026	1,850,853
Property, plant and equipment, net of accumulated depreciation of $562,739 and $9,625,348	4,605,418	3,017,015
Investment in affiliates	5,606	—
Investment securities pledged as collateral	741,515	756,596
Derivative contracts	10,604	72,075
Other assets	37,609	32,920
Amortizable customer relationships, net of accumulated amortization of $335,459 and $27,778	4,514,541	11,636
Amortizable trade names, net of accumulated amortization of $44,422 and $0	965,578	—
Other amortizable intangibles, net of accumulated amortization of $2,483 and $32,532	20,904	25,315
Trademarks and other indefinite-lived intangible assets	—	7,250
Indefinite-lived cable television franchises	8,113,575	731,848
Goodwill	5,838,959	262,345
Deferred financing costs, net of accumulated amortization of $0 and $8,150	—	7,588
	$26,176,335	$ 6,775,441

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2016 and 2015
(In thousands, except share amounts)
(See Note 3)

	Successor	Predecessor
	2016	2015
LIABILITIES AND MEMBER DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 552,501	$ 453,653
Accrued liabilities:		
Interest	323,446	64,207
Employee related costs	185,890	339,996
Other accrued expenses	247,986	169,728
Amounts due to affiliates	349,347	287,093
Deferred tax liability	—	60,963
Deferred revenue	47,829	55,545
Liabilities under derivative contracts	13,158	2,706
Credit facility debt	25,000	562,898
Collateralized indebtedness	622,332	416,621
Capital lease obligations	14,050	20,350
Notes payable	5,427	13,267
Total current liabilities	2,386,966	2,447,027
Defined benefit plan obligations	84,106	99,228
Other liabilities	110,248	161,962
Deferred tax liability	6,608,959	733,312
Credit facility debt	2,606,887	1,951,556
Collateralized indebtedness	663,737	774,703
Senior guaranteed notes	2,289,494	—
Senior notes and debentures	6,732,816	3,032,252
Capital lease obligations	11,293	25,616
Notes payable	8,299	1,277
Total liabilities	21,502,805	9,226,933
Commitments and contingencies		
Redeemable equity	43,378	—
Member's Equity (Deficiency):		
Accumulated deficit	(580,181)	(1,817,831)
Senior notes due from Cablevision	—	(611,455)
Other member's equity (100 membership units issued and outstanding (Successor) and 17,631,479 membership units issued and outstanding (Predecessor))	5,208,067	15,734
	4,627,886	(2,413,552)
Accumulated other comprehensive income (loss)	1,979	(37,672)
Total member's equity (deficiency)	4,629,865	(2,451,224)
Noncontrolling interest	287	(268)
Total equity (deficiency)	4,630,152	(2,451,492)
	$ 26,176,335	$ 6,775,441

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Revenue (including revenue from affiliates of $1,086, $2,088, $5,343 and $5,075, respectively) (See Note 16)	$ 3,444,052	$ 3,137,604	$ 6,545,545	$ 6,508,557
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,947, $84,636, $176,909 and $179,144, respectively) (See Note 16).	1,164,925	1,088,555	2,269,290	2,197,735
Other operating expenses (including charges (credits) from affiliates of $8,793, $2,182, $5,372 and $3,878, respectively) (See Note 16)	1,028,447	1,136,970	2,546,319	2,520,582
Restructuring and other expense	212,150	22,223	16,213	2,480
Depreciation and amortization (including impairments)	963,665	414,550	865,252	866,502
	3,369,187	2,662,298	5,697,074	5,587,299
Operating income	74,865	475,306	848,471	921,258
Other income (expense):				
Interest expense	(512,819)	(181,606)	(362,903)	(353,288)
Interest income	2,611	24,263	48,951	48,457
Gain (loss) on investments, net	141,896	129,990	(30,208)	129,659
Gain (loss) on equity derivative contracts, net	(53,696)	(36,283)	104,927	(45,055)
Loss on extinguishment of debt and write-off of deferred financing costs	(102,894)	—	(1,735)	(9,618)
Other expense, net	4,329	4,855	6,045	4,988
	(520,573)	(58,781)	(234,923)	(224,857)
Income (loss) from continuing operations before income taxes	(445,708)	416,525	613,548	696,401
Income tax benefit (expense)	170,440	(179,658)	(269,356)	(236,450)
Income (loss) from continuing operations, net of income taxes	(275,268)	236,867	344,192	459,951
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822
Net income (loss)	(275,268)	236,867	331,651	462,773
Net loss (income) attributable to noncontrolling interests	(551)	236	201	(765)
Net income (loss) attributable to CSC Holdings, LLC's sole member	$ (275,819)	$ 237,103	$ 331,852	$ 462,008
Amounts attributable to CSC Holdings, LLC's sole member:				
Income (loss) from continuing operations, net of income taxes	$ (275,819)	$ 237,103	$ 344,393	$ 459,186
Income (loss) from discontinued operations, net of income taxes	—	—	(12,541)	2,822
Net income (loss)	$ (275,819)	$ 237,103	$ 331,852	$ 462,008

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net income (loss)	$ (275,268)	$ 236,867	$ 331,651	$ 462,773
Other comprehensive income (loss):				
Defined benefit pension plans and postretirement plans (see Note 14):				
Unrecognized actuarial gain (loss)	3,452	68	2,694	(6,866)
Applicable income taxes	(1,381)	(28)	(1,106)	2,815
Unrecognized income (loss) arising during period, net of income taxes	2,071	40	1,588	(4,051)
Amortization of actuarial losses, net included in net periodic benefit cost	—	929	1,224	2,296
Applicable income taxes	—	(388)	(502)	(941)
Amortization of actuarial losses, net included in net periodic benefit cost, net of income taxes	—	541	722	1,355
Settlement loss (income) included in net periodic benefit cost	(154)	1,655	3,822	5,347
Applicable income taxes	62	(679)	(1,569)	(2,192)
Settlement loss (income) included in net periodic benefit cost, net of income taxes	(92)	976	2,253	3,155
Other comprehensive income	1,979	1,557	4,563	459
Comprehensive income (loss)	(273,289)	238,424	336,214	463,232
Comprehensive loss (income) attributable to noncontrolling interests	(551)	236	201	(765)
Comprehensive income (loss) attributable to CSC Holdings, LLC's sole member	$ (273,840)	$ 238,660	$ 336,415	$ 462,467

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBERS' EQUITY (DEFICIENCY)
(In thousands)
(See Note 3)

	Accumulated Deficit	Senior Notes due from Cablevision	Other Member's Equity	Accumulated Other Comprehensive Equity (Loss)	Total Member's Equity (Deficiency)	Noncontrolling Interests	Total Equity (Deficiency)
Predecessor:							
Balance at January 1, 2014	$ (2,486,073)	$ (611,455)	$ 496,150	$ (42,694)	$ (2,644,072)	$ 786	$ (2,643,286)
Net income attributable to CSC Holdings' sole member	462,008	—	—	—	462,008	—	462,008
Net income attributable to noncontrolling interests	—	—	—	—	—	1,007	1,007
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	459	459	—	459
Recognition of equity-based stock compensation arrangements	—	—	44,335	—	44,335	—	44,335
Distributions to Cablevision	—	—	(396,382)	—	(396,382)	—	(396,382)
Excess tax benefit on share-based awards	—	—	4,978	—	4,978	—	4,978
Adjustments to noncontrolling interests	—	—	376	—	376	(1,014)	(638)
Balance at December 31, 2014	$ (2,024,065)	$ (611,455)	$ 149,457	$ (42,235)	$ (2,528,298)	$ 779	$ (2,527,519)
Net income attributable to CSC Holdings' sole member	331,852	—	—	—	331,852	—	331,852
Net income attributable to noncontrolling interests	—	—	—	—	—	(146)	(146)
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	4,563	4,563	—	4,563
Recognition of equity-based stock compensation arrangements	—	—	60,817	—	60,817	—	60,817
Distributions to Cablevision	(125,618)	—	(217,546)	—	(343,164)	—	(343,164)
Excess tax benefit on share-based awards	—	—	14,170	—	14,170	—	14,170
Adjustments to noncontrolling interests	—	—	8,836	—	8,836	(901)	7,935
Balance at December 31, 2015	$ (1,817,831)	$ (611,455)	$ 15,734	$ (37,672)	$ (2,451,224)	$ (268)	$ (2,451,492)

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBERS' EQUITY (DEFICIENCY) (continued)
(In thousands)
(See Note 3)

	Accumulated Deficit	Senior Notes due from Cablevision	Other Member's Equity	Accumulated Other Comprehensive Equity (Loss)	Total Member's Equity (Deficiency)	Noncontrolling Interests	Total Equity (Deficiency)
Balance at January 1, 2016	$ (1,817,831)	$ (611,455)	$ 15,734	$ (37,672)	$ (2,451,224)	$ (268)	$ (2,451,492)
Net income attributable to CSC Holdings' sole member	237,103	—	—	—	237,103	—	237,103
Net loss attributable to noncontrolling interests	—	—	—	—	—	(236)	(236)
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	1,557	1,557	—	1,557
Recognition of equity-based stock compensation arrangements	—	—	24,997	—	24,997	—	24,997
Distributions to Cablevision	(82,283)	—	(62,035)	—	(144,318)	—	(144,318)
Excess tax benefit on share-based awards	—	—	50,288	—	50,288	—	50,288
Contributions from noncontrolling interests	—	—	—	—	—	240	240
Balance at June 20, 2016	$ (1,663,011)	$ (611,455)	$ 28,984	$ (36,115)	$ (2,281,597)	$ (264)	$ (2,281,861)
Successor:							
Balance at June 21, 2016	$ (304,362)	$ (611,455)	$ 6,026,861	$ —	$ 5,111,044	$ (264)	$ 5,110,780
Net loss attributable to CSC Holdings' sole member	(275,819)	—	—	—	(275,819)	—	(275,819)
Net income attributable to noncontrolling interests	—	—	—	—	—	551	551
Pension and postretirement plan liability adjustments, net of income taxes	—	—	—	1,979	1,979	—	1,979
Share-based compensation expense	—	—	9,164	—	9,164	—	9,164
Change in fair value of redeemable equity	—	—	(43,378)	—	(43,378)	—	(43,378)
Distributions to Cablevision	—	—	(106,941)	—	(106,941)	—	(106,941)
Excess tax benefit on share-based awards	—	—	(50,288)	—	(50,288)	—	(50,288)
Distribution of notes and accrued interest to Cablevision	—	611,455	(621,600)	—	(10,145)	—	(10,145)
Tax impact related to the Newsday Holdings, LLC transactions	—	—	(5,751)	—	(5,751)	—	(5,751)
Balance at December 31, 2016	$ (580,181)	$ —	$ 5,208,067	$ 1,979	$ 4,629,865	$ 287	$ 4,630,152

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(See Note 3)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from operating activities:				
Net income (loss)	$ (275,268)	$ 236,867	$ 331,651	$ 462,773
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Loss (income) from discontinued operations, net of income taxes	—	—	12,541	(2,822)
Depreciation and amortization (including impairments)	963,665	414,550	865,252	866,502
Impairment of assets included in restructuring charges	2,445	—	—	—
Equity in net loss of affiliates	1,132	—	—	—
Gain on sale of affiliate interests	(206)	—	—	—
Loss (gain) on investments, net	(141,896)	(129,990)	30,208	(129,659)
Loss (gain) on equity derivative contracts, net	53,696	36,283	(104,927)	45,055
Loss on extinguishment of debt and write-off of deferred financing costs	102,894	—	1,735	9,618
Amortization of deferred financing costs and discounts (premiums) on indebtedness	7,853	7,189	14,807	14,602
Share-based compensation expense related to Cablevision equity classified awards	9,164	24,778	60,321	43,984
Settlement loss and amortization of actuarial losses related to pension and postretirement plans	3,298	2,584	5,046	7,643
Deferred income taxes	(169,109)	116,830	78,925	53,189
Provision for doubtful accounts	21,799	13,240	35,802	47,611
Excess tax benefit related to share-based awards	50,288	(50,288)	(14,170)	(4,978)
Change in assets and liabilities, net of effects of acquisitions and dispositions:				
Accounts receivable, trade	(37,396)	(18,162)	(24,760)	(42,446)
Prepaid expenses and other assets	40,189	(1,027)	38,633	41,934
Amounts due from and due to affiliates, net	45,880	39,859	166,661	222,212
Accounts payable	(23,868)	36,147	6,896	25,486
Accrued liabilities	(72,939)	(161,097)	(10,021)	(29,608)
Deferred revenue	7,380	(9,726)	2,156	5,169
Net cash provided by operating activities	589,001	558,037	1,496,756	1,636,265
Cash flows from investing activities:				
Capital expenditures	(298,357)	(330,131)	(816,396)	(891,678)
Proceeds related to sale of equipment, including costs of disposal	4,663	1,106	4,407	6,178
Proceeds from sale of affiliate interests	13,825	—	—	—
Decrease (increase) in other investments	(4,608)	610	(7,779)	(1,369)
Additions to other intangible assets	(106)	(1,709)	(8,035)	(1,193)
Net cash used in investing activities	(284,583)	(330,124)	(827,803)	(888,062)

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Cash flows from financing activities:				
Proceeds from credit facility debt, net of discount	$ 3,095,000	$ —	$ —	$ —
Repayment of credit facility debt	(4,326,250)	(14,953)	(260,321)	(990,785)
Proceeds from issuance of senior notes	1,310,000	—	—	750,000
Increase in restricted cash		—	—	—
Proceeds from collateralized indebtedness	179,388	337,149	774,703	416,621
Repayment of collateralized indebtedness and related derivative contracts	(143,102)	(281,594)	(639,237)	(342,105)
Distributions to Cablevision	(106,941)	(144,318)	(343,164)	(396,382)
Repayment of notes payable	—	(1,291)	(2,458)	(2,306)
Principal payments on capital lease obligations	(8,709)	(11,552)	(20,250)	(15,481)
Additions to deferred financing costs	(186,927)	—	(250)	(14,273)
Payment for purchase of noncontrolling interest	—	—	(8,300)	—
Distributions to noncontrolling interests, net	—	240	(901)	(1,014)
Excess tax benefit related to share-based awards	(50,288)	50,288	14,170	4,978
Net cash used in financing activities	(237,829)	(66,031)	(486,008)	(590,747)
Net increase in cash and cash equivalents from continuing operations	66,589	161,882	182,945	157,456
Cash flows of discontinued operations:				
Net cash used in operating activities	—	(21,000)	(484)	(1,199)
Net cash provided by (used in) investing activities	—	—	(30)	6,081
Net increase (decrease) in cash and cash equivalents from discontinued operations	—	(21,000)	(514)	4,882
Cash and cash equivalents at beginning of period	149,551	995,827	813,396	651,058
Cash and cash equivalents at end of period	$ 216,140	$ 1,136,709	$ 995,827	$ 813,396

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS, RELATED MATTERS AND BASIS OF PRESENTATION

The Company and Related Matters

Cablevision Systems Corporation ("Cablevision"), through its wholly-owned subsidiary CSC Holdings, LLC ("CSC Holdings," and collectively with Cablevision, the "Company"), owns and operates cable systems and owns companies that provide regional news, local programming and advertising sales services for the cable television industry and Ethernet-based data, Internet, voice and video transport and managed services to the business market. The Company operates and reports financial information in one segment. Prior to the sale of a 75% interest in Newsday LLC on July 7, 2016, the Company consolidating the operating results of Newsday. Effective July 7, 2016, the operating results of Newsday are no longer consolidated with those of the Company and the Company's 25% interest in the operating results of Newsday is recorded on the equity basis (see Note 16).

Altice Merger

On June 21, 2016 (the "Merger Date"), pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 16, 2015, by and among Cablevision, Altice N.V. ("Altice"), Neptune Merger Sub Corp., a wholly-owned subsidiary of Altice ("Merger Sub"), Merger Sub merged with and into Cablevision, with Cablevision surviving the merger (the "Merger").

In connection with the Merger, each outstanding share of the Cablevision NY Group Class A common stock, par value $0.01 per share ("CNYG Class A Shares"), and Cablevision NY Group Class B common stock, par value $0.01 per share ("CNYG Class B Shares", and together with the CNYG Class A Shares, the "Shares") other than (i) Shares owned by Cablevision, Altice or any of their respective wholly-owned subsidiaries, in each case not held on behalf of third parties in a fiduciary capacity, received $34.90 in cash without interest, less applicable tax withholdings (the "Merger Consideration").

Pursuant to an agreement, dated December 21, 2015, by and among CVC 2 B.V., CIE Management IX Limited, for and on behalf of the limited partnerships BC European Capital IX-1 through 11 and Canada Pension Plan Investment Board, certain affiliates of BCP and CPPIB (the "Co-Investors") funded approximately $1,000,000 toward the payment of the aggregate Merger Consideration, and indirectly acquired approximately 30% of the Shares of Cablevision.

Also in connection with the Merger, outstanding equity-based awards granted under Cablevision’s equity plans were cancelled and converted into cash based upon the $34.90 per Share merger price in accordance with the original terms of the awards. The total consideration for the outstanding CNYG Class A Shares, the outstanding CNYG Class B Shares, and the equity-based awards amounted to $9,958,323.

In connection with the Merger, in October 2015, Neptune Finco Corp. ("Finco"), an indirect wholly-owned subsidiary of Altice formed to complete the financing described herein and the merger with CSC Holdings, borrowed an aggregate principal amount of $3,800,000 under a term loan facility (the "Term Credit Facility") and entered into revolving loan commitments in an aggregate principal amount of $2,000,000 (the "Revolving Credit Facility" and, together with the Term Credit Facility, the "Credit Facilities").

Finco also issued $1,800,000 aggregate principal amount of 10.125% senior notes due 2023 (the "2023 Notes"), $2,000,000 aggregate principal amount of 10.875% senior notes due 2025 (the "2025 Notes"), and $1,000,000 aggregate principal amount of 6.625% senior guaranteed notes due 2025 (the "2025 Guaranteed Notes") (collectively the "Merger Notes").

On June 21, 2016, immediately following the Merger, Finco merged with and into CSC Holdings, with CSC Holdings surviving the merger (the "CSC Holdings Merger"), and the Merger Notes and the Credit Facilities became obligations of CSC Holdings. In connection with the CSC Holdings Merger, the Company recorded $304,362 to accumulated deficit representing the results of operations, net of income taxes, of Finco for the period prior to the Merger.

Basis of Presentation

Principles of Consolidation

In the accompanying consolidated balance sheets of Cablevision and CSC Holdings, the consideration paid by Altice and the Co- Investors in connection with the Merger has been "pushed down" to Cablevision and CSC Holdings and

has been allocated to the assets acquired and liabilities assumed based on their estimated fair values in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 805, *Business Combinations*. Due to the impact of push down accounting, Cablevision's and CSC Holdings' financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: (1) the periods up to the Merger date, January 1, 2016 through June 20, 2016 and the years ended December 31, 2015 and 2014, labeled "Predecessor" and (2) the period from the Merger date, June 21, 2016 through December 31, 2016 labeled "Successor". The Predecessor periods represent the financial information of the Company prior to the Merger, while the Successor period represents the financial information of the Company subsequent to the Merger. The accompanying financial statements include a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

The accompanying consolidated financial statements of Cablevision include the accounts of Cablevision and its majority-owned subsidiaries and the accompanying consolidated financial statements of CSC Holdings include the accounts of CSC Holdings and its majority-owned subsidiaries. Cablevision has no business operations independent of its CSC Holdings subsidiary, whose operating results and financial position are consolidated into Cablevision. The consolidated balance sheets and statements of operations of Cablevision are essentially identical to the consolidated balance sheets and statements of operations of CSC Holdings, with the following significant exceptions: Cablevision has $2,799,024 of senior notes outstanding at December 31, 2016 that were issued to third party investors, cash, accrued interest related to its senior notes, and deferred taxes on its balance sheet. In addition, CSC Holdings and its subsidiaries have certain intercompany receivables from and payables to Cablevision. Differences between Cablevision's results of operations and those of CSC Holdings primarily include incremental interest expense, interest income, loss on extinguishment of debt, the write-off of deferred financing costs, and income tax expense or benefit. CSC Holdings' results of operations include incremental interest income from the Cablevision senior notes held by Newsday Holdings through July 7, 2016 (see Note 16), which has been eliminated in Cablevision's results of operations.

The combined notes to the consolidated financial statements relate to the Company, which, except as noted, are essentially identical for Cablevision and CSC Holdings. All significant intercompany transactions and balances between Cablevision and CSC Holdings and their respective consolidated subsidiaries are eliminated in both sets of consolidated financial statements. Intercompany transactions between Cablevision and CSC Holdings are not eliminated in the CSC Holdings consolidated financial statements, but are eliminated in the Cablevision consolidated financial statements.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See Note 12 for a discussion of fair value estimates.

Reclassifications

Certain reclassifications have been made in the consolidated financial statements in the 2014 and 2015 financial statements to conform to the 2016 presentation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

Revenue Recognition

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

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

Multiple-Element Transactions

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

Gross Versus Net Revenue Recognition

In the normal course of business, the Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. The Company's policy is that, in instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities and amounts received from the customers are recorded on a gross basis. That is, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customer are recorded as revenue. For the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015 and 2014 (Predecessor), the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $106,213, $95,432, $199,701 and $178,630, respectively.

Technical and Operating Expenses

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

Programming Costs

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

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

Advertising Expenses

Advertising costs are charged to expense when incurred and are reflected in "other operating expenses" in the accompanying consolidated statements of operations. Advertising costs amounted to $78,659, $62,760, $160,671, and $156,228 for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015 and 2014 (Predecessor), respectively.

Share-Based Compensation

Share-based compensation expense is based on the fair value of the portion of share-based payment awards that are ultimately expected to vest. For share-based compensation awards that can be settled in cash, the Company recognizes compensation expense based on the estimated fair value of the award at each reporting period.

The Company measures the cost of employee services received in exchange for carry interest units (see Note 15) issued by an entity that has an ownership interest in the Company's parent, based on the fair value of the award at grant date. An option pricing model is used which requires subjective assumptions for which changes in these assumptions could

materially affect the fair value of the carry units. The Company recognizes compensation expense in its consolidated statements of operations from the push down from its parent of share-based compensation related to this plan.

For options and performance based option awards, Cablevision recognized compensation expense based on the estimated grant date fair value using the Black-Scholes valuation model. For options not subject to performance based vesting conditions, Cablevision recognized the compensation expense using a straight-line amortization method. For options subject to performance based vesting conditions, Cablevision recognized compensation expense based on the probable outcome of the performance criteria over the requisite service period for each tranche of awards.

For restricted shares, Cablevision recognized compensation expense using a straight-line amortization method based on the grant date price of CNYG Class A common stock over the vesting period. For restricted stock units granted to non-employee director which vested 100% on the date of grant, compensation expense was recognized on the date of grant based on the grant date price of CNYG Class A common stock.

For performance based restricted stock units ("PSUs") which cliff vested in three years, Cablevision recognized compensation expense on a straight-line basis over the vesting period based on the estimated number of shares of CNYG Class A common stock expected to be issued.

For CSC Holdings, share-based compensation expense during the Predecessor periods was recognized in its statements of operations based on allocations from Cablevision.

Income Taxes

The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability. The Company provides deferred taxes for the outside basis difference of its investment in partnerships. In the second quarter of 2016, the Company changed its accounting policy on a prospective basis to present interest expense relating to uncertain tax position as additional interest expense.

Cash and Cash Equivalents

The Company's cash investments are placed with money market funds and financial institutions that are investment grade as rated by Standard & Poor's and Moody's Investors Service. The Company selects money market funds that predominantly invest in marketable, direct obligations issued or guaranteed by the United States government or its agencies, commercial paper, fully collateralized repurchase agreements, certificates of deposit, and time deposits.

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.

Accounts Receivable

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

Investments

Investment securities and investment securities pledged as collateral are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net income.

Long-Lived Assets and Amortizable Intangible Assets

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

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

Customer relationships, trade names and other intangibles established in connection with acquisitions that are finite-lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

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

Goodwill and Indefinite-Lived Intangible Assets

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

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

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

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

Deferred Financing Costs

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

Derivative Financial Instruments

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

Commitments and Contingencies

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

Recently Adopted Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17 (Topic 740), Balance Sheet Classification of Deferred Taxes. This ASU amends existing guidance to require the presentation of deferred tax liabilities and assets as noncurrent within a classified statement of financial position. ASU No. 2015-17 was adopted by the Company as of June 30, 2016 and was applied prospectively to all deferred tax liabilities and assets.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Prior to the issuance of the standard, entities were required to retrospectively apply adjustments made to provisional amounts recognized in a business combination. ASU No. 2015-16 was adopted by the Company on January 1, 2016.

In April 2015, the FASB issued ASU No. 2015-05, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. ASU No. 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU No. 2015-05 was adopted by the Company on January 1, 2016 and did not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which clarifies the treatment of debt issuance costs from line-of-credit arrangements after adoption of ASU No. 2015-03. ASU No. 2015-15 clarifies that the Securities and Exchange Commission staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. ASU No. 2015-03 was adopted by the Company on January 1, 2016 representing a change in accounting principle and was applied retrospectively to all periods presented. Debt issuance costs, net for Cablevision and CSC Holdings of $67,119 and $40,328, respectively, as of December 31, 2015 were reclassified from deferred financing costs and presented as a reduction to debt in the consolidated balance sheets.

Cablevision's debt on its consolidated balance sheet as of December 31, 2016 is net of $156,502 of unamortized debt discounts and $112,670 of unamortized deferred financing costs. CSC Holdings' debt on its consolidated balance sheet as of December 31, 2016 is net of $99,560 of unamortized debt discounts and $112,670 of unamortized deferred financing costs.

Debt issuance costs, net for Cablevision and CSC Holdings of $7,588 as of December 31, 2015 relating to the Company's revolving credit facility were not impacted by the adoption of ASU No. 2015-03 and are reflected as long-term assets in the accompanying consolidated balance sheets.

In August 2014, the FASB issued ASU No. 2014-15, Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern, which requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. ASU No. 2014-15 was adopted by the Company for the annual period ended December 31, 2016.

In June 2014, the FASB issued ASU No. 2014-12, Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period. ASU No. 2014-12 requires that a performance target that affects vesting and that could be

achieved after the requisite service period be treated as a performance condition. Entities may apply the amendments in this ASU either: (a) prospectively to all awards granted or modified after the effective date; or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. ASU No. 2014-12 was adopted by the Company on January 1, 2016 on a prospective basis and did not have any impact on the Company's consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective and allows the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14 that approved deferring the effective date by one year so that ASU No. 2014-09 would become effective for the Company on January 1, 2018. The FASB also approved, in July 2015, permitting the early adoption of ASU No. 2014-09, but not before the original effective date for the Company of January 1, 2017.

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. These items are not expected to have a significant effect on the current accounting standard. The amendments in this update affect the guidance in ASU No. 2014-09, which is not yet effective. ASU No. 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact that the adoption of ASU No. 2014-09 will have on its consolidated financial statements and selecting the method of transition to the new standard. We currently expect the adoption to impact the timing of the recognition of residential installation revenue and the recognition of commission expenses.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that the statement of cash flows disclose the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. Restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of period total amounts shown on the statement of cash flows. ASU No. 2016-18 provides specific guidance on the presentation of restricted cash in the statement of cash flows. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied retrospectively.

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

In March 2016, the FASB issued ASU 2016-09, Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which provides simplification of income tax accounting for share-based payment awards. The new guidance becomes effective for the Company on January 1, 2017 with early adoption permitted. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value will be applied using the modified retrospective transition method. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term will be applied prospectively. The Company may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. In connection with the adoption on January 1, 2017, a deferred tax asset of $309,000 for previously unrealized excess tax benefits will be recognized with the offset recorded to accumulated deficit.

In February 2016, the FASB issued ASU 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption

permitted and will be applied using the modified retrospective method. The Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its consolidated financial statements.

Common Stock of Cablevision

At December 31, 2016, Cablevision had 1,000 shares of common stock with a par value of $.01 authorized and 100 shares issued and outstanding.

Prior to the Merger, each holder of CNYG Class A common stock had one vote per share while holders of CNYG Class B common stock had ten votes per share. CNYG Class B shares could be converted to CNYG Class A common stock at anytime with a conversion ratio of one CNYG Class A common share for one CNYG Class B common share. CNYG Class A stockholders were entitled to elect 25% of Cablevision's Board of Directors. CNYG Class B stockholders had the right to elect the remaining members of Cablevision's Board of Directors. In addition, CNYG Class B stockholders were parties to an agreement which had the effect of causing the voting power of these CNYG Class B stockholders to be cast as a block.

The following table provides details of Cablevision's shares of common stock through the Merger Date:

	Shares of Common Stock Outstanding	
	Class A Common Stock	Class B Common Stock
Balance at December 31, 2013	213,598,590	54,137,673
Employee and non-employee director stock transactions (a)	6,621,345	—
Balance at December 31, 2014	220,219,935	54,137,673
Employee and non-employee director stock transactions (a)	2,352,275	—
Balance at December 31, 2015	222,572,210	54,137,673
Employee and non-employee director stock transactions (a)	(185,276)	—
Balance at June 20, 2016	222,386,934	54,137,673

(a) Primarily included issuances of common stock in connection with employee and non-employee director exercises of stock options and restricted shares granted to employees, offset by shares acquired by the Company in connection with the fulfillment of employees' statutory tax withholding obligation for applicable income and other employment taxes and forfeited employee restricted shares.

CSC Holdings Membership Interests

As of December 31, 2016 (Successor) and 2015 (Predecessor), CSC Holdings had 100 and 17,631,479 membership units issued and outstanding, respectively, which were all owned by Cablevision, its sole owner.

Dividends

Pursuant to the terms of the Merger Agreement, Cablevision was not permitted to declare and pay dividends or repurchase stock, in each case, without the prior written consent of Altice. In accordance with these terms, Cablevision did not declare dividends during the period January 1, 2016 through June 20, 2016 (Predecessor).

During the period January 1, 2016 through June 20, 2016 (Predecessor), Cablevision paid $4,066 related to restricted shares that vested in respect of dividends declared and accrued on the CNYG common stock in prior periods. In addition, on June 21, 2016 approximately $3,773 of accrued dividends were paid on restricted shares and performance restricted stock units that vested in connection with the Merger.

Prior to the Merger, the Board of Directors of Cablevision had declared and paid the following cash dividends to stockholders of record on both its CNYG Class A common stock and CNYG Class B common stock:

Declaration Date	Dividend per Share	Record Date	Payment Date
August 6, 2015	$0.15	August 21, 2015	September 10, 2015
May 1, 2015	$0.15	May 22, 2015	June 12, 2015
February 24, 2015	$0.15	March 16, 2015	April 3, 2015
November 5, 2014	$0.15	November 21, 2014	December 12, 2014
July 29, 2014	$0.15	August 15, 2014	September 5, 2014
May 6, 2014	$0.15	May 23, 2014	June 13, 2014
February 25, 2014	$0.15	March 14, 2014	April 3, 2014

Cablevision paid dividends aggregating $125,170 and $160,545 during the years ended December 31, 2015 and 2014, respectively, including accrued dividends on vested restricted shares of $3,935 and $1,548, respectively, primarily from the proceeds of equity distribution payments from CSC Holdings.

CSC Holdings made cash equity distribution payments to Cablevision aggregating $106,941 and $144,318, respectively, during the 2016 Successor period and 2016 Predecessor period, respectively. During the years ended December 31, 2015 and 2014 (Predecessor periods), CSC Holdings made cash equity distribution payments to Cablevision aggregating $343,164 and $396,382, respectively. These distribution payments were funded from cash on hand. The proceeds were used to fund:

- Cablevision's dividends paid (Predecessor periods only);
- Cablevision's interest payments on its senior notes (Predecessor and Successor periods);
- Cablevision's repurchases of certain outstanding senior notes in 2014 (Predecessor period); and
- Cablevision's payments for the acquisition of treasury shares related to statutory minimum tax withholding obligations upon the vesting of certain restricted shares (Predecessor periods only).

Cablevision's and CSC Holdings' indentures and CSC Holdings' credit agreement restrict the amount of dividends and distributions in respect of any equity interest that can be made.

Income (Loss) Per Share

Net income (loss) per share for Cablevision for the 2016 Successor period is not presented since Cablevision's common stock is no longer publicly traded. For the periods prior to the Merger, basic income per common share attributable to Cablevision stockholders was computed by dividing net income attributable to Cablevision stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share attributable to Cablevision stockholders reflected the dilutive effects of stock options, restricted stock and restricted stock units. For such awards that were performance based, the diluted effect was reflected upon the achievement of the performance criteria.

The following table presents a reconciliation of weighted average shares used in the calculations of the basic and diluted net income per share attributable to Cablevision stockholders:

	Predecessor		
	January 1, 2016 to June 20, 2016	Years Ended December 31,	
		2015	2014
Basic weighted average shares outstanding	272,035	269,388	264,623
Effect of dilution:			
Stock options	4,444	3,532	3,247
Restricted stock	3,720	3,419	2,833
Diluted weighted average shares outstanding	280,199	276,339	270,703

Anti-dilutive shares (options whose exercise price exceeds the average market price of Cablevision's common stock during the period and certain restricted shares) totaling approximately 1,160,000, and 1,760,000 shares, were excluded from diluted weighted average shares outstanding for the years ended 2015 and 2014, respectively. There were no anti-dilutive shares excluded from diluted weighted average shares outstanding for the period January 1, 2016 to June 20, 2016. In addition, approximately 1,772,000 performance based restricted stock units for the year ended December 31, 2015, and approximately 45,000 restricted shares for the year ended December 31, 2014, issued pursuant to the Company's former employee stock plan were also excluded from the diluted weighted average shares outstanding as the performance criteria on these awards had not yet been satisfied for the respective period.

Net income (loss) per membership unit for CSC Holdings is not presented since CSC Holdings is a limited liability company and a wholly-owned subsidiary of Cablevision.

Concentrations of Credit Risk

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

The Company did not have a single customer that represented 10% or more of its consolidated revenues for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor), or 10% or more of its consolidated net trade receivables at December 31, 2016 (Successor) and 2015 (Predecessor).

NOTE 3. BUSINESS COMBINATION

As discussed in Note 1, Cablevision completed the Merger on June 21, 2016. The Merger was accounted for as a business combination in accordance with ASC Topic 805. Accordingly, the Successor financial statements reflect a new basis of accounting based on the fair value of the assets and liabilities of the Company on the Merger Date and therefore are not comparable to the financial statements of the Predecessor period.

The following table provides the preliminary allocation of the total purchase price of $9,958,323 to the identifiable tangible and intangible assets and liabilities of Cablevision based on preliminary fair value information currently available, which is subject to change within the measurement period (up to one year from the acquisition date).

	Estimates of Fair Values (Reported as of June 30, 2016	Estimates of Fair Values (As of December 31, 2016)	Estimated Useful Lives
Current assets	$ 1,930,577	$ 1,923,071	
Accounts receivable	271,305	271,305	
Property, plant and equipment	5,027,978	4,864,621	2-18 years
Goodwill	5,665,972	5,838,959	
Indefinite-lived cable television franchises	8,353,575	8,113,575	Indefinite-lived
Customer relationships	4,710,000	4,850,000	8 to 18 years
Trade names	1,010,000	1,010,000	12 years
Amortizable intangible assets	23,296	23,296	1-15 years
Other non-current assets	748,998	748,998	
Current liabilities	(2,297,389)	(2,305,954)	
Long-term debt	(8,355,386)	(8,355,386)	
Deferred income taxes.	(6,941,248)	(6,834,807)	
Other non-current liabilities	(189,355)	(189,355)	
Total	$ 9,958,323	$ 9,958,323	

Transaction costs that were contingent upon the consummation of the Merger aggregating $34,227 ($7,633 was paid to a related party) were recorded on the black line and therefore are not reflected in either the Predecessor or Successor periods. See note 5 for a discussion of transaction costs that were expensed in the Predecessor and Successor periods. In addition, unrecognized actuarial losses, net of taxes, related to the Company's employee benefit plans included in accumulated other comprehensive loss on the balance sheet of approximately $36,115 were reset to zero in connection with the Merger.

The fair value of identified intangible assets was estimated using derivations of the "income" approach. Customer relationships and cable television franchises were valued using the multiple period excess earnings method (“MPEEM”) approach. The MPEEM approach quantifies the expected earnings of an asset by isolating earnings attributable to the asset from the overall business enterprise earnings and then removing a charge for those assets that contribute to the generation of the isolated earnings. The future expected earnings are discounted to their present value equivalent.

Trade names were valued using the relief from royalty method, which is based on the present value of the royalty payments avoided as a result of the company owning the intangible asset.

The basis for the valuation methods was the Company’s projections. These projections were based on management’s assumptions including among others, penetration rates for video, high speed data, and voice; revenue growth rates; operating margins; and capital expenditures. The assumptions are derived based on the Company’s and its peers’ historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The discount rates used in the analysis are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible asset. The value is highly dependent on the achievement of the future financial results contemplated in the projections. The estimates and assumptions made in the valuation are inherently subject to significant uncertainties, many of which are beyond the Company's control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized.

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

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

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

The unaudited pro forma revenue, loss from continuing operations and net loss for the years ended December 31, 2016 and 2015, as if the Merger had occurred on January 1, 2015, are as follows:

	Years Ended December 31,	
	2016	2015
Cablevision:		
Revenue	$ 6,581,656	$ 6,545,545
Loss from continuing operations	$ (588,071)	$ (740,115)
Net loss	$ (588,071)	$ (752,656)
CSC Holdings:		
Revenue	$ 6,581,656	$ 6,545,545
Loss from continuing operations	$ (482,779)	$ (619,775)
Net loss	$ (482,779)	$ (632,316)

The pro forma results presented above include the impact of additional interest expense related to the debt issued to finance the Merger. The pro forma results also reflect additional amortization expense related to the identifiable intangible assets recorded in connection with the Merger and additional depreciation expense related to the fair value adjustment to property, plant and equipment.

NOTE 4. SUPPLEMENTAL CASH FLOW INFORMATION

During 2016, 2015 and 2014, the Company's non-cash investing and financing activities and other supplemental data were as follows:

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Years Ended December 31,	
			2015	2014
Non-Cash Investing and Financing Activities of Cablevision and CSC Holdings:				
Continuing Operations:				
Property and equipment accrued but unpaid	$ 118,681	$ 68,356	$ 63,843	$ 48,824
Notes payable to vendor	12,449	—	8,318	34,522
Capital lease obligations	—	—	19,987	30,603
Intangible asset obligations	—	290	1,121	525
Deferred financing costs accrued but unpaid	2,570	—	—	—
Non-Cash Investing and Financing Activities of Cablevision:				
Dividends payable on unvested restricted share awards	—	—	3,517	3,809
Supplemental Data:				
Continuing Operations - Cablevision:				
Cash interest paid	715,247	258,940	560,361	550,241
Income taxes paid (refunded), net	(3,794)	7,082	3,849	10,598
Continuing Operations - CSC Holdings:				
Cash interest paid	608,298	151,991	346,457	335,175
Income taxes paid (refunded), net	(3,794)	7,082	3,849	10,598

NOTE 5. RESTRUCTURING AND OTHER EXPENSE

Restructuring

During the Successor 2016 period, the Company commenced its restructuring initiatives (the "2016 Restructuring Plan") that are intended to simplify the Company's organizational structure. The Restructuring Plan resulted in charges of $188,847 associated with the elimination of positions primarily in corporate, administrative and infrastructure functions across various business units of the Company and estimated charges of $10,410 associated with facility realignment and other costs.

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

	Severance and Other Employee Related Costs	**Facility Realignment and Other Costs**	**Total**
Restructuring charges	$ 188,847	$ 10,410	$ 199,257
Payments and other	(103,518)	(2,456)	(105,974)
Accrual balance at December 31, 2016 (Successor)	$ 85,329	$ 7,954	$ 93,283

In addition to the charges included in the table above, the Company recorded net restructuring charges (credits) of $(27), $2,299, $(1,649), and $2,480, for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015 and 2014 (Predecessor), respectively. The 2014 restructuring expense included a $3,280 charge relating to the elimination of certain positions at Newsday.

The Predecessor 2016 and 2015 restructuring expense (credit) primarily related to changes to the Company's previous estimates recorded in connection with the Company's prior restructuring plans.

Other Expense

In connection with the Altice Merger, the Company incurred transaction costs of $12,920, $19,924, and $17,862 for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the year ended December 31, 2015 (Predecessor), respectively, which are reflected in restructuring and other expense in the consolidated statements of operations.

NOTE 6. DISCONTINUED OPERATIONS

Loss from discontinued operations for the year ended December 31, 2015 (Predecessor) amounted to $21,272 ($12,541, net of income taxes) and primarily reflects an expense of $21,000 ($12,380, net of income taxes) related to the decision in a case relating to Rainbow Media Holdings LLC, a business whose operations were previously discontinued (see Note 17).

Income from discontinued operations for the year ended December 31, 2014 (Predecessor) amounted to $5,028 ($2,822, net of income taxes) and resulted primarily from the settlement of a contingency related to Montana property taxes related to Bresnan Cable, a business which was sold in 2013.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

	(Successor) December 31, 2016	(Predecessor) December 31, 2015	Estimated Useful Lives
Customer equipment	$ 439,582	$ 1,952,336	3 to 5 years
Headends and related equipment	1,273,823	2,388,289	4 to 25 years
Infrastructure	2,218,445	5,639,226	3 to 25 years
Equipment and software	629,992	1,577,616	3 to 10 years
Construction in progress (including materials and supplies)	83,590	87,412	
Furniture and fixtures	32,728	96,561	5 to 12 years
Transportation equipment	79,638	210,013	5 to 10 years
Buildings and building improvements	301,853	322,267	10 to 40 years
Leasehold improvements	85,997	354,136	Term of lease
Land	22,509	14,507	
	5,168,157	12,642,363	
Less accumulated depreciation and amortization	(562,739)	(9,625,348)	
	$ 4,605,418	$ 3,017,015	

During the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor), the Company capitalized certain costs aggregating $66,991, $58,409, $144,349, and $153,675 respectively, related to the acquisition and development of internal use software, which are included in the table above.

Depreciation expense on property, plant and equipment (including capital leases) for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor) amounted to $581,286, $404,234, $857,440 and $852,451, respectively, (including impairment charges of $425 in 2014).

At December 31, 2016 (Successor) and 2015 (Predecessor), the gross amount of equipment and related accumulated amortization recorded under capital leases were as follows:

	(Successor) December 31, 2016	(Predecessor) December 31, 2015
Equipment	$ 50,089	$ 90,099
Less accumulated amortization	(5,400)	(28,119)
	$ 44,689	$ 61,980

NOTE 8. OPERATING LEASES

The Company leases certain office, production, and transmission facilities under terms of leases expiring at various dates through 2035. The leases generally provide for escalating rentals over the term of the lease plus certain real estate taxes and other costs or credits. Costs associated with such operating leases are recognized on a straight-line basis over the initial lease term. The difference between rent expense and rent paid is recorded as deferred rent. In addition, the Company rents space on utility poles for its operations. The Company's pole rental agreements are for varying terms, and management anticipates renewals as they expire. Rent expense, including pole rentals, for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor) amounted to $44,340, $41,573, $82,704 and $77,769, respectively.

The minimum future annual payments for all operating leases (with initial or remaining terms in excess of one year) during the next five years and thereafter, including pole rentals from January 1, 2017 through December 31, 2021, at rates now in force are as follows:

2017	$	57,853
2018		52,206
2019		44,908
2020		41,221
2021		38,697
Thereafter		141,063

NOTE 9. INTANGIBLE ASSETS

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

	Amortizable Intangible Assets							
	Successor				Predecessor			
	December 31, 2016				December 31, 2015			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Customer relationships	$ 4,850,000	$ (335,459)	$ 4,514,541	8 to 18 years	$ 39,414	$ (27,778)	$ 11,636	10 to 18 years
Trade names	1,010,000	(44,422)	965,578	12 years	—	—	—	
Other amortizable intangibles	23,387	(2,483)	20,904	1 to 15 years	57,847	(32,532)	25,315	3 to 28 years
	$ 5,883,387	$ (382,364)	$ 5,501,023		$ 97,261	$ (60,310)	$ 36,951	

Amortization expense for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and the years ended December 31, 2015 and 2014 (Predecessor) amounted to $382,379, $10,316, $7,812 and $8,220, respectively, excluding impairment charges of $5,831 in 2014.

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

Estimated amortization expense		
Year Ending December 31, 2017	$	701,908
Year Ending December 31, 2018		655,409
Year Ending December 31, 2019		609,245
Year Ending December 31, 2020		562,613
Year Ending December 31, 2021		515,430

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

	Indefinite-Lived Intangible Assets	
	Successor	Predecessor
	December 31, 2016	December 31, 2015
Cable television franchises	$ 8,113,575	$ 731,848
Trademarks and other assets	—	7,250
Goodwill	5,838,959	262,345
Total	$ 13,952,534	$ 1,001,443

The carrying amount of goodwill is presented below:

Gross goodwill as of December 31, 2015 (Predecessor)	$	596,403
Accumulated impairment losses		(334,058)
Net goodwill as of June 20, 2016	$	262,345
Goodwill recorded in connection with Merger	$	5,838,959
Accumulated impairment losses		—
Net goodwill as of December 31, 2016 (Successor)	$	5,838,959

Impairment Charges

Goodwill and indefinite-lived intangible assets are tested annually for impairment or earlier upon the occurrence of certain events or substantive changes in circumstances.

The Company's impairment analysis as of December 31, 2014 (Predecessor) resulted in pre-tax impairment charges of $200, related to the excess of the carrying value over the estimated fair value of the Newsday trademarks. Additionally, in 2014 (Predecessor), the Company recorded impairment charges of $5,631, relating to the excess of the carrying value over the estimated fair values of Newsday's amortizing subscriber relationships and advertiser relationships, respectively. The decrease in fair values, which were determined based on discounted cash flows, resulted primarily from the decline in projected cash flows related to these assets. These pre-tax impairment charges are included in depreciation and amortization (including impairments).

No goodwill impairments were recorded for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015 and 2014 (Predecessor), respectively.

NOTE 10. DEBT

In connection with the Merger, in October 2015, Finco borrowed an aggregate principal amount of $3,800,000 under the Term Credit Facility and entered into revolving loan commitments in an aggregate principal amount of $2,000,000. The Term Credit Facility was to mature on October 9, 2022 and the Revolving Credit Facility was to mature on October 9, 2020 (see discussion below regarding the extension amendments). In addition, on June 21, 2016 and July 21, 2016, the Company entered into incremental loan assumption agreements whereby the Revolving Credit Facility was increased by $70,000 and $35,000, respectively, to $2,105,000.

Finco also issued $1,800,000 aggregate principal amount of the 2023 Notes, $2,000,000 aggregate principal amount of the 2025 Notes, and $1,000,000 aggregate principal amount of the 2025 Guaranteed Notes.

On June 21, 2016, immediately following the Merger, Finco merged with and into CSC Holdings, with CSC Holdings surviving the merger (the "CSC Holdings Merger"), and the Merger Notes and the Credit Facilities became obligations of CSC Holdings. The 2025 Guaranteed Notes are guaranteed on a senior basis by each restricted subsidiary of CSC Holdings (other than CSC TKR, LLC and its subsidiaries, which own and operate the New Jersey cable television systems, Cablevision Lightpath, Inc. and any subsidiaries of CSC Holdings that are "Excluded Subsidiaries" under the indenture governing the 2025 Guaranteed Notes) (such subsidiaries, the "Initial Guarantors") and the obligations under the Credit Facilities are (i) guaranteed on a senior basis by each Initial Guarantor and (ii) secured on a first priority basis by capital stock held by CSC Holdings and the guarantors in certain subsidiaries of CSC Holdings, subject to certain exclusions and limitations. In connection with the CSC Holdings Merger, the Company recorded $304,362 to accumulated deficit representing the results of operations, net of income taxes, of Finco for the period prior to the Merger.

Altice used the proceeds from the Term Credit Facility and the Merger Notes, together with an equity contribution from Altice and its Co-Investors and existing cash at Cablevision, to (a) finance the Merger, (b) refinance the credit agreement, dated as of April 17, 2013 (the "Previous Credit Facility"), among CSC Holdings, certain subsidiaries of CSC Holdings and the lenders party thereto ($2,030,699 outstanding at Merger Date), (c) repay the senior secured credit agreement, dated as of October 12, 2012, among Newsday LLC, CSC Holdings, and the lenders party thereto (the "Previous Newsday Credit Facility") of $480,000 at Merger Debt, and (d) pay related fees and expenses. In connection with the repayment of the Previous Credit Facility and the Previous Newsday Credit Facility, the Company, the write-off of the related

unamortized deferred financing costs and discounts aggregating $15,573 were recorded on the black line and therefore are not reflected in either the Predecessor or Successor periods.

The Credit Facilities permit CSC Holdings to request revolving loans, swing line loans or letters of credit from the revolving lenders, swingline lenders or issuing banks, as applicable, thereunder, from time to time prior to October 9, 2020, unless the commitments under the Revolving Credit Facility have been previously terminated.

Loans comprising each Eurodollar Borrowing or ABR Borrowing, as applicable, bear interest at a rate per annum equal to the Adjusted LIBO Rate or the Alternate Base Rate, as applicable, plus the Applicable Margin, where the Applicable Margin means: in respect of revolving credit loans with respect to any Eurodollar Loan, 3.25% per annum and (ii) with respect to any ABR Loan, 2.25% per annum.

On September 9, 2016, CSC Holdings entered into an amendment (the "Extension Amendment") to the Credit Facilities and the incremental loan assumption agreements dated June 21, 2016 and July 21, 2016 between CSC Holdings and certain lenders party thereto (the "Extending Lenders") pursuant to which each Extending Lender agreed to extend the maturity of its Term Credit Facility under the Credit Facilities to October 11, 2024 and to certain other amendments to the Credit Facilities. In October 2016, CSC Holdings used the net proceeds from the sale of $1,310,000 aggregate principal amount of 5.5% senior guaranteed notes due 2027 (the "2027 Guaranteed Notes") (after the deduction of fees and expenses) to prepay outstanding loans under the Term Credit Facility that were not extended pursuant to the Extension Amendment. The total aggregate principal amount of the Term Credit Facility, after giving effect to the use of proceeds of the 2027 Guaranteed Notes, is $2,500,000 (the "Extended Term Loan"). The Extended Term Loan was effective on October 11, 2016. In connection with the prepayment of the Term Credit Facility, the Company wrote-off the deferred financing costs and the unamortized discount related to the existing term loan aggregating $102,894. Additionally, the Company recorded deferred financing costs and an original issue discount of $7,249 and $6,250, respectively, which are both being amortized to interest expense over the term of the Extended Term Loan.

On December 9, 2016, the Credit Facilities were amended to increase the availability under the Revolving Credit Facility from $2,105,000 to $2,300,000 and extend the maturity on $2,280,000 of this facility to November 30, 2021. The remaining $20,000 will mature on October 9, 2020.

The Credit Facilities require CSC Holdings to prepay outstanding term loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions, and (ii) commencing with the first full fiscal year after the consummation of the Merger, a ratable share (based on the outstanding principal amount of the Extended Term Loan divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Extended Term Loan) of 50% of the annual excess cash flow of CSC Holdings and its restricted subsidiaries, which will be reduced to 0% if the Consolidated Net Senior Secured Leverage Ratio of CSC Holdings is less than or equal to 4.5 to 1.

Under the Term Credit Facility, CSC Holdings was required to make and made scheduled quarterly payment of $9,500 beginning with the fiscal quarter ending September 30, 2016. Under the Extended Term Loan, CSC Holdings is required to make scheduled quarterly payments equal to 0.25% of the principal amount of the Extended Term Loan, with the remaining balance scheduled to be paid on October 11, 2024, beginning with the fiscal quarter ending March 31, 2017. Interest will be calculated under the Extended Term Loan subject to a "floor" applicable to the Adjusted LIBO Rate of 0.75% per annum, and the Applicable Margin is (1) with respect to any ABR Loan, 2.00% per annum and (2) with respect to any Eurodollar Loan, 3.00% per annum. If the Adjusted LIBO Rate for the Extended Term Loan is less than 0.75% for any given period, the interest rate is fixed at 3.75% per annum.

The Credit Facilities include negative covenants that are substantially similar to the negative covenants contained in the indentures under which the Merger Notes were issued (see discussion below). The Credit Facilities include one financial maintenance covenant (solely for the benefit of the Revolving Credit Facility), consisting of a maximum Consolidated Net Senior Secured Leverage Ratio of 5.0 to 1, which will be tested on the last day of any fiscal quarter but only if on such day there are outstanding borrowings under the Revolving Credit Facility (including swingline loans but excluding any cash collateralized letters of credit and undrawn letters of credit not to exceed $15,000). The Credit Facilities also contain certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the obligations under the Credit Facilities may be accelerated.

CSC Holdings was in compliance with all of its financial covenants under the Credit Facilities as of December 31, 2016.

Predecessor Restricted Group Credit Facility

Prior to the Merger, CSC Holdings and certain of its subsidiaries (the "Restricted Subsidiaries") had a credit agreement (the "Previous Credit Facility") that provided for (1) a revolving credit facility of $1,500,000, (2) a Term A facility of $958,510, and (3) a Term B facility of $1,200,000.

Loans under the Previous Credit Facility bore interest as follows:

- Revolving credit loans and Term A loans, either (i) the Eurodollar rate (as defined) plus a spread ranging from 1.50% to 2.25% based on the cash flow ratio (as defined), or (ii) the base rate (as defined) plus a spread ranging from 0.50% to 1.25% based on the cash flow ratio;
- Term B loans, either (i) the Eurodollar rate plus a spread of 2.50% or (ii) the base rate plus a spread of 1.50%.

There was a commitment fee of 0.30% on undrawn amounts under the revolving credit facility in connection with the Previous Credit Facility.

Repayment of Restricted Group Credit Facility Debt

In May 2014, CSC Holdings used the net proceeds from the issuance of the 2024 Notes (discussed below), as well as cash on hand, to make a $750,000 repayment on its outstanding Term B loan facility. In September 2014, CSC Holdings made a repayment of $200,000 on its outstanding Term B loan facility with cash on hand. In connection with these repayments, the Company recognized a loss on extinguishment of debt of approximately $4,054 and wrote-off unamortized deferred financing costs related to this loan facility of approximately $5,564 for the year ended December 31, 2014.

In April 2015, CSC Holdings made a repayment of $200,000 on its outstanding Term B loan facility with cash on hand. In connection with the repayment, the Company recognized a loss on extinguishment of debt of $731 and wrote-off unamortized deferred financing costs related to this loan facility of $1,004 for the year ended December 31, 2015.

In connection with the Merger, the Previous Credit Facility was repaid (see discussion above).

Newsday LLC Credit Facility

Newsday LLC ("Newsday") had a senior secured credit agreement (the "Newsday Credit Agreement"), which consisted of a $480,000 floating rate term loan. Interest under the Newsday Credit Agreement was calculated, at the election of Newsday, at either the Eurodollar rate or the base rate, plus 3.50% or 2.50%, respectively, as specified in the Newsday Credit Agreement. Borrowings under the Newsday Credit Agreement were guaranteed by CSC Holdings on a senior unsecured basis and certain of its subsidiaries that own interests in Newsday on a senior secured basis. The Newsday Credit Agreement was secured by a lien on the assets of Newsday and Cablevision senior notes with an aggregate principal amount of $611,455 owned by Newsday Holdings.

On June 21, 2016, in connection with the Merger, Newsday LLC repaid its outstanding indebtedness under the Newsday Credit Agreement (see discussion above).

The following table provides details of the Company's outstanding credit facility debt (net of unamortized financing costs and unamortized discounts):

				Carrying Value	
				Successor	Predecessor
	Maturity Date	Interest Rate	Principal	December 31, 2016(a)	December 31, 2015 (a)
Restricted Group:					
Revolving Credit Facility (b)	November 30, 2021	4.07%	$ 175,256	$ 145,013	$ —
Term Credit Facility (c)	October 11, 2024	3.88%	2,500,000	2,486,874	—
Term A loan facility (d)				—	885,105
Term B loan facility (d)				—	1,150,227
Restricted Group Credit Facilities debt				$ 2,631,887	$ 2,035,332

(a) The unamortized discounts and deferred financing costs amounted to $43,369 and $11,200 at December 31, 2016 and 2015, respectively.
(b) Includes $100,256 of credit facility debt assumed by CSC Holdings in connection with the Merger. See discussion above regarding the amendment to the revolving credit facility entered into December 2016.
(c) Represents $3,800,000 principal amount assumed by CSC Holdings in connection with the Merger, net of principal repayments made. See discussion above regarding the Extension Amendment entered into September 2016.
(d) In connection with the Merger, the Company entered into a new credit facility, the proceeds of which were used to repay its then outstanding Term A and Term B loan facilities (see discussion above).

During the twelve months ending December 31, 2017, the Company is required to make principal payments aggregating $25,000 under the Term Credit Facility.

Senior Guaranteed Notes and Senior Notes and Debentures

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

					Carrying Amount at December 31, (f)	
			Interest	Principal	Successor	Predecessor
Issuer	Date Issued	Maturity Date	Rate	Amount	2016	2015
CSC Holdings (a)(d)	February 6, 1998	February 15, 2018	7.875%	$ 300,000	$ 310,334	$ 299,091
CSC Holdings (a)(d)	July 21, 1998	July 15, 2018	7.625%	500,000	521,654	498,942
CSC Holdings (b)(d)	February 12, 2009	February 15, 2019	8.625%	526,000	553,804	511,079
CSC Holdings (b) (d)	November 15, 2011	November 15, 2021	6.750%	1,000,000	951,702	985,640
CSC Holdings (b) (d)	May 23, 2014	June 1, 2024	5.250%	750,000	650,193	737,500
CSC Holdings (c)	October 9, 2015	January 15, 2023	10.125%	1,800,000	1,774,750	—
CSC Holdings (c)	October 9, 2015	October 15, 2025	10.875%	2,000,000	1,970,379	—
CSC Holdings (c)	October 9, 2015	October 15, 2025	6.625%	1,000,000	985,469	—
CSC Holdings (e)	September 23, 2016	April 15, 2027	5.500%	1,310,000	1,304,025	—
Total CSC Holdings					9,022,310	3,032,252
Cablevision (b)(d)	September 23, 2009	September 15, 2017	8.625%	900,000	926,045	891,238
Cablevision (b)(d)	April 15, 2010	April 15, 2018	7.750%	750,000	767,545	744,402
Cablevision (b)(d)	April 15, 2010	April 15, 2020	8.000%	500,000	488,992	494,410
Cablevision (b)(d)	September 27, 2012	September 15, 2022	5.875%	649,024	559,500	638,709
Total Cablevision					$ 11,764,392	$ 5,801,011

(a) The debentures are not redeemable by the Company prior to maturity.
(b) The Company may redeem some or all of the notes at any time at a specified "make-whole" price plus accrued and unpaid interest to the redemption date.
(c) The Company may redeem some or all of the 2023 Notes at any time on or after January 15, 2019, and some or all of the 2025 Notes and 2025 Guaranteed Notes at any time on or after October 15, 2020, at the redemption prices set forth in the relevant indenture, plus accrued and unpaid interest, if any. The Company may also redeem up to 40% of each series of the Merger Notes using the proceeds of certain equity offerings before October 15, 2018, at a redemption price equal to 110.125% for the 2023 Notes, 110.875% for the 2025 Notes and 106.625% for the 2025 Guaranteed Notes, in each case plus accrued and unpaid interest. In addition, at any time prior to January 15, 2019, CSC Holdings may redeem some or all of the 2023 Notes, and at any time prior to October 15, 2020, the Company may redeem some or all of the 2025 Notes and the 2025 Guaranteed

Notes, at a price equal to 100% of the principal amount thereof, plus a "make whole" premium specified in the relevant indenture plus accrued and unpaid interest.

(d) The carrying value of the notes was adjusted to reflect their fair value on the Merger Date (aggregate reduction of $52,788).

(e) The Company may redeem some or all of the 2027 Guaranteed Notes at any time on or after April 15, 2022 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any. The Company may also redeem up to 40% of each series of the 2027 Guaranteed Notes using the proceeds of certain equity offerings before October 15, 2019, at a redemption price equal to 105.500%, plus accrued and unpaid interest.

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

The table above excludes (i) the principal amount of Cablevision 7.75% senior notes due 2018 of $345,238 and the principal amount of Cablevision 8.00% senior notes due 2020 of $266,217 held by Newsday at December 31, 2015 which are eliminated in the consolidated balance sheets of Cablevision. In July 2016, CSC Holdings contributed to Cablevision the outstanding senior notes held by Newsday Holdings, LLC and Cablevision cancelled the notes. The contribution of these notes to Cablevision had no impact to the financial position of Cablevision or CSC Holdings.

The indentures under which the senior notes and debentures were issued contain various covenants, which are generally less restrictive than those contained in the Credit Agreement. The Company was in compliance with all of its financial covenants under these indentures as of December 31, 2016.

During the twelve months ending December 31, 2017, the Company is required to make principal payments on its senior notes aggregating $900,000.

CSC Holdings 5.5% Senior Guaranteed Notes due 2027

In September 2016, CSC Holdings issued $1,310,000 aggregate principal amount of 5.50% senior guaranteed notes due April 15, 2027. The 2027 Guaranteed Notes are senior unsecured obligations and rank pari passu in right of payment with all of the existing and future senior indebtedness, including the existing senior notes and the Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

As discussed above, in October 2016, CSC Holdings used the proceeds from the issuance of the 2027 Guaranteed Notes (after the deduction of fees and expenses) to prepay the outstanding loans under the Term Credit Facility that were not extended pursuant to the Extension Amendment. In connection with the issuance of the 2027 Guaranteed Notes, the Company incurred deferred financing costs of approximately $5,575, which are being amortized to interest expense over the term of the 2027 Guaranteed Notes.

CSC Holdings Merger Notes

The $1,000,000 principal amount of the 2025 Guaranteed Notes bear interest at a rate of 6.625% per annum and were issued at a price of 100.00%. Interest on the 2025 Guaranteed Notes is payable semi-annually on January 15 and July 15, commencing on July 15, 2016. These 2025 Guaranteed Notes are guaranteed on a senior basis by the Initial Guarantors.

The $1,800,000 principal amount of the 2023 Notes and $2,000,000 principal amount of the 2025 Notes, bear interest at a rate of 10.125% and 10.875%, respectively, per annum and were issued at prices of 100.00%. Interest on the 2023 Notes and 2025 Notes is payable semi-annually on January 15 and July 15, which began on July 15, 2016.

Deferred financing costs of approximately $76,579 incurred in connection with the issuance of the Merger Notes are being amortized to interest expense over the term of the Merger Notes.

In May 2014, CSC Holdings issued $750,000 aggregate principal amount of 5.25% senior notes due June 1, 2024 (the "2024 Notes"). The 2024 Notes are senior unsecured obligations and rank equally in right of payment with all of CSC Holdings' other existing and future unsecured and unsubordinated indebtedness. CSC Holdings used the net proceeds from the issuance of the 2024 Notes, as well as cash on hand, to make a $750,000 repayment on its outstanding Term B loan facility. In connection with the issuance of the 2024 Notes, the Company incurred deferred financing costs of approximately $14,273.

The indentures under which the Senior Guaranteed Notes and Senior Notes and Debentures were issued contain certain covenants and agreements, including limitations on the ability of CSC Holdings and its restricted subsidiaries to (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets

and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances, and (viii) engage in mergers or consolidations, in each case subject to certain exceptions. The indentures also contain certain customary events of default. If an event of default occurs, the obligations under the Merger Notes may be accelerated.

As of December 31, 2016, the Company was in compliance with all of its financial covenants under the indentures under which the senior notes and debentures and guaranteed notes were issued.

Repurchases of Cablevision Senior Notes

In January 2014, Cablevision repurchased with cash on hand $27,831 aggregate principal amount of its then outstanding 5.875% senior notes due September 15, 2022 (the "2022 Notes"). In October 2014, Cablevision repurchased with cash on hand an additional $9,200 aggregate principal amount of the 2022 Notes. In connection with these repurchases, Cablevision recorded a gain from the extinguishment of debt of $934, net of fees, and a write-off of approximately $1,436 of unamortized deferred financing costs associated with these notes.

Summary of Debt Maturities

Total amounts payable by the Company under its various debt obligations outstanding as of December 31, 2016, including notes payable, collateralized indebtedness (see Note 11), and capital leases, during the next five years and thereafter, are as follows:

Years Ending December 31,	Cablevision	CSC Holdings
2017	$ 1,719,180	$ 819,180
2018	2,103,441	1,353,441
2019	557,348	557,348
2020	526,340	26,340
2021	1,200,256	1,200,256
Thereafter	9,884,024	9,235,000

NOTE 11. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

The Company has entered into various transactions to limit the exposure against equity price risk on its shares of Comcast Corporation ("Comcast") common stock. The Company has monetized all of its stock holdings in Comcast through the execution of prepaid forward contracts, collateralized by an equivalent amount of the respective underlying stock. At maturity, the contracts provide for the option to deliver cash or shares of Comcast stock with a value determined by reference to the applicable stock price at maturity. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing the Company to retain upside appreciation from the hedge price per share to the relevant cap price.

The Company received cash proceeds upon execution of the prepaid forward contracts discussed above which has been reflected as collateralized indebtedness in the accompanying consolidated balance sheets. In addition, the Company separately accounts for the equity derivative component of the prepaid forward contracts. These equity derivatives have not been designated as hedges for accounting purposes. Therefore, the net fair values of the equity derivatives have been reflected in the accompanying consolidated balance sheets as an asset or liability and the net increases or decreases in the fair value of the equity derivative component of the prepaid forward contracts are included in gain (loss) on derivative contracts in the accompanying consolidated statements of operations.

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts were terminated prior to its scheduled maturity date, the Company would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2016, the Company did not have an early termination shortfall relating to any of these contracts.

The Company monitors the financial institutions that are counterparties to its equity derivative contracts and it diversifies its equity derivative contracts among various counterparties to mitigate exposure to any single financial institution. All of the counterparties to such transactions carry investment grade credit ratings as of December 31, 2016.

The following represents the location of the assets and liabilities associated with the Company's derivative instruments within the consolidated balance sheets:

		Asset Derivatives		Liability Derivatives	
		Successor	Predecessor	Successor	Predecessor
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at December 31, 2016	Fair Value at December 31, 2015	Fair Value at December 31, 2016	Fair Value at December 31, 2015
Prepaid forward contracts	Current derivative contracts	$ 352	$ 10,333	$ 13,158	$ 2,706
Prepaid forward contracts	Long-term derivative contracts	10,604	72,075	—	—
		$ 10,956	$ 82,408	$ 13,158	$ 2,706

Unrealized and realized gains (losses) related to Company's equity derivative contracts related to the Comcast common stock for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor) of $(53,696), $(36,283), $104,927, and $(45,055), respectively, are reflected in gain (loss) on equity derivative contracts, net in the Company's consolidated statements of operations.

For the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor), the Company recorded a gain (loss) on investments of $141,538, $129,510, $(33,935) and $129,832, respectively, representing the net increase (decrease) in the fair values of all investment securities pledged as collateral.

Settlements of Collateralized Indebtedness

The following table summarizes the settlement of the Company's collateralized indebtedness relating to Comcast shares that were settled by delivering cash equal to the collateralized loan value, net of the value of the related equity derivative contracts.

	Successor	Predecessor	
	June 21, 2016 to December 31, 2016	January 1 to June 20, 2016	Year Ended December 31, 2015
Number of shares	2,668,875	5,401,059	13,407,684
Collateralized indebtedness settled	$ (143,102)	$ (273,519)	$ (569,562)
Derivative contracts settled	—	(8,075)	(69,675)
	(143,102)	(281,594)	(639,237)
Proceeds from new monetization contracts	179,388	337,149	774,703
Net cash receipt	$ 36,286	$ 55,555	$ 135,466

(a) Share amounts are not adjusted for the 2 for 1 stock split in February 2017.

The cash was obtained from the proceeds of new monetization contracts covering an equivalent number of Comcast shares. The terms of the new contracts allow the Company to retain upside participation in Comcast shares up to each respective contract's upside appreciation limit with downside exposure limited to the respective hedge price.

In January 2017, the Company settled collateralized indebtedness relating to 2,668,875 Comcast shares by delivering cash equal to the collateralized loan value obtained from the proceeds of a new monetization contract covering an equivalent number of Comcast shares. Accordingly, the consolidated balance sheets of Cablevision and CSC Holdings as of December 31, 2016 reflect the reclassification of $184,286 of investment securities pledged as collateral from a current asset to a long-term asset and $150,036 of collateralized indebtedness from a current liability to a long-term liability.

NOTE 12. 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.

The following table presents for each of these hierarchy levels, the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

	At December 31, 2016 (Successor)			
	Level I	Level II	Level III	Total
Assets:				
Money market funds	$ 100,139	$ —	$ —	$ 100,139
Investment securities pledged as collateral	1,483,030	—	—	1,483,030
Prepaid forward contracts	—	10,956	—	10,956
Liabilities:				
Prepaid forward contracts	—	13,158	—	13,158

	At December 31, 2015 (Predecessor)			
	Level I	Level II	Level III	Total
Assets:				
Money market funds	$ 922,765	$ —	$ —	$ 922,765
Investment securities	130	—	—	130
Investment securities pledged as collateral	1,211,982	—	—	1,211,982
Prepaid forward contracts	—	82,408	—	82,408
Liabilities:				
Prepaid forward contracts	—	2,706	—	2,706

The Company's cash equivalents, investment securities and investment securities pledged as collateral are classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

The Company's prepaid forward contracts reflected as derivative contracts and liabilities under derivative contracts on the Company's balance sheets 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.

In addition, see Note 9 for a discussion of impairment charges related to nonfinancial assets not measured at fair value on a recurring basis.

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, Collateralized Indebtedness, Senior Notes and Debentures, Senior Guaranteed Notes and Notes Payable

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

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

		Successor	
		December 31, 2016	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value
Debt instruments:			
Credit facility debt (b)	Level II	$ 2,631,887	$ 2,675,256
Collateralized indebtedness (c)	Level II	1,286,069	1,280,048
Senior guaranteed notes	Level II	2,289,494	2,416,375
Senior notes and debentures (d)	Level II	6,732,816	7,731,150
Notes payable	Level II	13,726	13,260
CSC Holdings total debt instruments		12,953,992	14,116,089
Cablevision senior notes (e)	Level II	2,742,082	2,920,056
Cablevision total debt instruments		$ 15,696,074	$ 17,036,145

		Predecessor	
		December 31, 2015	
	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
CSC Holdings notes receivable:			
Cablevision senior notes held by Newsday Holdings LLC (f)	Level II	$ 611,455	$ 616,020
Debt instruments:			
Credit facility debt	Level II	$ 2,514,454	$ 2,525,654
Collateralized indebtedness	Level II	1,191,324	1,176,396
Senior notes and debentures	Level II	3,032,252	2,996,440
Notes payable	Level II	14,544	14,483
CSC Holdings total debt instruments		6,752,574	6,712,973
Cablevision senior notes	Level II	2,768,759	2,760,168
Cablevision total debt instruments		$ 9,521,333	$ 9,473,141

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

(b) As discussed in Note 10, amounts borrowed under the Term Credit Facility bear interest at a rate per annum equal to the Adjusted LIBO Rate or Alternative Base Rate, as applicable, plus Applicable Margin. If the Adjusted LIBO Rate is less than 0.75% for any given period, the interest rate is fixed at 3.75% per annum.

(c) The total carrying value of the collateralized debt was reduced by $9,142 to reflect its fair value on the Merger Date.

(d) The total carrying value of the senior notes and debentures outstanding prior to the Merger was reduced by $39,713 to reflect the fair value of the notes on the Merger Date.

(e) The total carrying value of the senior notes and debentures outstanding prior to the Merger was reduced by $13,075 to reflect the fair value of the notes on the Merger Date.

(f) These notes are eliminated at the consolidated Cablevision level at December 31, 2015.

The fair value estimates related to the Company's debt instruments and senior notes receivable 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.

NOTE 13. INCOME TAXES

Cablevision

In connection with the Merger, Cablevision joined the federal consolidated and certain state combined income tax returns filed by Neptune Holding US Corporation ("Neptune Holding", a subsidiary of Altice). For all post-Merger periods the income tax provision of Cablevision is determined on a stand-alone basis as if Cablevision filed separate income tax returns. In the fourth quarter of 2016, Cablevision, CSC Holdings, and Neptune Holding entered into an income tax sharing agreement under which Cablevision will have an obligation to Neptune Holding for current income taxes on a stand-alone basis. In connection with this agreement, Cablevision recorded an intercompany payable to Neptune Holding of $27,288.

Income tax (benefit) expense attributable to Cablevision's continuing operations consists of the following components:

	Successor	Predecessor		
	June 21 to December 31, 2016	January 1 to June 20, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Current expense:				
Federal	$ 23,425	$ 6,474	$ 4,844	$ 6,122
State	2,162	1,917	15,869	2,788
	25,587	8,391	20,713	8,910
Deferred (benefit) expense:				
Federal	(187,858)	93,252	97,927	135,873
State	(50,788)	22,897	35,469	23,906
	(238,646)	116,149	133,396	159,779
Tax (benefit) expense relating to uncertain tax positions	(6)	308	763	(52,921)
Income tax expense (benefit)	$ (213,065)	$ 124,848	$ 154,872	$ 115,768

Income tax benefit attributable to discontinued operations for the year ended December 31, 2015 of $8,731 is comprised of current and deferred income tax benefit of $111 and $8,620, respectively. Income tax expense attributable to discontinued operations for the year ended December 31, 2014 of $2,206 is comprised of current and deferred income tax expense of $108 and $2,098, respectively.

The income tax (benefit) expense attributable to Cablevision's continuing operations differs from the amount derived by applying the statutory federal rate to pretax income principally due to the effect of the following items:

	Successor	Predecessor		
	June 21 to December 31, 2016	January 1 to June 20, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Federal tax expense at statutory rate	$ (189,646)	$ 100,926	$ 119,931	$ 148,803
State income taxes, net of federal impact	(29,463)	14,825	18,874	19,059
Changes in the valuation allowance	297	86	(902)	(344)
Changes in the state rates used to measure deferred taxes, net of federal impact	(421)	—	(1,006)	(322)
Tax expense (benefit) relating to uncertain tax positions	(120)	178	574	(52,914)
New York tax reform	—	—	16,334	(2,050)
Non-deductible officers' compensation	—	462	846	1,532
Non-deductible share-based compensation related to the carry unit plan	3,208	—	—	—
Non-deductible merger transaction costs	4,457	9,392	—	—
Other non-deductible expenses	851	1,337	3,099	3,697
Research credit	(400)	(850)	(2,630)	(2,634)
Adjustment to prior year tax expense	(1,695)	—	(515)	(192)
Other, net	(133)	(1,508)	267	1,133
Income tax expense (benefit)	$ (213,065)	$ 124,848	$ 154,872	$ 115,768

For Cablevision, the tax effects of temporary differences which give rise to significant portions of deferred tax assets or liabilities and the corresponding valuation allowance at December 31, 2016 and 2015 are as follows. In the second quarter of 2016, ASU 2015-17 was adopted with prospective application. Accordingly, all deferred tax assets and liabilities are presented as noncurrent in the consolidated balance sheet as of December 31, 2016.

	(Successor)	(Predecessor)
	December 31, 2016	December 31, 2015
Deferred Tax Asset (Liability)		
Current		
NOLs and tax credit carry forwards	$ —	$ 76,007
Compensation and benefit plans	—	80,831
Allowance for doubtful accounts	—	2,196
Merger transaction costs	—	7,332
Inventory	—	7,135
Other	—	26,216
Deferred tax asset	—	199,717
Valuation allowance	—	(2,098)
Net deferred tax asset, current	—	197,619
Investments	—	(163,396)
Prepaid expenses	—	(19,627)
Deferred tax liability, current	—	(183,023)
Net deferred tax asset, current	$ —	$ 14,596

	(Successor) December 31, 2016	(Predecessor) December 31, 2015
Noncurrent		
NOLs and tax credit carry forwards	$ 304,978	$ 36,866
Compensation and benefit plans	84,731	97,005
Partnership investments	113,473	123,529
Restructuring liability	37,393	—
Other liabilities	31,784	—
Investments	—	9,798
Other	6,639	9,201
Deferred tax asset	578,998	276,399
Valuation allowance	(1,842)	(2,816)
Net deferred tax asset, noncurrent	577,156	273,583
Fixed assets and intangibles	(6,761,499)	(978,418)
Investments	(187,795)	—
Prepaid expenses	(10,172)	—
Fair value adjustment- debt and deferred finance costs	(37,906)	—
Other	(9,424)	—
Deferred tax liability, noncurrent	(7,006,796)	(978,418)
Net deferred tax liability, noncurrent	(6,429,640)	(704,835)
Total net deferred tax liability	$ (6,429,640)	$ (690,239)

Cablevision used the 'with-and-without' approach to determine the recognition and measurement of excess tax benefits. Cash flows resulting from excess tax benefits were classified as cash flows from financing activities. Excess tax benefits are realized tax benefits from tax deductions for options exercised and restricted shares issued in excess of the deferred tax asset attributable to share-based compensation expense for such awards. Cablevision realized excess tax benefit of $31, $82, $5,694 and $336 for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and for the years ended December 31, 2015 and 2014 (Predecessor), respectively, resulting in an increase to paid-in-capital.

The Merger resulted in an ownership change under the Internal Revenue Code and certain state taxing authorities whereby Cablevision's federal net operating losses ("NOLs") immediately prior to the Merger of $877,975 will be subject to certain limitations. Cablevision does not expect such limitations to impact the ability to utilize the NOLs prior to their expiration.

As described in Note 10, in October 2015, Finco incurred aggregate debt of approximately $8,600,000. From October 2015 through June 20, 2016, the NOL with regard to the accrued interest and amortization of deferred financing costs on such debt was $468,249. In connection with the CSC Holdings Merger on June 21, 2016 a deferred tax asset of $163,887 for the Finco NOL was recorded at CSC Holdings as an adjustment to accumulated deficit.

At December 31, 2016, Cablevision had consolidated federal NOLs of $1,310,085 expiring on various dates from 2031 through 2036, including the Finco NOL of $468,249. Cablevision has recorded a deferred tax asset related to $534,585 of such NOLs. A deferred tax asset has not been recorded for the remaining NOL of $775,500 as this portion relates to 'windfall' deductions on share-based awards that have not yet been realized. In connection with the adoption of ASU 2016-09 in the first quarter of 2017, the deferred tax asset for such windfall deductions will be recorded to accumulated deficit in the amount of $309,000.

As of December 31, 2016, Cablevision has $43,201 of federal alternative minimum tax credit carry forwards which do not expire and $18,672 of research credits, expiring in varying amounts from 2023 through 2036.

CSC Holdings

CSC Holdings and its subsidiaries are included in the consolidated federal income tax returns of Neptune Holding. The income tax provision for CSC Holdings is determined on a stand-alone basis for all periods presented as if CSC Holdings filed separate consolidated income tax returns.

Income tax (benefit) expense attributable to continuing operations consists of the following components:

	Successor	Predecessor		
	June 21 to December 31, 2016	January 1 to June 20, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Current (benefit) expense:				
Federal	$ (11,771)	$ 49,007	$ 169,459	$ 189,609
State	10,446	13,514	20,209	46,573
	(1,325)	62,521	189,668	236,182
Deferred (benefit) expense:				
Federal	(123,845)	91,126	17,555	35,445
State	(45,264)	25,703	61,370	17,744
	(169,109)	116,829	78,925	53,189
Tax (benefit) expense relating to uncertain tax positions	(6)	308	763	(52,921)
Income tax expense (benefit)	$ (170,440)	$ 179,658	$ 269,356	$ 236,450

Income tax benefit attributable to discontinued operations for the year ended December 31, 2015 of $8,731 is comprised of current and deferred income tax benefit of $111 and $8,620, respectively. Income tax expense attributable to discontinued operations for the year ended December 31, 2014 of $2,206 is comprised of current income tax expense of $2,479, net of deferred income tax benefit of $273.

In accordance with the historical tax allocation policy effective through June 20, 2016 and the tax sharing agreement effective starting on June 21, 2016 between CSC Holdings and Cablevision, CSC Holdings is liable for its stand alone current tax liability as if it filed separate income tax returns. During 2016, CSC Holdings increased the affiliate payable due to Cablevision by $56,178.

The income tax (benefit) expense attributable to CSC Holdings' continuing operations differs from the amount derived by applying the statutory federal rate to pretax income principally due to the effect of the following items:

	Successor	Predecessor		
	June 21 to December 31, 2016	January 1 to June 20, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Federal tax expense at statutory rate	$ (155,998)	$ 145,784	$ 214,742	$ 243,740
State income taxes, net of federal impact	(21,775)	24,187	38,311	42,769
Changes in the valuation allowance	297	86	(902)	(382)
Changes in the state rates used to measure deferred taxes, net of federal impact	(421)	—	(581)	379
Tax expense (benefit) relating to uncertain tax positions	(120)	178	574	(52,914)
New York tax reform	—	—	16,334	(1,502)
Non-deductible officers' compensation	—	462	846	1,532
Non-deductible share-based compensation related to the carry unit plan	3,208	—	—	—
Non-deductible merger transaction costs	4,457	9,392	—	—
Other non-deductible expenses	851	1,420	3,099	3,697
Research credit	(400)	(850)	(2,630)	(2,634)
Adjustment to prior year tax expense	(408)	—	(504)	778
Other, net	(131)	(1,001)	67	987
Income tax expense (benefit)	$ (170,440)	$ 179,658	$ 269,356	$ 236,450

For CSC Holdings, the tax effects of temporary differences which give rise to significant portions of deferred tax assets or liabilities and the corresponding valuation allowance at December 31, 2016 and 2015 are as follows. In the second quarter of 2016, ASU 2015-17 was adopted with prospective application. Accordingly, all deferred tax assets and liabilities are presented as noncurrent in the consolidated balance sheet as of December 31, 2016.

	(Successor)	(Predecessor)
	December 31, 2016	December 31, 2015
Deferred Tax Asset (Liability)		
Current		
Compensation and benefit plans	$ —	$ 80,831
Allowance for doubtful accounts	—	2,196
Merger transaction costs	—	7,332
Inventory	—	7,135
Other	—	26,216
Deferred tax asset	—	123,710
Valuation allowance	—	(1,650)
Net deferred tax asset, current	—	122,060
Investments	—	(163,396)
Prepaid expenses	—	(19,627)
Deferred tax liability, current	—	(183,023)
Net deferred tax liability, current	—	(60,963)
Noncurrent		
NOLs and tax credit carry forwards	111,051	8,785
Compensation and benefit plans	84,731	97,005
Partnership investments	113,473	123,529
Restructuring liability	37,393	—
Other liabilities	31,784	—
Investments	—	9,798
Other	6,639	9,201
Deferred tax asset	385,071	248,318
Valuation allowance	(1,791)	(3,212)
Net deferred tax asset, noncurrent	383,280	245,106
Fixed assets and intangibles	(6,761,499)	(978,418)
Investments	(187,795)	—
Prepaid expenses	(10,172)	—
Fair value adjustment- debt and deferred finance cost	(23,349)	—
Other	(9,424)	—
Deferred tax liability, noncurrent	(6,992,239)	(978,418)
Net deferred tax liability, noncurrent	(6,608,959)	(733,312)
Total net deferred tax liability	$ (6,608,959)	$ (794,275)

CSC Holdings used the 'with-and-without' approach to determine the recognition and measurement of excess tax benefits. Cash flows resulting from excess tax benefits were classified as cash flows from financing activities. Excess tax benefits are realized tax benefits from tax deductions for options exercised and restricted shares issued in excess of the deferred tax asset attributable to share-based compensation expense for such awards. CSC Holdings recorded an excess tax benefit of $50,288, $14,170 and $4,978 for the period January 1, 2016 through June 20, 2016, and years ended December 31, 2015 and 2014, respectively, resulting in an increase to paid-in-capital.

As described in Note 10, in October 2015, Finco incurred aggregate debt of $8,600,000. From October 2015 through June 20, 2016, the NOL with regard to the accrued interest and amortization of deferred financing costs on such debt was $468,249. In connection with the CSC Holdings Merger on June 21, 2016 a deferred tax asset of $163,887 for the Finco NOL was recorded at CSC Holdings as an adjustment to accumulated deficit.

The Company

Deferred tax assets have resulted primarily from the Company's future deductible temporary differences and NOLs. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's ability to realize its deferred tax assets depends upon the generation of sufficient future taxable income and tax planning strategies to allow for the utilization of its NOLs and deductible temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statements of income. Management evaluates the realizability of the deferred tax assets and the need for additional valuation allowances quarterly. At this time, based on current facts and circumstances, management believes that it is more likely than not that the Company will realize benefit for its gross deferred tax assets, except those deferred tax assets against which a valuation allowance has been recorded which relate to certain state NOLs.

In the normal course of business, the Company engages in transactions in which the income tax consequences may be uncertain. The Company's income tax returns are filed based on interpretation of tax laws and regulations. Such income tax returns are subject to examination by taxing authorities. For financial statement purposes, the Company only recognizes tax positions that it believes are more likely than not of being sustained. There is considerable judgment involved in determining whether positions taken or expected to be taken on the tax return are more likely than not of being sustained.

A reconciliation of the beginning and ending amount of unrecognized tax benefits associated with uncertain tax positions, excluding associated deferred tax benefits and accrued interest, is as follows:

Balance at December 31, 2015	$	4,022
Increases related to prior year tax positions		3
Increases related to current year tax positions		6
Balance at June 20, 2016	$	4,031
Balance at June 21, 2016	$	4,031
Decreases related to current year tax positions		(6)
Balance at December 31, 2016	$	4,025

As of December 31, 2016, if all uncertain tax positions were sustained at the amounts reported or expected to be reported in the Company's tax returns, the elimination of the Company's unrecognized tax benefits, net of the deferred tax impact, would decrease income tax expense by $5,185.

In the second quarter of 2016, the Company changed its accounting policy on a prospective basis to present interest expense relating to uncertain tax positions as additional interest expense. In the successor period ended December 31, 2016, $309 of interest expense relating to uncertain tax position was recorded to interest expense. During the predecessor period ended June 20, 2016, interest expense of $209 was included in income tax expense.

In January 2014, the Internal Revenue Service informed the Company that the consolidated federal income tax returns for 2009 and 2010 were no longer under examination. Accordingly, in the first quarter of 2014, the Company recorded an income tax benefit of $53,132 associated with the reversal of a noncurrent liability relating to an uncertain tax position from 2009. The statute of limitations with regard to 2009 expired on March 31, 2014.

The most significant jurisdictions in which the Company is required to file income tax returns include the states of New York, New Jersey and Connecticut and the City of New York. The State of New York is presently auditing income tax returns for years 2009 through 2011.

Management does not believe that the resolution of the ongoing income tax examination described above will have a material adverse impact on the financial position of the Company. Changes in the liabilities for uncertain tax positions will be recognized in the interim period in which the positions are effectively settled or there is a change in factual circumstances.

NOTE 14. BENEFIT PLANS

Qualified and Non-qualified Defined Benefit Plans

Cablevision Retirement Plans (collectively, the "Defined Benefit Plans")

The Company sponsors a non-contributory qualified defined benefit cash balance retirement plan (the "Pension Plan") for the benefit of non-union employees other than those of Newsday, as well as certain employees covered by a collective bargaining agreement in Brooklyn.

The Company maintains an unfunded non-contributory non-qualified defined benefit excess cash balance plan ("Excess Cash Balance Plan") covering certain current and former employees of the Company who participate in the Pension Plan, as well as an additional unfunded non-contributory, non-qualified defined benefit plan ("CSC Supplemental Benefit Plan") for the benefit of certain former officers and employees of the Company which provided that, upon retiring on or after normal retirement age, a participant receives a benefit equal to a specified percentage of the participant's average compensation, as defined. All participants were 100% vested in the CSC Supplemental Benefit Plan. The benefits related to the CSC Supplemental Plan were paid to participants in January 2017 and the plan was terminated.

The Company amended the Pension Plan and the Excess Cash Balance Plan to freeze participation and future benefit accruals effective December 31, 2013 for all Company employees except those covered by a collective bargaining agreement in Brooklyn. Effective April 1, 2015, participation was frozen and future benefit accruals ceased for employees covered by a collective bargaining agreement in Brooklyn. Therefore, after April 1, 2015, no employee of the Company who was not already a participant could participate in the plans and no further annual Pay Credits (a certain percentage of employees' eligible pay) were made. Existing account balances under the plans continue to be credited with monthly interest in accordance with the terms of the plans.

Plan Results for Defined Benefit Plans

Summarized below is the funded status and the amounts recorded on the Company's consolidated balance sheets for all of the Company's Defined Benefit Plans at December 31, 2016 (Successor) and 2015 (Predecessor):

	(Successor)	(Predecessor)
	December 31, 2016	December 31, 2015
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 403,963	$ 430,846
Service cost	—	344
Interest cost	14,077	15,523
Actuarial (gain) loss	(11,429)	(14,912)
Curtailments	3,968	—
Benefits paid	(28,062)	(27,838)
Projected benefit obligation at end of year	382,517	403,963
Change in plan assets:		
Fair value of plan assets at beginning of year	297,846	303,676
Actual return (loss) on plan assets, net	5,829	(3,921)
Employer contributions	8,505	25,929
Benefits paid	(28,062)	(27,838)
Fair value of plan assets at end of year	284,118	297,846
Unfunded status at end of year	$ (98,399)	$ (106,117)

The accumulated benefit obligation for the Company's Defined Benefit Plans aggregated $382,517 and $403,963 at December 31, 2016 (Successor) and 2015 (Predecessor), respectively.

The Company's net funded status relating to its Defined Benefit Plans at December 31, 2016 and 2015 are as follows:

	(Successor) December 31, 2016	(Predecessor) December 31, 2015
Defined Benefit Plans	$ (98,399)	$ (106,117)
Less: Current portion related to nonqualified plans	14,293	6,889
Long-term defined benefit plan obligations	$ (84,106)	$ (99,228)

Components of the net periodic benefit cost, recorded in other operating expenses, for the Defined Benefit Plans for the years ended December 31, 2016, 2015 and 2014, are as follows:

	Successor	Predecessor		
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Service cost	$ —	$ —	$ 344	$ 774
Interest cost	6,946	7,130	15,523	18,040
Expected return on plan assets, net	(4,022)	(3,565)	(8,297)	(9,548)
Recognized actuarial loss (reclassified from accumulated other comprehensive loss)	—	(1,446)	1,294	2,364
Curtailment loss	231	—	—	—
Settlement (income) loss (reclassified from accumulated other comprehensive loss) (a)	(154)	1,655	3,822	5,348
Net periodic benefit cost	$ 3,001	$ 3,774	$ 12,686	$ 16,978

(a) As a result of benefit payments to terminated or retired individuals exceeding the service and interest costs for the Pension Plan and the Excess Cash Balance Pension Plan during the period June 21, 2016 through December 31, 2016, January 1, 2016 through June 20, 2016, and years ended December 31, 2015 and 2014, the Company recognized a non-cash settlement loss that represented the acceleration of the recognition of a portion of the previously unrecognized actuarial losses recorded in accumulated other comprehensive loss on the Company's consolidated balance sheets relating to these plans.

Plan Assumptions for Defined Benefit Plans

Weighted-average assumptions used to determine net periodic cost (made at the beginning of the year) and benefit obligations (made at the end of the year) for the Defined Benefit Plans are as follows:

	Weighted-Average Assumptions					
	Net Periodic Benefit Cost				Benefit Obligations	
	Successor	Predecessor			Successor	Predecessor
	June 21, 2016 to December 31, 2016	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014	December 31, 2016	December 31, 2015
Discount rate (a)	3.53%	3.76%	3.83%	4.24%	3.81%	3.94%
Rate of increase in future compensation levels	—%	—%	—%	3.50%	—%	—%
Expected rate of return on plan assets (Pension Plan only)	3.97%	3.97%	4.03%	4.53%	N/A	N/A

(a) The discount rates of 3.53%, 3.76%, 3.83%, and 4.24% for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor), respectively, represent the average of the quarterly discount rates used to remeasure the Company's projected benefit obligation and net periodic benefit cost in connection with the recognition of settlement losses discussed above.

The discount rate used by the Company in calculating the net periodic benefit cost for the Cash Balance Plan and the Excess Cash Balance Plan was determined based on the expected future benefit payments for the plans and from the Towers Watson U.S. Rate Link: 40-90 Discount Rate Model. The model was developed by examining the yields on selected highly rated corporate bonds.

The Company's expected long-term return on Pension Plan assets is based on a periodic review and modeling of the plan's asset allocation structure over a long-term horizon. Expectations of returns and risk for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data, forward looking economic outlook, and economic/financial market theory. The expected long-term rate of return was chosen as a best estimate and was determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

Pension Plan Assets and Investment Policy

The weighted average asset allocations of the Pension Plan at December 31, 2016 and 2015 are as follows:

	Plan Assets at December 31,	
	Successor	Predecessor
	2016	2015
Asset Class:		
Mutual funds	43%	39%
Fixed income securities	55	61
Cash equivalents and other	2	—
	100%	100%

The Pension Plan's investment objectives reflect an overall low risk tolerance to stock market volatility. This strategy allows for the Pension Plan to invest in portfolios that would obtain a rate of return throughout economic cycles, commensurate with the investment risk and cash flow needs of the Pension Plan. The investments held in the Pension Plan are readily marketable and can be sold to fund benefit payment obligations of the plan as they become payable.

Investment allocation decisions are formally made by the Altice USA Benefits Committee, which takes into account investment advice provided by its external investment consultant. The investment consultant takes into account expected long-term risk, return, correlation, and other prudent investment assumptions when recommending asset classes and investment managers to the Company's Investment and Benefit Committee. The major categories of the Pension Plan assets are cash equivalents and bonds which are marked-to-market on a daily basis. Due to the Pension Plan's significant holdings in long-term government and non-government fixed income securities, the Pension Plan's assets are subjected to interest rate risk; specifically, a rising interest rate environment. Consequently, an increase in interest rates may cause a decrease to the overall liability of the Pension Plan thus creating a hedge against rising interest rates. In addition, a portion of the Pension Plan's bond portfolio is invested in foreign debt securities where there could be foreign currency risks associated with them, as well as in non-government securities which are subject to credit risk of the bond issuer defaulting on interest and/or principal payments.

Investments at Estimated Fair Value

The fair values of the assets of the Pension Plan at December 31, 2016 (Successor) by asset class are as follows:

Asset Class	Level I	Level II	Level III	Total
Mutual funds	$ 121,356	$ —	$ —	$ 121,356
Fixed income securities held in a portfolio:				
Foreign issued corporate debt	—	13,583	—	13,583
U.S. corporate debt	—	48,046	—	48,046
Government debt	—	4,810	—	4,810
U.S. Treasury securities	—	77,285	—	77,285
Asset-backed securities	—	14,065	—	14,065
Other	—	247	—	247
Cash equivalents (a)	2,593	3,089	—	5,682
Total (b)	$ 123,949	$ 161,125	$ —	$ 285,074

(a) A significant portion represents an investment in a short-term investment fund that invests primarily in securities of high quality and low risk.

(b) Excludes cash and net payables relating to the purchase of securities that were not settled as of December 31, 2016.

The fair values of the assets of the Pension Plan at December 31, 2015 (Predecessor) by asset class are as follows:

Asset Class	Level I	Level II	Level III	Total
Mutual funds	$ 117,174	$ —	$ —	$ 117,174
Fixed income securities held in a portfolio:				
Foreign issued corporate debt	—	12,825	—	12,825
U.S. corporate debt	—	54,005	—	54,005
Government debt	—	8,273	—	8,273
U.S. Treasury securities	—	90,414	—	90,414
Asset-backed securities	—	18,563	—	18,563
Cash equivalents (a)	893	—	—	893
Total (b)	$ 118,067	$ 184,080	$ —	$ 302,147

(a) Represents an investment in a money market fund.

(b) Excludes cash and net payables relating to the sale of securities that were not settled as of December 31, 2015.

The fair values of mutual funds and cash equivalents were derived from quoted market prices that the Pension Plan administrator has the ability to access.

The fair values of corporate and government debt, treasury securities and asset-back securities were derived from bids received from a vendor or broker not available in an active market that the Pension Plan administrator has the ability to access.

Benefit Payments and Contributions for Defined Benefit Plans

The following benefit payments are expected to be paid:

2017	$ 45,899
2018	28,812
2019	27,565
2020	28,399
2021	25,692
2022-2026	120,664

The Company currently expects to contribute approximately $12,700 to the Pension Plan in 2017.

Defined Contribution Plans

The Company also maintains the Cablevision 401(k) Savings Plan, a contributory qualified defined contribution plan for the benefit of non-union employees of the Company. Employees can contribute a percentage of eligible annual compensation and the Company will make a matching cash contribution or discretionary contribution, as defined in the plan. In addition, the Company maintains an unfunded non-qualified excess savings plan for which the Company provides a matching contribution similar to the Cablevision 401(k) Savings Plan.

Applicable employees of the Company are eligible for an enhanced employer matching contribution, as well as a year-end employer discretionary contribution to the Cablevision 401(k) Savings Plan and the Cablevision Excess Savings Plan.

The cost associated with these plans (including the enhanced employer matching and discretionary contributions) was $22,014, $26,964, $61,343 and $65,725 for the period June 21, 2016 through December 31, 2016 (Successor), January 1, 2016 through June 20, 2016 (Predecessor), and years ended December 31, 2015 and 2014 (Predecessor), respectively.

NOTE 15. EQUITY AND LONG-TERM INCENTIVE PLANS

Cablevision's Equity Plans

Successor

In July 2016, certain employees of the Company and its affiliates received awards of units in a Carry Unit Plan of an entity which has an ownership interest in the Company’s parent, Neptune Holding. The awards generally will vest as follows: 50% on the second anniversary of June 21, 2016 (“Base Date”), 25% on the third anniversary of the Base Date, and 25% on the fourth anniversary of the Base Date. Prior to the fourth anniversary, the Company has the right to repurchase vested awards held by employees upon their termination. The Carry Unit Plan has 259,442,785 units authorized for issuance, of which 102,500,000 have been issued to employees of the Company and 100,300,000 have been issued to employees of Altice and affiliated companies.

The Company measures the cost of employee services received in exchange for carry units based on the fair value of the award at grant date. An option pricing model was used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carry units outstanding. The time to liquidity event assumption was based on management’s judgment. The equity volatility assumption of 60% was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate of 0.74% assumed in valuing the units was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The discount for lack of marketability of 20% was based on Finnerty's (2012) average-strike put option model. The weighted average grant date fair value of the outstanding units is $0.37 per share and the intrinsic value is $1.76 per share as of December 31, 2016. For the period June 21, 2016 through December 31, 2016 (Successor), the Company recognized an expense of $9,164 related to the push down of share-based compensation related to the Carry Unit Plan of which approximately $6,145 related to units granted to employees of the Company and $3,019 related to employees of Altice and affiliated companies allocated to the Company.

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 the Company. Accordingly, the carry units will be presented as temporary equity on the consolidated balance at fair value. Adjustments to fair value at each reporting period will be recorded in paid in capital.

Predecessor

In connection with the Merger, outstanding equity-based awards granted under Cablevision’s equity plans were cancelled and converted into a right to receive cash based upon the $34.90 per Share merger price in accordance with the original terms of the awards. On the Merger Date, the Company had 11,880,700 stock options, 3,769,485 restricted shares, 1,724,940 restricted stock units issued to employees and 466,283 restricted stock units issued to non-employee directors outstanding. The aggregate payment was $439,167 and represents a portion of the merger consideration. Approximately $63,484 of compensation costs related to the acceleration of the vesting of these awards in connection with the Merger and the related employer payroll taxes of $7,929 were recorded on the black line and therefore are not reflected in either the Predecessor or Successor periods.

In March 2015, Cablevision's Board of Directors approved the Cablevision Systems Corporation 2015 Employee Stock Plan ("2015 Plan"), which was approved by Cablevision's stockholders at its annual stockholders meeting on May 21, 2015. Under the 2015 Plan, Cablevision was authorized to grant stock options, restricted shares, restricted stock units, stock appreciation rights, and other equity-based awards. As of December 31, 2015, 79,780 equity based awards had been granted under the 2015 Plan.

Cablevision also had an employee stock plan ("2006 Plan") under which it was authorized to grant incentive stock options, nonqualified stock options, restricted shares, restricted stock units, stock appreciation rights and other equity-based awards and a 2006 Stock Plan for Non-Employee Directors, whereby Cablevision was authorized to grant nonqualified stock options, restricted stock units and other equity-based awards. In 2015 and 2014, Cablevision granted its non-employee directors an aggregate of 73,056 and 66,421 restricted stock units, respectively. Total non-employee director restricted stock units outstanding as of December 31, 2015 were 466,283.

Since share-based compensation expense is based on awards that are ultimately expected to vest, such compensation expense for the years ended December 31, 2016, 2015 and 2014 was reduced for estimated forfeitures. Forfeitures were estimated based primarily on historical experience.

The following table presents the share-based compensation expense recognized by the Company as other operating expenses:

	January 1, 2016 to June 20, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Stock options	$ 3,848	$ 9,159	$ 7,573
Restricted shares and restricted stock units	20,930	51,162	36,411
Share-based compensation related to equity classified awards	24,778	60,321	43,984
Other share-based compensation	453	4,965	—
Total share-based compensation	$ 25,231	$ 65,286	$ 43,984

An income tax benefit of $10,357, $26,718 and $17,801 was recognized in continuing operations resulting from share-based compensation expense for the period from January 1, 2016 through June 20, 2016 and years ended December 31, 2015 and 2014, respectively.

Cash received from stock option exercises for the period January 1, 2016 through June 20, 2016, and years ended December 31, 2015 and 2014, respectively was $14,411, $18,727 and $55,355, respectively.

Valuation Assumptions - Stock Options

Cablevision calculated the fair value of each option award on the date of grant. Cablevision's computation of expected life was determined based on historical experience of similar awards, giving consideration to the contractual terms of the share-based awards and vesting schedules, or by using the simplified method (the average of the vesting period and option term), if applicable. The interest rate for periods within the contractual life of the stock option was based on interest yields for U.S. Treasury instruments in effect at the time of grant. Cablevision's computation of expected volatility was based on historical volatility of its common stock.

The following assumptions were used to calculate the fair values of stock option awards granted in the first quarter of 2015 and 2014:

	2015	2014
Risk-free interest rate	1.82%	2.12%
Expected life (in years)	8	6.5
Dividend yield	3.63%	3.79%
Volatility	39.98%	42.80%
Grant date fair value	$ 5.45	$ 5.27

Share-Based Payment Award Activity

The following table summarizes activity relating to Company employees who held Cablevision stock options for the year ended December 31, 2016:

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
	Time Vesting Options	Performance Based Vesting Options			
Balance, December 31, 2015	6,744,000	6,609,217	$ 15.28	6.80	$ 221,900
Exercised	(744,000)	(728,517)	13.97		
Shares redeemed in connection with Altice Merger	(6,000,000)	(5,880,700)	15.45		
Balance, December 31, 2016	—	—			

(a) The aggregate intrinsic value is calculated as the difference between (i) the exercise price of the underlying award and (ii) the quoted price of CNYG Class A common stock on December 31, 2015, as indicated.

Restricted Stock Award Activity

The following table summarizes activity relating to Company employees who held Cablevision restricted shares and restricted stock units for the year ended December 31, 2016:

	Number of Restricted Shares	Number of Performance Restricted Shares	Number of Performance Based Restricted Stock Units ("PSU") (a)	Weighted Average Fair Value Per Share at Date of Grant
Unvested award balance, December 31, 2015	4,967,748	1,880,100	1,772,430	$ 17.53
Vested	(2,239,167)	(753,296)	—	15.35
Awards forfeited	(85,900)	—	(47,490)	18.38
Shares redeemed in connection with Altice Merger	(2,642,681)	(1,126,804)	(1,724,940)	18.69
Unvested award balance, December 31, 2016	—	—	—	

(a) The PSUs entitled the employee to shares of CNYG common stock up to 150% of the number of PSUs granted depending on the level of achievement of the specified performance criteria. If the minimum performance threshold was not met, no shares were issued. Accrued dividends were paid to the extent that a PSU vested and the related stock was issued.

During the first quarter of 2016, 2,992,463 Cablevision restricted shares issued to employees of the Company vested. To fulfill the employees' statutory minimum tax withholding obligations for the applicable income and other employment taxes, 1,248,875 of these shares, with an aggregate value of $41,469, were surrendered to the Company. During the year ended December 31, 2015, 2,337,963 Cablevision restricted shares issued to employees of the Company vested. To fulfill the employees' statutory minimum tax withholding obligations for the applicable income and other employment taxes, 1,004,950 of these shares, with an aggregate value of $19,141 were surrendered to the Company. These acquired shares had been classified as treasury stock.

Long-Term Incentive Plan Awards

Predecessor

In March 2011, Cablevision's Board of Directors approved the Cablevision Systems Corporation 2011 Cash Incentive Plan, which was approved by Cablevision's stockholders at its annual stockholders meeting in May 2011. The Company recorded expenses of $9,169, $27,170 and $43,892 for the period January 1, 2016 through June 20, 2016, and years ended December 31, 2015 and 2014, respectively, related to this plan.

In connection with the Merger, each long-term incentive award outstanding vested at the target level of performance as provided in the applicable award agreements. Long-term incentive awards with a performance period ending on December 31, 2017 were paid based on the actual performance in accordance with their terms (which was 100.0% of the target level). Long-term incentive awards with a performance period ending on December 31, 2016 were paid based on the actual performance level through June 30, 2015 (which was 136.2% of the target level). On the Merger Date, the Company paid approximately $45,938 related to the long-term incentive awards, less applicable tax withholdings. Approximately $40,459 of the aggregate award payment was accrued for prior to the Merger date and the remaining $6,300 was recorded on the black line and therefore is not reflected in either the Predecessor or Successor periods.

NOTE 16. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

In September 2015, the Company purchased the minority interest in Newsday Holdings LLC ("Newsday Holdings") held by Tribune Media Company ("Tribune") for approximately $8,300. As a result of this transaction, Newsday Holdings became a wholly-owned subsidiary of the Company. In addition, the indemnity provided by the Company to Tribune for certain taxes incurred by Tribune if Newsday Holdings or its subsidiary sold or otherwise disposed of Newsday assets in a taxable transaction or failed to maintain specified minimum outstanding indebtedness, was amended so that the restriction period lapsed on September 2, 2015.

In July 2016, the Company completed the sale of a 75% interest in Newsday LLC to an employee of the Company. The Company retained the remaining 25% ownership interest. Effective July 7, 2016, the operating results of Newsday are no longer consolidated with those of the Company and the Company's 25% interest in the operating results of Newsday is recorded on the equity basis.

At December 31, 2016, the Company's investment in Newsday was $3,640 and is included in investments in affiliates on our consolidated balance sheet. For the period July 8, 2016 to December 31, 2016, the Company recorded equity in net loss of Newsday of $1,132.

In December 2016, the Company made an investment of $1,966 in I24NEWS, Altice’s 24/7 international news and current affairs channel, representing a 25% ownership interest, which is included in investments in affiliates on our consolidated balance sheet at December 31,2016. The 75% interest is owned by a subsidiary of Altice. The operating results of I24NEWS will be recorded on an equity basis upon commencement of operations in 2017.

At December 31, 2016, our equity method investees had total assets of $65,117 (unaudited) and total liabilities of $48,571 (unaudited).

Related Party Transactions

As the transactions discussed below were conducted between subsidiaries 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.

Successor

The following table summarizes the revenue and charges related to services provided to or received from subsidiaries of Altice and Newsday for the period June 21, 2016 through December 31, 2016 (Successor):

Revenue	$ 1,086
Operating expenses:	
Programming and other direct costs	$ 1,947
Other operating expenses	8,793
Operating expenses, net	10,740
Net charges	$ 9,654
Capital Expenditures	$ 42,231

Revenue

The Company recognized revenue in connection with sale of advertising to Newsday.

Programming and other direct costs

Programming and other direct costs includes costs incurred by the Company for the transport and termination of voice and data services provided by a subsidiary of Altice.

Other operating expenses

A subsidiary of Altice provides certain executive services, including CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement is an annual fee of $20,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately $10,556 for the period June 21, 2016 through December 31, 2016 (Successor).

Other operating expenses includes advertising purchased from Newsday of $705 and IT consulting services of $121 provided by an Altice subsidiary, partially offset by a credit of $2,589 for transition services provided to Newsday.

Capital expenditures

The Company purchased equipment of $41,575 from Altice Management International and $656 from another Altice subsidiary.

Aggregate amounts that were due from and due to related parties at December 31, 2016 (Successor) is summarized below:

	Cablevision	CSC Holdings
Due from:		
Cequel (a) (b)	$ 2,796	$ 2,796
Newsday (a)	6,114	6,114
Altice Management Americas (a)	1,724	1,724
	$ 10,634	$ 10,634
Due to:		
Neptune Holding US Corp (c)	$ 28,704	$ —
Altice Management International (d)	41,575	41,575
Newsday (a)	275	275
Other Altice subsidiaries (a)	2,533	2,533
Cablevision (e)	—	304,964
	$ 73,087	$ 349,347

(a) Represents amounts paid by the Company on behalf of the respective related party and/or the net amounts due from the related party for services provided.

(b) Cequel Corporation ("Cequel") was contributed to Neptune Holding in June 2016 which is also the parent company of Cablevision.

(c) Reflects primarily amounts due pursuant to the tax sharing agreement effective June 21, 2016 between Cablevision

and Neptune Holding US Corp.

(d) Represents amounts due for equipment purchases discussed above.

(e) Reflects primarily amounts due pursuant to the historical tax allocation policy and the tax sharing agreement effective June 21, 2016 between CSC Holdings and Cablevision.

Predecessor

Prior to the Merger, Cablevision was controlled by Charles F. Dolan, certain members of his immediate family and certain family related entities (collectively the "Dolan Family"). Members of the Dolan Family are also the controlling stockholders of AMC Networks, The Madison Square Garden Company and MSG Networks Inc. ("MSG Networks").

The following table summarizes the revenue and charges (credits) related to services provided to or received from AMC Networks, Madison Square Garden Company and MSG Networks for the Predecessor periods:

	Predecessor		
	January 1, 2016 to June 20, 2016	Years Ended December 31,	
		2015	2014
Revenue	$ 2,088	$ 5,343	$ 5,075
Operating expenses:			
Programming and other direct costs, net of credits	$ 84,636	$ 176,909	$ 179,144
Other operating expenses, net of credits	2,182	5,372	3,878
Operating expenses, net	86,818	182,281	183,022
Net charges	$ 84,730	$ 176,938	$ 177,947

Revenue

The Company recognized revenue in connection with television advertisements and print advertising, as well as certain telecommunication services charged by its subsidiaries to AMC Networks, Madison Square Garden and MSG Networks. The Company and its subsidiaries, together with AMC Networks, Madison Square Garden and MSG Networks may have entered into agreements with third parties in which the amounts paid/received by AMC Networks, Madison Square Garden and MSG Networks, their subsidiaries, or the Company may have differed from the amounts that would have been paid/received if such arrangements were negotiated separately. Where subsidiaries of the Company have incurred a cost incremental to fair value and AMC Networks, Madison Square Garden and MSG Networks have received a benefit incremental to fair value from these negotiations, the Company and its subsidiaries charged AMC Networks, Madison Square Garden and MSG Networks for the incremental amount.

Programming and other direct costs

Programming and other direct costs included costs incurred by the Company for the carriage of the MSG Networks and Fuse program services (2014 period only), as well as for AMC, WE tv, IFC, Sundance Channel and BBC America (2015 period only) on the Company's cable systems. The Company also purchased certain programming signal transmission and production services from AMC Networks.

Other operating expenses (credits)

The Company, AMC Networks, Madison Square Garden and MSG Networks routinely entered into transactions with each other in the ordinary course of business. Such transactions included, but were not limited to, sponsorship agreements and cross-promotion arrangements. Additionally, amounts reflected in the tables were net of allocations to AMC Networks, Madison Square Garden and MSG Networks for services performed by the Company on their behalf. Amounts also included charges to the Company for services performed or paid by the affiliate on the Company's behalf.

Subsequent to the Merger, the Company continues to receive or provide services to these entities, but these entities are no longer related parties.

Transactions with Other Affiliates (Predecessor)

During the period ended January 1, 2016 to June 20, 2016 and the years ended December 31, 2015 and 2014, the Company provided services to or incurred costs on behalf of certain related parties, including from time to time, the Dolan Family. All costs incurred on behalf of these related parties were reimbursed to the Company. Aggregate amounts that were due from and due to AMC Networks, Madison Square Garden and MSG Networks and other affiliates at December 31, 2015 (Predecessor) is summarized below:

	December 31, 2015
Cablevision	
Amounts due from affiliates	$ 767
Amounts due to affiliates	29,729
CSC Holdings	
Amounts due from affiliates	$ 748
Amounts due to affiliates (principally Cablevision)	287,093

NOTE 17. COMMITMENTS AND CONTINGENCIES

Commitments

Future cash payments and commitments required under arrangements pursuant to contracts entered into by the Company in the normal course of business as of December 31, 2016 (Successor) are as follows:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years
Off balance sheet arrangements:					
Purchase obligations (a)	$ 5,287,042	$ 1,897,178	$ 2,531,595	$ 827,827	$ 30,442
Guarantees (b)	19,793	3,909	15,884	—	—
Letters of credit (c)	97,220	220	14,297	82,703	—
Total	$ 5,404,055	$ 1,901,307	$ 2,561,776	$ 910,530	$ 30,442

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to customers and minimum purchase obligations to purchase goods or services. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of subscribers receiving the programming. Amounts reflected above related to programming agreements are based on the number of subscribers receiving the programming as of December 2016 multiplied by the per subscriber rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2016.

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

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

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

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

Legal Matters

Cable Operations Litigation

Marchese, et al. v. Cablevision Systems Corporation and CSC Holdings, LLC:

The Company is a defendant in a lawsuit filed in the U.S. District Court for the District of New Jersey by several present and former Cablevision subscribers, purportedly on behalf of a class of iO video subscribers in New Jersey, Connecticut and New York. After three versions of the complaint were dismissed without prejudice by the District Court, plaintiffs filed their third amended complaint on August 22, 2011, alleging that the Company violated Section 1 of the Sherman Antitrust Act by allegedly tying the sale of interactive services offered as part of iO television packages to the rental and use of set-top boxes distributed by Cablevision, and violated Section 2 of the Sherman Antitrust Act by allegedly seeking to monopolize the distribution of Cablevision compatible set-top boxes. Plaintiffs seek unspecified treble monetary damages, attorney's fees, as well as injunctive and declaratory relief. On September 23, 2011, the Company filed a motion to dismiss the third amended complaint. On January 10, 2012, the District Court issued a decision dismissing with prejudice the Section 2 monopolization claim, but allowing the Section 1 tying claim and related state common law claims to proceed. Cablevision's answer to the third amended complaint was filed on February 13, 2012. On December 7, 2015, the parties entered into a settlement agreement, which is subject to approval by the Court. On December 11, 2015, plaintiffs filed a motion for preliminary approval of the settlement, conditional certification of the settlement class, and approval of a class notice distribution plan. On March 10, 2016 the Court granted preliminary approval of the settlement and approved the class notice distribution plan. Class notice distribution and the claims submission process have now concluded. The Court granted final approval of the settlement on September 12, 2016, and the effective date of the settlement was October 24, 2016. The Company recorded an expense of $15,600 in connection with settlement. As of December 31, 2016, the Company has an estimated liability associated with the settlement of $6,100 representing the cost of benefits to class members that are reasonably expected to be provided and has paid out $9,500 in attorneys' fees.

In re Cablevision Consumer Litigation:

Following expiration of the affiliation agreements for carriage of certain Fox broadcast stations and cable networks on October 16, 2010, News Corporation terminated delivery of the programming feeds to the Company, and as a result, those stations and networks were unavailable on the Company's cable television systems. On October 30, 2010, the Company and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits were subsequently filed on behalf of the Company's customers seeking recovery for the lack of Fox programming. Those lawsuits were consolidated in an action before the U. S. District Court for the Eastern District of New York, and a consolidated complaint was filed in that court on February 22, 2011. Plaintiffs asserted claims for breach of contract, unjust enrichment, and consumer fraud, seeking unspecified compensatory damages, punitive damages and attorneys' fees. On March 28, 2012, the Court ruled on the Company's motion to dismiss, denying the motion with regard to plaintiffs' breach of contract claim, but granting it with regard to the remaining claims, which were dismissed. On April 16, 2012, plaintiffs filed a second consolidated amended complaint, which asserts a claim only for breach of contract. The Company's answer was filed on May 2, 2012. On October 10, 2012, plaintiffs filed a motion for class certification and on December 13, 2012, a motion for partial summary judgment. On March 31, 2014, the Court granted plaintiffs' motion for class certification, and denied without prejudice plaintiffs' motion for summary judgment. On May 30, 2014, the Court approved the form of class notice, and on October 7, 2014, approved the class notice distribution plan. The class notice distribution has been completed, and the opt-out period expired on February 27, 2015. Expert discovery commenced on May 5, 2014, and concluded on December 8 and 28, 2015, when the Court ruled on the pending expert discovery motions. On January 26, 2016, the Court approved a schedule for filing of summary judgment motions. Plaintiffs filed a motion for summary judgment on March 31, 2016. The Company filed its own summary judgment motion on June 13, 2016. The parties are actively engaged in settlement discussions although financial terms have not yet been finalized. The motions for summary judgment have been denied with leave to re-file in the event the discussions between the parties are not successful. In the period ended June 21, 2016 to December 31, 2016, the Company recorded an estimated liability associated with a potential settlement totaling $5,200. The amount ultimately paid in connection with a possible settlement could exceed the amount recorded.

Patent Litigation

Cablevision 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 lawsuits or reasonably estimate a range of possible loss.

In addition to the matters discussed above, the Company is party to various lawsuits, some involving claims for substantial damages. Although the outcome of these other matters cannot be predicted and the impact of the final resolution of these other matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not believe that the resolution of these other lawsuits will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

Other Litigation

In April 2011, Thomas C. Dolan, a director and Executive Vice President, Strategy and Development, in the Office of the Chairman at Cablevision, filed a lawsuit against Cablevision and Rainbow Media Holdings LLC (which was subsequently dismissed as a party) in New York State Supreme Court. The lawsuit raised compensation-related claims related to events largely from 2005 to 2008. The matter was handled under the direction of an independent committee of the Board of Directors of Cablevision. In April 2015, the Court granted summary judgment in favor of the plaintiff on liability, with damages to be determined. On June 18, 2015, the Company filed a notice of appeal. On February 8, 2016, Cablevision and Thomas C. Dolan entered into a settlement pursuant to which the Company agreed to pay plaintiff $21,000 and plaintiff released all claims. A stipulation of dismissal with prejudice was approved and entered by the Court on February 8, 2016, and payment was made the same day. The appeal has also been withdrawn. The Company recorded an expense of $21,000 which is reflected in discontinued operations in the accompanying consolidated statements of operations for the year ended December 31, 2015 (see Note 6).

NOTE 18. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Activity related to the allowance for doubtful accounts:

	Cablevision Systems Corporation			
	Balance at Beginning of Period	Provision for Bad Debt	Deductions/ Write-Offs and Other Charges	Balance at End of Period
Period from June 21, 2016 through December 31, 2016 (Successor)				
Allowance for doubtful accounts	$ —	$ 21,682	$ (16,730)	$ 4,952
Period from January 1, 2016 through June 20, 2016 (Predecessor)				
Allowance for doubtful accounts	$ 6,039	$ 13,240	$ (12,378)	$ 6,901
Year Ended December 31, 2015 (Predecessor)				
Allowance for doubtful accounts	$ 12,112	$ 35,802	$ (41,875)	$ 6,039
Year Ended December 31, 2014 (Predecessor)				
Allowance for doubtful accounts	$ 14,614	$ 47,611	$ (50,113)	$ 12,112

	CSC Holdings, LLC			
	Balance at Beginning of Period	Provision for Bad Debt	Deductions/ Write-Offs and Other Charges	Balance at End of Period
Period from June 21, 2016 through December 31, 2016 (Successor)				
Allowance for doubtful accounts	$ —	$ 21,682	$ (16,730)	$ 4,952
Period from January 1, 2016 through June 20, 2016 (Predecessor)				
Allowance for doubtful accounts	$ 6,039	$ 13,240	$ (12,378)	$ 6,901
Year Ended December 31, 2015 (Predecessor)				
Allowance for doubtful accounts	$ 12,112	$ 35,802	$ (41,875)	$ 6,039
Year Ended December 31, 2014 (Predecessor)				
Allowance for doubtful accounts	$ 14,614	$ 47,611	$ (50,113)	$ 12,112

NOTE 19. INTERIM FINANCIAL INFORMATION (Unaudited)

The following is a summary of the Company's selected quarterly financial data for the years ended December 31, 2016 and 2015:

	Cablevision					
	Predecessor		Successor			
2016:	March 31, 2016	April 1 to June 20, 2016	June 21 to June 30, 2016	September 30, 2016	December 31, 2016	Combined Total 2016
Revenue	$ 1,645,890	$ 1,491,714	$ 183,860	$ 1,614,699	$ 1,645,493	$ 6,581,656
Operating expenses	(1,394,635)	(1,267,663)	(246,461)	(1,571,840)	(1,550,886)	(6,031,485)
Operating income	$ 251,255	$ 224,051	$ (62,601)	$ 42,859	$ 94,607	$ 550,171
Income from continuing operations, net of income taxes	$ 94,311	$ 69,201	$ (35,548)	$ (132,392)	$ (160,842)	$ (165,270)
Loss from discontinued operations, net of income taxes	—	—	—	—	—	—
Net income (loss)	94,311	69,201	(35,548)	(132,392)	(160,842)	(165,270)
Net loss (income) attributable to noncontrolling interests	66	170	364	(256)	(659)	(315)
Net income attributable to Cablevision Systems Corporation stockholders	$ 94,377	$ 69,371	$ (35,184)	$ (132,648)	$ (161,501)	$ (165,585)
Basic income (loss) per share attributable to Cablevision Systems Corporation stockholders:						
Income from continuing operations, net of income taxes	$ 0.35	$ 0.25				
Loss from discontinued operations, net of income taxes	$ —	$ —				
Net income	$ 0.35	$ 0.25				
Diluted income (loss) per share attributable to Cablevision Systems Corporation stockholders:						
Income from continuing operations, net of income taxes	$ 0.34	$ 0.25				
Loss from discontinued operations, net of income taxes	$ —	$ —				
Net income	$ 0.34	$ 0.25				
Amounts attributable to Cablevision Systems Corporation stockholders:						
Income from continuing operations, net of income taxes	$ 94,377	$ 69,371	$ (35,184)	$ (132,648)	$ (161,501)	$ (165,585)
Loss from discontinued operations, net of income taxes	—	—	—	—	—	—
Net income	$ 94,377	$ 69,371	$ (35,184)	$ (132,648)	$ (161,501)	$ (165,585)

	Cablevision				
	Predecessor				
2015:	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	Total 2015
Revenue	$ 1,622,352	$ 1,661,940	$ 1,624,828	$ 1,636,425	$ 6,545,545
Operating expenses	(1,398,601)	(1,417,476)	(1,441,712)	(1,439,285)	(5,697,074)
Operating income	$ 223,751	$ 244,464	$ 183,116	$ 197,140	$ 848,471
Income from continuing operations, net of income taxes	$ 54,901	$ 75,676	$ 23,431	$ 33,781	$ 187,789
Income (loss) from discontinued operations, net of income taxes	(10,502)	—	(406)	(1,633)	(12,541)
Net income	44,399	75,676	23,025	32,148	175,248
Net loss (income) attributable to noncontrolling interests	234	(81)	78	(30)	201
Net income attributable to Cablevision Systems Corporation stockholders	$ 44,633	$ 75,595	$ 23,103	$ 32,118	$ 175,449
Basic income per share attributable to Cablevision Systems Corporation stockholders:					
Income from continuing operations, net of income taxes	$ 0.21	$ 0.28	$ 0.09	$ 0.12	$ 0.70
Income (loss) from discontinued operations, net of income taxes	$ (0.04)	$ —	$ —	$ (0.01)	$ (0.05)
Net income	$ 0.17	$ 0.28	$ 0.09	$ 0.12	$ 0.65
Diluted income per share attributable to Cablevision Systems Corporation stockholders:					
Income from continuing operations, net of income taxes	$ 0.20	$ 0.27	$ 0.08	$ 0.12	$ 0.68
Income (loss) from discontinued operations, net of income taxes	$ (0.04)	$ —	$ —	$ (0.01)	$ (0.05)
Net income	$ 0.16	$ 0.27	$ 0.08	$ 0.12	$ 0.63
Amounts attributable to Cablevision Systems Corporation stockholders:					
Income from continuing operations, net of income taxes	$ 55,135	$ 75,595	$ 23,509	$ 33,751	$ 187,990
Income (loss) from discontinued operations, net of income taxes	(10,502)	—	(406)	(1,633)	(12,541)
Net income	$ 44,633	$ 75,595	$ 23,103	$ 32,118	$ 175,449

	CSC Holdings					
	Predecessor		Successor			
2016:	March 31, 2016	April 1 to June 20, 2016	June 21 to June 30, 2016	September 30, 2016	December 31, 2016	Total 2016
Revenue	$ 1,645,890	$ 1,491,714	$ 183,860	$ 1,614,699	$ 1,645,493	$ 6,581,656
Operating expenses	(1,394,635)	(1,267,663)	(246,461)	(1,571,840)	(1,550,886)	(6,031,485)
Operating income	$ 251,255	$ 224,051	$ (62,601)	$ 42,859	$ 94,607	$ 550,171
Income from continuing operations, net of income taxes	$ 132,750	$ 104,117	$ (31,685)	$ (105,465)	$ (138,118)	$ (38,401)
Loss from discontinued operations, net of income taxes	—	—	—	—	—	—
Net income	132,750	104,117	(31,685)	(105,465)	(138,118)	(38,401)
Net loss (income) attributable to noncontrolling interests	66	170	364	(256)	(659)	(315)
Net income attributable to CSC Holdings, LLC sole member	$ 132,816	$ 104,287	$ (31,321)	$ (105,721)	$ (138,777)	$ (38,716)
Amounts attributable to CSC Holdings, LLC sole member:						
Income from continuing operations, net of income taxes	$ 132,816	$ 104,287	$ (31,321)	$ (105,721)	$ (138,777)	$ (38,716)
Loss from discontinued operations, net of income taxes	—	—	—	—	—	—
Net income	$ 132,816	$ 104,287	$ (31,321)	$ (105,721)	$ (138,777)	$ (38,716)

	CSC Holdings				
	Predecessor				
2015:	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	Total 2015
Revenue	$ 1,622,352	$ 1,661,940	$ 1,624,828	$ 1,636,425	$ 6,545,545
Operating expenses	(1,398,601)	(1,417,476)	(1,441,712)	(1,439,285)	(5,697,074)
Operating income	$ 223,751	$ 244,464	$ 183,116	$ 197,140	$ 848,471
Income from continuing operations, net of income taxes	$ 92,936	$ 113,804	$ 62,244	$ 75,208	$ 344,192
Income (loss) from discontinued operations, net of income taxes	(10,502)	—	(406)	(1,633)	(12,541)
Net income	82,434	113,804	61,838	73,575	331,651
Net loss (income) attributable to noncontrolling interests	234	(81)	78	(30)	201
Net income attributable to CSC Holdings, LLC sole member	$ 82,668	$ 113,723	$ 61,916	$ 73,545	$ 331,852
Amounts attributable to CSC Holdings, LLC sole member:					
Income from continuing operations, net of income taxes	$ 93,170	$ 113,723	$ 62,322	$ 75,178	$ 344,393
Income (loss) from discontinued operations, net of income taxes	(10,502)	—	(406)	(1,633)	(12,541)
Net income	$ 82,668	$ 113,723	$ 61,916	$ 73,545	$ 331,852

NOTE 20. SUBSEQUENT EVENTS

In January 2017, CSC Holdings borrowed $225,000 under its revolving credit facility and in February 2017, made a repayment of $175,000 with cash on hand.

On March 15, 2017, CSC Holdings priced $3,000,000 of 8.25-year senior secured term loans with institutional investors. The new senior secured term loans will bear interest at 2.25% over LIBOR. The closing of the new financing is subject to closing conditions and the proceeds will be used to refinance the entire $2,500,000 principal amount of loans under CSC Holdings Term Credit Facility that matures in October 2024 and redeem $500,000 of the 8.625% Senior Notes due September 2017 issued by Cablevision.

The Company has updated its review of subsequent events as of March 17, 2017 (the date available for issuance) noting no events, other than the matters discussed above, that require disclosure.