QUARTERLY REPORT
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

CABLEVISION SYSTEMS CORPORATION
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PART I. FINANCIAL INFORMATION

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

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

- competition for broadband, pay television and telephony customers from existing competitors (such as broadband communications companies, direct broadcast satellite ("DBS") providers and Internet-based providers) and new competitors entering our footprint;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- increased difficulty negotiating programming agreements on favorable terms, if at all, resulting in increased costs to us and/or the loss of popular programming;
- increasing programming costs and delivery expenses related to our products and services;
- our ability to achieve anticipated customer and revenue growth, to successfully introduce new products and services and to implement our growth strategy;
- our ability to complete our capital investment plans on time and on budget, including our plan to build a fiber-to-the-home network and deploy Altice One, our new home communications hub;
- our ability to develop and deploy mobile voice and data services pursuant to the agreement we entered into with Sprint in the fourth quarter of 2017, and our ability to attract customers to these services
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our current and future products and services;
- the effects of industry conditions;
- demand for digital and linear advertising products and services;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;
- technical failures, equipment defects, physical or electronic break-ins to our services, computer viruses and similar problems;

- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, “cyber‑attacks,” misappropriation of data, outages, natural disasters and other material events;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings;
- our ability to successfully operate our business following the completion of the separation of Altice USA from Altice Europe N.V., and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption “Risk Factors” in our Annual Report for the year ended December 31, 2017.

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

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

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

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

ITEM 1. FINANCIAL STATEMENTS

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 364,577	$ 242,338
Restricted cash	253	252
Accounts receivable, trade (less allowance for doubtful accounts of $7,779 and $7,857)	346,323	285,870
Prepaid expenses and other current assets (including a prepayment to an affiliate of $250 and $12)	116,529	90,648
Amounts due from affiliates	210,389	37,396
Derivative contracts	2,468	52,545
Total current assets	1,040,539	709,049
Property, plant and equipment, net of accumulated depreciation of $2,450,025 and $1,679,639	3,912,456	4,137,655
Investment securities pledged as collateral	1,521,045	1,720,357
Derivative contracts	31,510	—
Other assets	81,106	41,995
Amortizable customer relationships, net of accumulated amortization of $1,392,096 and $955,332	3,502,904	3,939,668
Amortizable trade names, net of accumulated amortization of $621,465 and $531,761	388,835	478,539
Other amortizable intangibles, net of accumulated amortization of $15,348 and $9,896	18,936	23,808
Indefinite-lived cable television franchises	8,113,575	8,113,575
Goodwill	5,873,716	5,866,120
Total assets	$ 24,484,622	$ 25,030,766

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2018	December 31, 2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 680,200	$ 606,916
Accrued interest	210,415	315,304
Accrued liabilities	315,262	394,321
Amounts due to affiliates	110,239	131,011
Deferred revenue	79,595	67,993
Liabilities under derivative contracts	—	52,545
Credit facility debt	45,000	30,000
Senior notes and debentures	531,206	507,744
Capital lease obligations	3,860	9,136
Notes payable	37,592	29,958
Total current liabilities	2,013,369	2,144,928
Liabilities under derivative contracts	10,131	109,504
Other liabilities	239,058	229,244
Deferred tax liability	3,860,577	3,800,683
Credit facility debt	4,935,221	3,363,306
Collateralized indebtedness	1,400,398	1,349,474
Senior notes and debentures	9,439,942	10,011,445
Capital lease obligations	16,197	11,197
Notes payable	5,218	26,998
Deficit investments in affiliates	—	3,579
Total liabilities	21,920,111	21,050,358
Commitments and contingencies (See Note 14)		
Redeemable equity	146,340	197,128
Stockholders' Equity:		
Common stock, $.01 par value, 1,000 shares authorized, 100 shares issued and outstanding	—	—
Paid-in capital	2,410,508	2,645,108
Retained earnings	1,381	1,146,655
	2,411,889	3,791,763
Accumulated other comprehensive loss	(2,291)	(10,022)
Total stockholders' equity	2,409,598	3,781,741
Noncontrolling interest	8,573	1,539
Total equity	2,418,171	3,783,280
	$ 24,484,622	$ 25,030,766

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue (including revenue from affiliates of $1,057, $426, $10,439, and $820, respectively) (See Note 13)	$ 1,721,688	$ 1,661,359	$ 5,058,709	$ 4,962,872
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,918, $1,176, $6,983 and $3,006, respectively) (See Note 13)	585,117	570,995	1,765,544	1,710,245
Other operating expenses (including charges (credits) from affiliates of $(38,877), $6,328 and $(103,362), and $16,180, respectively) (See Note 13)	403,445	401,981	1,215,981	1,277,204
Restructuring and other expense	14,122	35,364	25,720	105,182
Depreciation and amortization (including impairments)	378,549	656,122	1,337,051	1,641,501
	1,381,233	1,664,462	4,344,296	4,734,132
Operating income (loss)	340,455	(3,103)	714,413	228,740
Other income (expense):				
Interest expense, net	(282,915)	(277,229)	(832,835)	(832,894)
Gain (loss) on investments and sale of affiliate interests, net	111,684	(18,900)	(186,009)	169,888
Gain (loss) on derivative contracts, net	(79,628)	55,602	130,883	(81,905)
Gain on interest rate swap contracts, net	484	—	706	—
Loss on extinguishment of debt and write-off of deferred financing costs	—	(38,858)	(4,706)	(57,834)
Other expense, net	(147)	(2,984)	(12,291)	(9,019)
	(250,522)	(282,369)	(904,252)	(811,764)
Income (loss) before income taxes	89,933	(285,472)	(189,839)	(583,024)
Income tax benefit (expense)	(70,594)	119,215	(3,986)	216,277
Net income (loss)	19,339	(166,257)	(193,825)	(366,747)
Net income attributable to noncontrolling interests	(1,186)	(135)	(1,039)	(737)
Net income (loss) attributable to Cablevision Systems Corporation stockholder	$ 18,153	$ (166,392)	$ (194,864)	$ (367,484)

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ 19,339	$ (166,257)	$ (193,825)	$ (366,747)
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	9,602	(4,056)	13,794	(8,389)
Applicable income taxes	(2,592)	1,622	(3,723)	3,356
Unrecognized gain (loss) arising during period, net of income taxes	7,010	(2,434)	10,071	(5,033)
Settlement loss included in other expense, net	65	1,014	929	1,403
Applicable income taxes	(18)	(406)	(252)	(561)
Settlement loss included in other expense, net, net of income taxes	47	608	677	842
Curtailment loss	—	—	—	(3,195)
Applicable income taxes	—	—	—	1,278
Curtailment loss, net of income taxes	—	—	—	(1,917)
Foreign currency translation adjustment	437	—	1,351	—
Applicable income taxes	(27)	—	(365)	—
Foreign currency translation adjustment, net of income taxes	410	—	986	—
Other comprehensive gain (loss)	7,467	(1,826)	11,734	(6,108)
Comprehensive income (loss)	26,806	(168,083)	(182,091)	(372,855)
Comprehensive loss attributable to noncontrolling interests	(1,186)	(135)	(1,039)	(737)
Comprehensive income (loss) attributable to Cablevision Systems Corporation stockholder	$ 25,620	$ (168,218)	$ (183,130)	$ (373,592)

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2018, as reported	$ 2,622,007	$ 1,167,560	$ (10,022)	$ 3,779,545	$ 1,539	$ 3,781,084
Impact of change in accounting policies (See Note 3)	—	5,361	—	5,361	—	5,361
Impact of ATS Acquisition (See Note 3)	23,101	(26,266)	—	(3,165)	—	(3,165)
Balance at January 1, 2018, as adjusted	$ 2,645,108	$ 1,146,655	$ (10,022)	$ 3,781,741	$ 1,539	$ 3,783,280
Net loss attributable to stockholder	—	(194,864)	—	(194,864)	—	(194,864)
Net income attributable to noncontrolling interests	—	—	—	—	1,039	1,039
Contributions from noncontrolling interests	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	10,748	10,748	—	10,748
Foreign currency translation adjustment	—	—	986	986	—	986
Share-based compensation expense	35,567	—	—	35,567	—	35,567
Change in redeemable equity	(55,840)	—	—	(55,840)	—	(55,840)
Redeemable equity vested	106,629	—	—	106,629	—	106,629
Cash distributions to Altice USA	(432,005)	(878,995)	—	(1,311,000)	—	(1,311,000)
Cash contributions from Altice USA	50,000	—	—	50,000	—	50,000
Impact of i24 Acquisition	61,049	(73,578)	(1,840)	(14,369)	—	(14,369)
Adoption of ASU No. 2018-02	—	2,163	(2,163)	—	—	—
Balance at September 30, 2018	$ 2,410,508	$ 1,381	$ (2,291)	$ 2,409,598	$ 8,573	$ 2,418,171

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	$ (193,825)	$ (366,747)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,337,051	1,641,502
Equity in net loss of affiliates	10,849	5,697
Loss (gain) on investments and sale of affiliate interests, net	186,009	(169,888)
Loss (gain) on derivative contracts, net	(130,883)	81,905
Loss on extinguishment of debt and write-off of deferred financing costs	4,706	57,834
Amortization of deferred financing costs and discounts/premiums on indebtedness	34,593	(9,350)
Share-based compensation expense	35,567	28,597
Settlement loss related to pension plan	929	1,403
Deferred income taxes	33,835	(228,486)
Provision for doubtful accounts	28,357	33,774
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(82,539)	(28,195)
Other receivables	(386)	(4,935)
Prepaid expenses and other assets	(38,131)	(4,330)
Amounts due from and due to affiliates, net	(209,870)	(24,724)
Accounts payable	76,015	37,515
Accrued liabilities	(176,958)	(206,000)
Deferred revenue	45,300	3,873
Liabilities related to interest rate swap contracts	(2,468)	—
Net cash provided by operating activities	958,151	849,445
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(10,753)	(43,608)
Capital expenditures	(554,483)	(505,852)
Proceeds related to sale of equipment, including costs of disposal	7,816	3,590
Increase in other investments	(2,500)	(4,800)
Additions to other intangible assets	(580)	(1,700)
Net cash used in investing activities	(560,500)	(552,370)

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2018	2017
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	$ 2,217,500	$ 4,343,750
Repayment of credit facility debt	(626,250)	(2,866,506)
Issuance of senior notes and debentures	1,000,000	—
Proceeds from collateralized indebtedness, net	516,513	662,724
Repayment of collateralized indebtedness and related derivative contracts, net	(516,513)	(654,989)
Redemption of senior notes, including premiums and fees	(1,557,019)	(1,265,055)
Proceeds from notes payable	15,955	24,649
Repayment of notes payable	(12,910)	—
Principal payments on capital lease obligations	(8,328)	(10,954)
Contingent payment for acquisition	(30,000)	—
Additions to deferred financing costs	(19,730)	(6,142)
Distributions to Altice USA	(1,311,000)	(925,262)
Contribution from Altice USA	50,000	350,120
Contributions from noncontrolling interests	5,995	49,665
Net cash used in financing activities	(275,787)	(298,000)
Net increase (decrease) in cash, cash equivalents and restricted cash	121,864	(925)
Effect of exchange rate changes on cash and cash equivalents	376	—
Net increase (decrease) in cash and cash equivalents	122,240	(925)
Cash, cash equivalents and restricted cash at beginning of period	242,590	232,926
Cash, cash equivalents and restricted cash at end of period	$ 364,830	$ 232,001

See accompanying notes to condensed consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 364,577	$ 241,874
Restricted cash	253	252
Accounts receivable, trade (less allowance for doubtful accounts of $7,779 and $7,857)	346,323	285,870
Prepaid expenses and other current assets (including a prepayment to an affiliate of $250 and $12)	116,711	90,830
Amounts due from affiliates	210,389	37,396
Derivative contracts	2,468	52,545
Total current assets	1,040,721	708,767
Property, plant and equipment, net of accumulated depreciation of $2,450,025 and $1,679,639	3,912,456	4,137,655
Investment securities pledged as collateral	1,521,045	1,720,357
Derivative contracts	31,510	—
Other assets	61,914	41,995
Amortizable customer relationships, net of accumulated amortization of $1,392,096 and $955,332	3,502,904	3,939,668
Amortizable trade names, net of accumulated amortization of $621,465 and $531,761	388,835	478,539
Other amortizable intangibles, net of accumulated amortization of $15,348 and $9,896	18,936	23,808
Indefinite-lived cable television franchises	8,113,575	8,113,575
Goodwill	5,873,716	5,866,120
Total assets	$ 24,465,612	$ 25,030,484

See accompanying notes to condensed consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)
(In thousands, except share amounts)
(Unaudited)

	September 30, 2018	December 31, 2017
LIABILITIES AND MEMBER EQUITY		
Current Liabilities:		
Accounts payable	$ 680,200	$ 606,916
Accrued interest	190,276	283,362
Accrued liabilities	315,441	394,501
Amounts due to affiliates	159,007	103,150
Deferred revenue	79,595	67,993
Liabilities under derivative contracts	—	52,545
Credit facility debt	45,000	30,000
Senior notes and debentures	531,206	507,744
Capital lease obligations	3,860	9,136
Notes payable	37,592	29,958
Total current liabilities	2,042,177	2,085,305
Liabilities under derivative contracts	10,131	109,504
Other liabilities	239,058	229,244
Deferred tax liability	4,094,630	4,103,652
Credit facility debt	4,935,221	3,363,306
Collateralized indebtedness	1,400,398	1,349,474
Senior notes and debentures	8,363,261	8,193,330
Capital lease obligations	16,197	11,197
Notes payable	5,218	26,998
Deficit investments in affiliates	—	3,579
Total liabilities	21,106,291	19,475,589
Commitments and contingencies (See Note 14)		
Redeemable equity	146,340	197,128
Member's Equity:		
Retained earnings	2,451	1,221,353
Other member's equity (100 membership units issued and outstanding)	3,204,248	4,144,897
	3,206,699	5,366,250
Accumulated other comprehensive loss	(2,291)	(10,022)
Total member's equity	3,204,408	5,356,228
Noncontrolling interest	8,573	1,539
Total equity	3,212,981	5,357,767
	$ 24,465,612	$ 25,030,484

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue (including revenue from affiliates of $1,057, $426, $10,439, and $820, respectively) (See Note 13)	$ 1,721,688	$ 1,661,359	$5,058,709	$ 4,962,872
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,918, $1,176, $6,983 and $3,006, respectively) (See Note 13)	585,117	570,995	1,765,544	1,710,245
Other operating expenses (including charges (credits) from affiliates of $(38,877), $6,328 and $(103,362), and $16,180, respectively) (See Note 13)	403,445	401,981	1,215,981	1,277,204
Restructuring and other expense	14,122	35,364	25,720	105,182
Depreciation and amortization (including impairments)	378,549	656,122	1,337,051	1,641,501
	1,381,233	1,664,462	4,344,296	4,734,132
Operating income (loss)	340,455	(3,103)	714,413	228,740
Other income (expense):				
Interest expense, net	(259,038)	(239,408)	(756,089)	(709,806)
Gain (loss) on investments and sale of affiliate interests, net	111,684	(18,900)	(186,009)	169,888
Gain (loss) on derivative contracts, net	(79,628)	55,602	130,883	(81,905)
Gain on interest rate swap contracts, net	484	—	706	—
Loss on extinguishment of debt and write-off of deferred financing costs	—	(38,858)	—	(51,534)
Other expense, net	(147)	(2,984)	(12,291)	(9,019)
	(226,645)	(244,548)	(822,800)	(682,376)
Income (loss) before income taxes	113,810	(247,651)	(108,387)	(453,636)
Income tax benefit (expense)	(80,408)	121,336	(30,893)	164,975
Net income (loss)	33,402	(126,315)	(139,280)	(288,661)
Net income attributable to noncontrolling interests	(1,186)	(135)	(1,039)	(737)
Net income (loss) attributable to CSC Holdings, LLC's sole member	$ 32,216	$ (126,450)	$ (140,319)	$ (289,398)

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income (loss)	$ 33,402	$ (126,315)	$ (139,280)	$(288,661)
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	9,602	(4,056)	13,794	(8,389)
Applicable income taxes	(2,592)	1,622	(3,723)	3,356
Unrecognized gain (loss) arising during period, net of income taxes	7,010	(2,434)	10,071	(5,033)
Settlement loss included in other expense, net	65	1,014	929	1,403
Applicable income taxes	(18)	(406)	(252)	(561)
Settlement loss included in other expense, net, net of income taxes	47	608	677	842
Curtailment loss	—	—	—	(3,195)
Applicable income taxes	—	—	—	1,278
Curtailment loss, net of income taxes	—	—	—	(1,917)
Foreign currency translation adjustment	437	—	1,351	—
Applicable income taxes	(27)	—	(365)	—
Foreign currency translation adjustment, net of income taxes	410	—	986	—
Other comprehensive gain (loss)	7,467	(1,826)	11,734	(6,108)
Comprehensive income (loss)	40,869	(128,141)	(127,546)	(294,769)
Comprehensive income attributable to noncontrolling interests	(1,186)	(135)	(1,039)	(737)
Comprehensive income (loss) attributable to CSC Holdings, LLC's sole member	$ 39,683	$ (128,276)	$ (128,585)	$(295,506)

See accompanying notes to condensed consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONDENSED CONSOLIDATED STATEMENT OF TOTAL MEMBER'S EQUITY
(In thousands)
(Unaudited)

	Retained Earnings	Other Member's Equity	Accumulated Other Comprehensive Loss	Total Member's Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2018, as reported	$ 1,242,258	$ 4,121,796	$ (10,022)	$ 5,354,032	$ 1,539	$ 5,355,571
Impact of change in accounting policies (See Note 3)	5,361	—	—	5,361	—	5,361
Impact of ATS Acquisition (See Note 3)	(26,266)	23,101	—	(3,165)	—	(3,165)
Balance at January 1, 2018, as adjusted	1,221,353	4,144,897	(10,022)	5,356,228	1,539	5,357,767
Net loss attributable to CSC Holdings' sole member	(140,319)	—	—	(140,319)	—	(140,319)
Net income attributable to noncontrolling interests	—	—	—	—	1,039	1,039
Contributions from noncontrolling interests	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	10,748	10,748	—	10,748
Foreign currency translation adjustment	—	—	986	986	—	986
Share-based compensation expense	—	35,567	—	35,567	—	35,567
Change in fair value of redeemable equity	—	(55,840)	—	(55,840)	—	(55,840)
Redeemable equity vested	—	106,629	—	106,629	—	106,629
Cash distributions to Cablevision	(1,007,168)	(1,138,054)	—	(2,145,222)	—	(2,145,222)
Cash contributions from Cablevision	—	50,000	—	50,000	—	50,000
Impact of i24 Acquisition	(73,578)	61,049	(1,840)	(14,369)	—	(14,369)
Adoption of ASU No. 2018-02	2,163	—	(2,163)	—	—	—
Balance at September 30, 2018	$ 2,451	$ 3,204,248	$ (2,291)	$ 3,204,408	$ 8,573	$ 3,212,981

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	$ (139,280)	$ (288,661)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,337,051	1,641,502
Equity in net loss of affiliates	10,849	5,697
Loss (gain) on investments and sale of affiliate interests, net	186,009	(169,888)
Loss (gain) on derivative contracts, net	(130,883)	81,905
Loss on extinguishment of debt and write-off of deferred financing costs	—	51,533
Amortization of deferred financing costs and discounts on indebtedness	23,715	6,562
Share-based compensation expense related to Cablevision equity classified awards	35,567	28,597
Settlement loss related to pension plan	929	1,403
Deferred income taxes	(16,046)	(191,886)
Provision for doubtful accounts	28,357	33,774
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(82,539)	(28,195)
Other receivables	(2,723)	(4,936)
Prepaid expenses and other assets	(38,131)	(4,330)
Amounts due from and due to affiliates, net	(133,241)	(333,344)
Accounts payable	76,015	37,515
Accrued liabilities	(162,663)	(198,118)
Deferred revenue	45,300	3,873
Liabilities related to interest rate swap contracts	(2,468)	—
Net cash provided by operating activities	1,035,818	673,003
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(10,753)	(43,608)
Capital expenditures	(554,483)	(505,852)
Proceeds related to sale of equipment, including costs of disposal	7,816	3,590
Increase in other investments	(2,500)	(4,800)
Additions to other intangible assets	(580)	(1,700)
Net cash used in investing activities	(560,500)	(552,370)

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2018	2017
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	$ 2,217,500	$ 4,343,750
Repayment of credit facility debt	(626,250)	(2,866,506)
Issuance of senior notes	1,000,000	—
Repayment of senior notes	(800,000)	(350,120)
Proceeds from collateralized indebtedness, net	516,513	662,724
Repayment of collateralized indebtedness and related derivative contracts, net	(516,513)	(654,989)
Contribution from Cablevision	50,000	350,120
Distributions to Cablevision	(2,145,222)	(1,663,734)
Proceeds from notes payable	15,955	24,649
Repayment of notes payable	(12,910)	—
Principal payments on capital lease obligations	(8,328)	(10,954)
Contingent payment for acquisition	(30,000)	—
Contributions from noncontrolling interests	5,995	49,665
Additions to deferred financing costs	(19,730)	(6,142)
Net cash used in financing activities	(352,990)	(121,537)
Net increase (decrease) in cash, cash equivalents and restricted cash	122,328	(904)
Effect of exchange rate changes on cash and cash equivalents	376	—
Net increase (decrease) in cash and cash equivalents	122,704	(904)
Cash, cash equivalents and restricted cash at beginning of period	242,126	232,441
Cash, cash equivalents and restricted cash at end of period	$ 364,830	$ 231,537

See accompanying notes to condensed 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. Cablevision is a wholly-owned subsidiary of Altice USA, Inc. ("Altice USA"). Altice USA is controlled by Patrick Drahi who is also the controlling stockholder of Altice Europe N.V. (formerly Altice N.V.) and its subsidiaries.

The accompanying condensed combined consolidated financial statements ("condensed consolidated financial statements") include the accounts of the Company and all subsidiaries in which the Company has a controlling interest and gives effect to the acquisition of Altice Technical Services US Corp ("ATS") and the i24 Acquisition discussed below on a combined basis. All significant inter-company accounts and transactions have been eliminated in consolidation.

The accompanying condensed consolidated operating results for the three and nine months ended September 30, 2017 reflect the retrospective adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and ASU No. 2017‑07 *Compensation-Retirement Benefits (Topic 715)*. See Note 3 for further details of the impact on the Company's historical financial statements.

Acquisition of Altice Technical Services US Corp

ATS was formed in 2017 to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. During the second quarter of 2017, a substantial portion of the Company's technical workforce either accepted employment with ATS or became employees of ATS and ATS commenced operations and began to perform services for the Company. A substantial portion of the technical workforce of Cequel Corporation ("Cequel"), an entity also wholly-owned by Altice USA, became employees of ATS in December 2017.

In January 2018, the Company acquired 70% of the equity interests in ATS for $1.00 (the "ATS Acquisition") and the Company became the owner of 100% of the equity interests in ATS in March 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its formation. See Note 3 for the impact of the ATS Acquisition on the Company's condensed consolidated balance sheet as of December 31, 2017 and on the Company's statements of operations for the three and nine months ended September 30, 2017.

Acquisition of i24NEWS

In April 2018, Altice N.V. transferred its ownership of i24 US and i24 Europe ("i24NEWS"), Altice N.V.'s 24/7 international news and current affairs channels to the Company for minimal consideration (the "i24 Acquisition"). As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 and the balance sheet as of December 31, 2017 have not been revised to reflect the i24 Acquisition as the impact was deemed immaterial.

NOTE 2. BASIS OF PRESENTATION

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

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

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

The accompanying condensed consolidated financial statements of Cablevision include the accounts of Cablevision and its majority-owned subsidiaries and the accompanying condensed 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 $1,149,024 principal amount of senior notes outstanding at September 30, 2018 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, and income tax expense or benefit.

The combined notes to the condensed 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.

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

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In February 2018, the FASB issued ASU No. 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The primary provision of ASU No. 2018-02 allows for the reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. ASU No. 2018-02 also requires certain disclosures about stranded tax effects. ASU No. 2018‑02 is effective for the Company on January 1, 2019, with early adoption permitted and will be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company elected to adopt ASU No. 2018-02 during the first quarter of 2018. The adoption resulted in the reclassification of stranded tax amounts of $2,163 associated with net unrecognized losses from the Company's pension plans from accumulated other comprehensive loss to retained earnings.

In May 2017, the FASB issued ASU No. 2017‑09, Compensation- Stock Compensation (Topic 718). ASU No. 2017‑09 provides clarity and guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017‑09 was adopted by the Company on January 1, 2018 and had no impact to the Company's condensed consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017‑07 Compensation-Retirement Benefits (Topic 715). ASU No. 2017‑07 requires that an employer disaggregate the service cost component from the other components of net benefit cost. It also provides guidance on how to present the service cost component and the other components of net benefit cost in the income statement and what component of net benefit cost is eligible for capitalization. ASU No. 2017‑07 was adopted by the Company on January 1, 2018 and was applied retrospectively. As a result of the adoption, the Company reclassified the non-service cost components of the Company's pension expense for the three and nine months ended September 30, 2017 from other operating expenses to other income (expense), net. The Company elected to apply the practical expedient which allowed it to reclassify amounts disclosed previously in the benefits plan note as the basis for applying retrospective presentation for comparative periods, as the Company determined it was impracticable to disaggregate the cost components for amounts capitalized and amortized in those periods. See Note 3 for information on the impact of the adoption of ASU No. 2017-07.

In January 2017, the FASB issued ASU No. 2017‑01, Business Combinations (Topic 805), Clarifying the Definition of a Business, which amends Topic 805 to interpret the definition of a business by adding guidance to assist in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company adopted the new guidance on January 1, 2018 and it had no impact to the Company's condensed consolidated financial statements.

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. The amendments in this update affected the guidance in ASC 606. ASC 606 was adopted by the Company on January 1, 2018 on a full retrospective basis, which required the Company to reflect the impact of the updated guidance for all periods presented. The adoption of ASC 606 did not have a material impact on the Company's financial position or results of operations. See Note 3 for information on the impact of the adoption of ASC 606.

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. ASU No. 2016-18 was adopted by the Company on January 1, 2018 and was applied retrospectively for all periods presented.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments which clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. ASU No. 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The Company adopted the new guidance on January 1, 2018 and it had no impact to the Company's historical condensed consolidated financial statements.

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

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASC 606 replaced most existing revenue recognition guidance in GAAP and allowed the use of either the retrospective or cumulative effect transition method. See Note 3 for information on the impact of the adoption of ASU No. 2014-09.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans, which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for the Company on January 1, 2022, although early adoption is permitted. The Company does not expect the adoption of ASU 2017-14 to have a material impact on its consolidated financial statements.

Also in August 2018, the FASB issued ASU No. 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That Is a Service Contract, which requires upfront implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract to be amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. ASU No. 2018-15 becomes effective for the Company on January 1, 2020, although early adoption is permitted. The Company is currently in the process of evaluating the impact that the adoption of ASU No. 2018-15 will have on its consolidated financial statements.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases*,* which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019. Although the Company has not yet completed its evaluation of the guidance, or quantified its impact, the Company believes the most significant impact will be the recognition of right of use assets and liabilities on its consolidated balance sheet. The Company expects its lease obligations designated as operating leases will be reported on the consolidated balance sheets upon adoption. The Company is also evaluating other potential lease arrangements of the business, including arrangements that have been previously disclosed as a contractual commitment. The Company is currently in the process of collecting and validating lease data and implementing a software solution. In addition, the Company is assessing practical expedients and policy elections offered by the standard, and is evaluating its processes and internal controls to meet the accounting, reporting and disclosure requirements.

Income/Loss Per Share

Net income/loss per share for Cablevision for the three and nine months ended September 30, 2018 and 2017 is not presented since Cablevision is a wholly-owned subsidiary of Altice USA.

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.

Reclassifications

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

NOTE 3. CHANGE IN ACCOUNTING POLICIES AND ATS ACQUISITION

Adoption of ASC 606 - Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the guidance pursuant to ASC 606. The Company elected to apply the guidance on a full retrospective basis, which required the Company to reflect the impact of the updated guidance for all periods presented. The adoption of the guidance resulted in the deferral of certain installation revenue, the deferral of certain commission expenses, and a reduction of revenue due to the reclassification of certain third party giveaways and incentives from operating expense. Additionally, the Company made changes in the composition of revenue resulting from the allocation of value related to bundled services sold to residential customers at a discount.

Installation Services Revenue

Pursuant to ASC 606, the Company's installation services revenue is deferred and recognized over the benefit period. For residential customers, the benefit period is less than one year. For business and wholesale customers, the benefit period is the contract term. Prior to the adoption of ASC 606, the Company recognized installation services revenue for residential and small and medium-sized business ("SMB") customers when installations were completed. As a result of the deferral of installation services revenue for residential and SMB customers, the Company recognized contract liabilities of $5,927 and recorded a cumulative effect adjustment of $4,327 (net of tax of $1,600) to retained earnings. The accounting for installation services revenue related to business and wholesale customers has not changed.

Commission Expenses

Pursuant to ASC 606, the Company defers commission expenses related to obtaining a contract with a customer when the expected period of benefit is greater than one year and amortizes these costs over the average contract term. For commission expenses related to customer contracts with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. Prior to the adoption of ASC 606, the Company recognized commission expenses related to the sale of its services when incurred. As a result of the change in the timing of recognition of these commission expenses, the Company recognized contract assets of $13,271 and recorded a cumulative effect adjustment of $9,688 (net of tax of $3,583) to retained earnings.

Third Party Product Giveaways and Incentives

When the Company acts as the agent in providing certain product giveaways or incentives, revenue is recorded net of the costs of the giveaways and incentives. For the three and nine months ended September 30, 2017, costs of $2,400 and $10,110, respectively, for the giveaways and incentives recorded in other operating expense have been reclassified to revenue.

Bundled Services

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

Adoption of ASU No. 2017-07 - Compensation-Retirement Benefits (Topic 715)

On January 1, 2018, the Company adopted the guidance pursuant to ASU No. 2017‑07. ASU No. 2017‑07 requires that an employer disaggregate the service cost component from the other components of net benefit cost. In connection with the adoption of ASU No. 2017‑07, the Company retroactively reclassified certain pension costs from other operating expenses to other income (expense), net. The adoption of ASU No. 2017-07 had no impact on the Company's condensed consolidated balance sheet.

Acquisition of ATS

As discussed in Note 1, the Company completed the ATS Acquisition in the first quarter of 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since the formation of ATS, including goodwill of $23,101, representing the amount previously transferred to ATS.

(Dollars in thousands, except share and per share amounts)

The following tables summarize the impact of adopting ASC 606 and the impact of the ATS Acquisition on the condensed consolidated balance sheets:

	December 31, 2017							
	Cablevision				CSC Holdings			
	As Reported	Impact of ASC 606	Impact of ATS Acquisition	As Adjusted	As Reported	Impact of ASC 606	Impact of ATS Acquisition	As Adjusted
Cash and cash equivalents	$ 185,819	$ —	$ 56,519	$ 242,338	$ 185,355	$ —	$ 56,519	$ 241,874
Other current assets	467,865	8,244	(9,398)	466,711	468,047	8,244	(9,398)	466,893
Property, plant and equipment, net	4,177,658	—	(40,003)	4,137,655	4,177,658	—	(40,003)	4,137,655
Goodwill	5,843,019	—	23,101	5,866,120	5,843,019	—	23,101	5,866,120
Other assets, long-term	14,319,456	5,027	(6,541)	14,317,942	14,319,456	5,027	(6,541)	14,317,942
Total assets	$ 24,993,817	$ 13,271	$ 23,678	$ 25,030,766	$ 24,993,535	$ 13,271	$ 23,678	$ 25,030,484
Current liabilities	$ 2,109,541	$ 5,927	$ 29,460	$ 2,144,928	$ 2,049,918	$ 5,927	$ 29,460	$ 2,085,305
Deferred tax liability, long-term	3,807,710	1,983	(9,010)	3,800,683	4,110,679	1,983	(9,010)	4,103,652
Liabilities, long-term	15,098,354	—	6,393	15,104,747	13,280,239	—	6,393	13,286,632
Total liabilities	21,015,605	7,910	26,843	21,050,358	19,440,836	7,910	26,843	19,475,589
Redeemable equity	197,128	—	—	197,128	197,128	—	—	197,128
Paid-in capital	2,622,007	—	23,101	2,645,108	4,121,796	—	23,101	4,144,897
Retained earnings	1,167,560	5,361	(26,266)	1,146,655	1,242,258	5,361	(26,266)	1,221,353
Total stockholders' equity	3,781,084	5,361	(3,165)	3,783,280	5,355,571	5,361	(3,165)	5,357,767
Total liabilities and stockholders' equity	$ 24,993,817	$ 13,271	$ 23,678	$ 25,030,766	$ 24,993,535	$ 13,271	$ 23,678	$ 25,030,484

(Dollars in thousands, except share and per share amounts)

The following table summarizes the impact of adopting ASC 606, ASU No. 2017-07 and the impact of the ATS Acquisition on the Company's condensed consolidated statement of operations:

	Three Months Ended September 30, 2017									
	Cablevision					CSC Holdings				
	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted
Residential:										
Pay TV	$ 782,214	$ 16,622	$ —	$ (253)	$ 798,583	$ 782,214	$16,622	$ —	$ (253)	$ 798,583
Broadband	404,153	13,007	—	(188)	416,972	404,153	13,007	—	(188)	416,972
Telephony	172,904	(31,955)	—	(119)	140,830	172,904	(31,955)	—	(119)	140,830
Business services and wholesale	230,274	(74)	—	—	230,200	230,274	(74)	—	—	230,200
Advertising	72,316	—	—	—	72,316	72,316	—	—	—	72,316
Other	2,458	—	—	—	2,458	2,458	—	—	—	2,458
Total revenue	1,664,319	(2,400)	—	(560)	1,661,359	1,664,319	(2,400)	—	(560)	1,661,359
Programming and other direct costs	570,995	—	—	—	570,995	570,995	—	—	—	570,995
Other operating expenses	390,673	(2,400)	(2,921)	16,629	401,981	390,673	(2,400)	(2,921)	16,629	401,981
Restructuring and other expense	35,364	—	—	—	35,364	35,364	—	—	—	35,364
Depreciation and amortization	656,102	—	—	20	656,122	656,102	—	—	20	656,122
Operating income	11,185	—	2,921	(17,209)	(3,103)	11,185	—	2,921	(17,209)	(3,103)
Other expense, net	(279,448)	—	(2,921)	—	(282,369)	(241,627)	—	(2,921)	—	(244,548)
Loss before income taxes	(268,263)	—	—	(17,209)	(285,472)	(230,442)	—	—	(17,209)	(247,651)
Income tax benefit	112,353	—	—	6,862	119,215	114,474	—	—	6,862	121,336
Net loss	$ (155,910)	$ —	$ —	$ (10,347)	$ (166,257)	$ (115,968)	$ —	$ —	$ (10,347)	$ (126,315)

(Dollars in thousands, except share and per share amounts)

	Nine Months Ended September 30, 2017									
	Cablevision					CSC Holdings				
	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted
Residential:										
Pay TV	$ 2,356,230	$41,256	$ —	$ (253)	$2,397,233	$ 2,356,230	$ 41,256	$ —	$ (253)	$2,397,233
Broadband	1,177,731	40,961	—	(188)	1,218,504	1,177,731	40,961	—	(188)	1,218,504
Telephony	524,696	(91,867)	—	(119)	432,710	524,696	(91,867)	—	(119)	432,710
Business services and wholesale	690,168	(460)	—	—	689,708	690,168	(460)	—	—	689,708
Advertising	216,250	—	—	—	216,250	216,250	—	—	—	216,250
Other	8,467	—	—	—	8,467	8,467	—	—	—	8,467
Total revenue	4,973,542	(10,110)	—	(560)	4,962,872	4,973,542	(10,110)	—	(560)	4,962,872
Programming and other direct costs	1,710,245	—	—	—	1,710,245	1,710,245	—	—	—	1,710,245
Other operating expenses	1,271,971	(10,110)	(9,852)	25,195	1,277,204	1,271,971	(10,110)	(9,852)	25,195	1,277,204
Restructuring and other expense	105,182	—	—	—	105,182	105,182	—	—	—	105,182
Depreciation and amortization	1,641,477	—	—	24	1,641,501	1,641,477	—	—	24	1,641,501
Operating income	244,667	—	9,852	(25,779)	228,740	244,667	—	9,852	(25,779)	228,740
Other expense, net	(801,912)	—	(9,852)	—	(811,764)	(672,524)	—	(9,852)	—	(682,376)
Loss before income taxes	(557,245)	—	—	(25,779)	(583,024)	(427,857)	—	—	(25,779)	(453,636)
Income tax benefit	205,996	—	—	10,281	216,277	154,694	—	—	10,281	164,975
Net loss	$ (351,249)	$ —	$ —	$ (15,498)	$ (366,747)	$ (273,163)	$ —	$ —	$ (15,498)	$ (288,661)

NOTE 4. DIVIDENDS

CSC Holdings made cash equity distribution payments to Cablevision aggregating $2,145,222 during the nine months ended September 30, 2018. These distribution payments were funded from cash on hand and the proceeds from the incremental term loan and the issuance of the 2028 Guaranteed Notes. The proceeds were used to fund the early repayment of the Cablevision 7.75% senior notes due 2018, to fund Cablevision's interest payments on its senior notes and make a cash equity distribution payment to Altice USA of $1,311,000. Altice USA used a portion of the proceeds from Cablevision to fund the dividend of $1,499,935 paid to Altice USA's stockholders on June 6, 2018.

In connection with CSC Holdings' distributions to Cablevision, CSC Holdings recorded a decrease in retained earnings of $1,007,168, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of $1,138,054.

In connection with the Cablevision's distributions to Altice USA, Cablevision recorded a decrease in retained earnings of $878,995, representing the cumulative earnings through the distribution dates, and a decrease in paid in capital of $432,005.

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.

NOTE 5. REVENUE AND CONTRACT ASSETS

Revenue Recognition

Residential Services

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

The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. For the three and nine months ended September 30, 2018, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $52,043 and $156,209, respectively. For the three and nine months ended September 30, 2017, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $52,594 and $158,663, respectively.

Business and Wholesale Services

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

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

Advertising

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

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

Other

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

Contract Assets

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

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

	September 30, 2018	December 31, 2017, as adjusted
Contract assets (a)	$ 14,384	$ 13,270
Deferred revenue (b)	114,478	69,178

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

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

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

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

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

(Dollars in thousands, except share and per share amounts)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Non-Cash Investing and Financing Activities of Cablevision and CSC Holdings:		
Property and equipment accrued but unpaid	$ 94,764	$ 54,795
Notes payable issued to vendor for the purchase of equipment	21,393	22,796
Capital lease obligations	8,162	—
Deferred financing costs accrued but unpaid	704	—
Contingent consideration for acquisitions	6,733	30,000
Leasehold improvements paid by landlord	350	1,999
Supplemental Data:		
Cablevision:		
Cash interest paid	911,663	986,570
Income taxes paid, net	124	5,068
CSC Holdings:		
Cash interest paid	833,992	839,712
Income taxes paid, net	124	328,379

NOTE 7. RESTRUCTURING COSTS AND OTHER EXPENSE

Beginning in the first quarter of 2016, the Company commenced restructuring initiatives that were intended to simplify the Company's organizational structure. Such costs are classified in restructuring and other expense in the Company's condensed consolidated statements of operations.

The following table summarizes the activity for these initiatives during 2018:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2017	$ 83,716	$ 6,540	$ 90,256
Restructuring charges	2,551	3,471	6,022
Payments and other	(49,546)	(4,982)	(54,528)
Accrual balance at June 30, 2018	36,721	5,029	41,750
Restructuring charges	5,061	7,141	12,202
Payments and other	(18,374)	(2,036)	(20,410)
Accrual balance at September 30, 2018	$ 23,408	$ 10,134	$ 33,542

The Company recorded restructuring charges of $34,116 and $103,614 for the three and nine months ended September 30, 2017 relating to the 2016 Restructuring Plan.

Cumulative costs through September 30, 2018 relating to the 2016 Restructuring Plan amounted to $327,521.

Transaction Costs

Transaction costs of $1,920 and $7,496 for the three and nine months ended September 30, 2018 relating to the separation of Altice USA from Altice N.V. were pushed down to the Company.

(Dollars in thousands, except share and per share amounts)

NOTE 8. DEBT

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

			September 30, 2018		December 31, 2017	
	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Restricted Group:						
Revolving Credit Facility (b)	$20,000 on October 9, 2020, remaining balance on November 30, 2021	5.40%	$ 575,000	$ 554,908	$ 450,000	$ 425,488
Term Loan Facility	July 17, 2025	4.41%	2,962,500	2,946,318	2,985,000	2,967,818
Incremental Term Loan Facility	January 25, 2026	4.66%	1,496,250	1,478,995	—	—
			$ 5,033,750	4,980,221	$3,435,000	3,393,306
Less: Current portion				45,000		30,000
Long-term debt				$ 4,935,221		$ 3,363,306

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

(b) At September 30, 2018, $139,929 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $1,585,071 of the facility was undrawn and available, subject to covenant limitations.

In January 2018, CSC Holdings borrowed $150,000 under its revolving credit facility and entered into a new $1,500,000 incremental term loan facility (the "Incremental Term Loan") under its existing credit facilities agreement. The Incremental Term Loan was priced at 99.5% and will mature on January 25, 2026. The Incremental Term Loan is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum.

The Company made a voluntary repayment of $600,000 under the CSC Holdings revolving credit facility in January 2018.

In July 2018, the Company borrowed $575,000 under the CSC Holdings revolving credit facility agreement and used a portion of the proceeds to repay the $500,000 principal amount of senior notes due July 15, 2018.

As of September 30, 2018, the Company was in compliance with all of its financial covenants under the CSC Holdings credit facilities agreement.

(Dollars in thousands, except share and per share amounts)

Senior Guaranteed Notes and Senior Notes and Debentures

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

						September 30, 2018		December 31, 2017	
Date Issued	Maturity Date	Interest Rate				Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Senior Notes:									
February 6, 1998	February 15, 2018	7.875%	(b)	(f)	(d)	$ —	$ —	$ 300,000	$ 301,184
July 21, 1998	July 15, 2018	7.625%	(b)	(f)	(j)	—	—	500,000	507,744
February 12, 2009	February 15, 2019	8.625%	(c)	(f)		526,000	531,206	526,000	541,165
November 15, 2011	November 15, 2021	6.750%	(c)	(f)		1,000,000	966,913	1,000,000	960,146
May 23, 2014	June 1, 2024	5.250%	(c)	(f)		750,000	668,918	750,000	660,601
October 9, 2015	January 15, 2023	10.125%	(e)			1,800,000	1,780,504	1,800,000	1,777,914
October 9, 2015	October 15, 2025	10.875%	(e)			1,684,221	1,662,507	1,684,221	1,661,135
CSC Holdings Senior Guaranteed Notes:									
October 9, 2015	October 15, 2025	6.625%	(e)			1,000,000	987,707	1,000,000	986,717
September 23, 2016	April 15, 2027	5.500%	(g)			1,310,000	1,304,816	1,310,000	1,304,468
January 29, 2018	February 1, 2028	5.375%	(h)			1,000,000	991,896	—	—
Cablevision Senior Notes (i):									
April 15, 2010	April 15, 2018	7.750%	(c)	(f)	(d)	—	—	750,000	754,035
April 15, 2010	April 15, 2020	8.000%	(c)	(f)		500,000	494,445	500,000	492,009
September 27, 2012	September 15, 2022	5.875%	(c)	(f)		649,024	582,236	649,024	572,071
						$ 10,219,245	9,971,148	$10,769,245	10,519,189
Less: current portion							531,206		507,744
Long-term debt							$ 9,439,942		$ 10,011,445

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

(b) The debentures are not redeemable by CSC Holdings prior to maturity.

(c) Notes are redeemable at any time at a specified "make-whole" price plus accrued and unpaid interest to the redemption date.

(d) These notes were repaid in February 2018 with the proceeds from the 2028 Guaranteed Notes (defined below) and with the proceeds from the Incremental Term Loan.

(e) 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 Cablevision Acquisition 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.

(f) The carrying value of the notes was adjusted to reflect their fair value on the date of the Cablevision Acquisition (aggregate reduction of $52,788 at the date of the acquisition).

(g) The 2027 Guaranteed Notes are redeemable 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. In addition, up to 40% may be redeemed for 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.

(h) The 2028 Guaranteed Notes are redeemable at any time on or after February 1, 2023 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any. In addition, up to 40% of the original aggregate principal amount of the notes may be redeemed using the proceeds of certain equity offerings before February 1, 2021, at a redemption price equal to 105.375%, plus accrued and unpaid interest.

(Dollars in thousands, except share and per share amounts)

(i) The issuers of these notes have no ability to service interest or principal on the notes, other than through any dividends or distributions received from CSC Holdings. CSC Holdings is restricted, in certain circumstances, from paying dividends or distributions to the issuers by the terms of the CVC Credit Facilities Agreement.

(j) These notes were repaid in July 2018 with borrowings under CSC Holdings revolving credit facility agreement.

In January 2018, CSC Holdings issued $1,000,000 aggregate principal amount of 5.375% senior guaranteed notes due February 1, 2028 (the "2028 Guaranteed Notes"). The 2028 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 CVC Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

The proceeds from the 2028 Guaranteed Notes, together with proceeds from the Incremental Term Loan (discussed above), borrowings under the revolving credit facility and cash on hand, were used in February 2018 to repay $300,000 principal amount of CSC Holdings' senior notes due in February 2018 and $750,000 principal amount of Cablevision senior notes due in April 2018 and a portion was distributed to Altice USA which it used to fund a dividend to its stockholders. In connection with the redemption of Cablevision senior notes, the Company paid a call premium of approximately $7,019, which was recorded as a loss on extinguishment of debt and also recorded a write-off of the unamortized premium of $2,314.

The indentures under which the senior notes and debentures were issued contain various covenants. The Company was in compliance with all of its financial covenants under these indentures as of September 30, 2018.

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of September 30, 2018, including notes payable, collateralized indebtedness (see Note 9), and capital leases, are as follows:

Years Ending December 31,	Cablevision	CSC Holdings
2018	$ 30,678	$ 30,678
2019	598,210	598,210
2020	550,396	50,396
2021	3,083,892	3,083,892
2022	697,147	48,123
Thereafter	11,815,174	11,815,174

NOTE 9. 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 condensed 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 condensed 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 condensed 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).

(Dollars in thousands, except share and per share amounts)

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 September 30, 2018, 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. All of the counterparties to such transactions carry investment grade credit ratings as of September 30, 2018.

Interest Rate Swap Contracts

In May 2018, the Company entered into two interest rate swap contracts that mature in April 2019 whereby one contract converts the interest rate on $2,970,000 of the CSC Holdings Term Loan Facility from a one-month LIBO rate to a three-month LIBO rate minus 0.226% and the second contract converts the interest rate on $1,496,250 of the CSC Holdings Incremental Term Loan from a one-month LIBO rate to a three-month LIBO rate minus 0.226%. The objective of these swaps is to potentially pay a lower interest rate than what the Company can elect under the terms of the CSC Holdings credit facilities agreement.

These swap contracts were not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statements of operations.

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

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

		Asset Derivatives		Liability Derivatives	
Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at September 30, 2018	Fair Value at December 31, 2017	Fair Value at September 30, 2018	Fair Value at December 31, 2017
Interest rate swap contracts	Derivative contracts, current	$ 2,468	$ —	$ —	$ —
Prepaid forward contracts	Derivative contracts, current	—	52,545	—	(52,545)
Prepaid forward contracts	Derivative contracts, long-term	31,510	—	(10,131)	(109,504)
		$ 33,978	$ 52,545	$ (10,131)	$ (162,049)

These prepaid forward contracts are not designated as hedging instruments for accounting purposes and the related gain (loss) for all periods presented has been reflected in gain (loss) on derivative contracts, net in the accompanying condensed consolidated statements of operations.

Gains from the Company's derivative contracts related to the Comcast common stock for the three and nine months ended September 30, 2018 of $(79,628) and $130,883, respectively, are reflected in gain (loss) on derivative contracts, net in the Company's condensed consolidated statements of operations.

For the three and nine months ended September 30, 2018, the Company recorded a gain (loss) on investments of $111,684 and $(199,312), respectively, representing the net increase (decrease) in the fair values of the investment securities pledged as collateral.

For the three and nine months ended September 30, 2018, the Company recorded a gain on interest rate swap contracts of $484 and $706, respectively.

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 during the nine months ended September 30, 2018:

(Dollars in thousands, except share and per share amounts)

Number of shares		16,139,868
Collateralized indebtedness settled	$	(516,537)
Derivatives contracts settled		24
		(516,513)
Proceeds from new monetization contracts		516,513
Net cash proceeds	$	—

The cash to settle the collateralized indebtedness 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.

NOTE 10. 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:

	Fair Value Hierarchy	September 30, 2018	December 31, 2017
Assets:			
Money market funds	Level I	$ 200,961	$ 5,949
Investment securities pledged as collateral	Level I	1,521,045	1,720,357
Prepaid forward contracts	Level II	31,510	52,545
Interest rate swap contracts	Level II	2,468	—
Liabilities:			
Prepaid forward contracts	Level II	10,131	162,049
Contingent consideration related to 2017 and 2018 acquisitions	Level III	6,733	32,233

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 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.

The fair value of the contingent consideration as of September 30, 2018 related to the acquisitions in the third quarter of 2018 and fourth quarter of 2017 amounted to approximately $4,500 and $2,233, respectively. The estimated amount recorded as of September 30, 2018 is 100% of the contractual amount related to the acquisition in the third quarter of 2018 and 51% of the contractual amount related to the acquisition in the fourth quarter of 2017. The fair value of the consideration was estimated based on a probability assessment of attaining the targets as of September 30, 2018.

(Dollars in thousands, except share and per share amounts)

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 condensed consolidated balance sheets, are summarized as follows:

		September 30, 2018		December 31, 2017	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Debt instruments:					
Credit facility debt	Level II	$ 4,980,221	$ 5,033,750	$ 3,393,306	$ 3,435,000
Collateralized indebtedness	Level II	1,400,398	1,352,771	1,349,474	1,305,932
Senior guaranteed notes	Level II	3,284,419	3,293,125	2,291,185	2,420,000
Senior notes and debentures	Level II	5,610,048	6,245,760	6,409,889	7,221,846
Notes payable	Level II	42,810	42,653	56,956	55,289
CSC Holdings total debt instruments		15,317,896	15,968,059	13,500,810	14,438,067
Cablevision senior notes	Level II	1,076,681	1,189,098	1,818,115	1,931,239
Cablevision total debt instruments		$16,394,577	$17,157,157	$15,318,925	$16,369,306

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

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

NOTE 11. INCOME TAXES

In general, the Company is required to use an estimated annual effective tax rate ("AETR") to measure the income tax expense or benefit recognized on a year to date basis in an interim period. In addition, certain items included in income tax expense as well as the tax impact of certain items included in pretax income must be treated as discrete items. The income tax expense or benefit associated with these discrete items is fully recognized in the interim period in which the items occur.

The tax benefit for the three and nine months ended September 30, 2018 for both Cablevision and CSC Holdings was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

Pursuant to the enactment of the Tax Cuts & Jobs Act ("Tax Reform"), effective on January 1, 2018, the corporate federal income tax rate was reduced to 21% from 35%. The Company is subject to Tax Reform’s limitation on interest deductibility which is based on a limit calculated without regard to depreciation or amortization through 2021. The resulting interest deduction that is deferred can be carried forward indefinitely. Nevertheless, as is the case with any future deductible temporary difference, management will continue to evaluate realizability to determine whether a valuation allowance is required as a result of these limitations. Therefore a valuation allowance may need to be recorded in the future subject to the relative levels of future interest expense versus taxable income.

Cablevision

Cablevision recorded income tax expense of $70,594 and $3,986 for the three and nine months ended September 30, 2018, respectively, reflecting an effective tax rate of 78% and 2%, respectively, which increased as compared to previous periods primarily as a result of the enactment of the tax law changes in New Jersey which amounted to $36,639 that increased the corporate tax rate through the imposition of a surtax and requiring mandatory combined reporting, and non-deductible share-based compensation of $1,166 and $5,475. Absent these items, the effective tax rate for the three and nine months ended September 30, 2018 would have been 36% and 20%, respectively.

Cablevision recorded income tax benefit of $119,215 and $216,277 for the three and nine months ended September 30, 2017, respectively, reflecting an effective tax rate of 42% and 37%, respectively. Nondeductible share-based compensation resulted in additional deferred tax expense of $4,044 and $10,008 for the three and nine months ended September 30, 2017, respectively.

As of September 30, 2018, on a stand-alone basis, Cablevision's federal net operating losses ("NOLs") were approximately $658,000.

CSC Holdings

CSC Holdings recorded income tax expense of $80,408 and $30,893 for the three and nine months ended September 30, 2018, respectively, reflecting an effective tax rate of 71% and 29%, respectively, which increased as compared to previous periods primarily as a result of the enactment of the tax law changes in New Jersey which amounted to $36,639 that increased the corporate tax rate through the imposition of a surtax and requiring mandatory combined reporting, and non-deductible share-based compensation of $1,166 and $5,475. Absent these items, the effective tax rate for the three and nine months ended September 30, 2018 would have been 37% and 10%, respectively.

CSC Holdings recorded income tax benefit of $121,336 and $164,975 for the three and nine months ended September 30, 2017, respectively, reflecting an effective tax rate of 49% and 36%, respectively. Nondeductible share-based compensation resulted in additional deferred tax expense of $4,044 and $10,008 for the three and nine months ended September 30, 2017, respectively.

NOTE 12. SHARE-BASED COMPENSATION

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in the Company's parent, Altice USA. The awards generally vest as follows: 50% on the second anniversary of June 21, 2016 ("Base Date"), 25% on the third anniversary of the Base Date, and 25% on the fourth anniversary of the Base Date. Neptune Holding US GP LLC, the general partner of Neptune Management LP, has the right to repurchase (or to assign to an affiliate, including the Company, the right to repurchase) vested awards held by employees for sixty days following their termination. For performance-based awards under the plan, vesting occurs upon achievement or satisfaction of a specified performance condition. The Company considered the probability of achieving the established performance targets in determining the share-based compensation with respect to these awards at the end of each reporting period.

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

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

(Dollars in thousands, except share and per share amounts)

The following table summarizes activity relating to Company employees who held carry units:

	Number of Time Vesting Awards	Number of Performance Based Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2017	149,050,000	10,000,000	$ 0.80
Vested	(47,587,500)	—	0.37
Forfeited	(13,875,000)	—	0.58
Transfers from affiliate	1,425,000	—	1.15
Balance, September 30, 2018	89,012,500	10,000,000	1.11

The weighted average fair value per unit was $2.17 and $2.46 as of September 30, 2018 and December 31, 2017, respectively. For the three and nine months ended September 30, 2018, the Company recognized expense of $5,553 and $26,073, respectively, related to the push down of share-based compensation related to the carry unit plan. For the three and nine months ended September 30, 2017, the Company recognized expense of $11,555 and $28,597, respectively, related to the push down of share-based compensation related to the carry unit plan.

In addition, the Company receives an allocation of share-based compensation from Altice USA related to option awards granted to employees of the Company, as well as employees of Altice USA who provide services to the Company. For the three and nine months ended September 30, 2018, such allocation amounted to $3,485 and $9,494 and is included in other operating expense in the accompanying condensed consolidated statements of operations.

NOTE 13. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

In April 2018, Altice N.V. transferred its ownership of i24 US and i24 Europe ('i24NEWS"), Altice N.V.'s 24/7 international news and current affairs channels to the Company for minimal consideration (the "i24NEWS Acquisition"). As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 and the balance sheet as of December 31, 2017 have not been revised to reflect the combination of i24NEWS as the impact was deemed immaterial.

The Company's equity in the net losses of i24NEWS prior to April 1, 2018 of $1,130 for the nine months ended September 30, 2018 and $541 and $3,126 for three and nine months ended September 30, 2017 were recorded using the equity method and reflected in other expense, net in the Company's statements of operations. The Company's investment in i24NEWS as of December 31, 2017 of $930 is included in other assets on the Company's condensed consolidated balance sheet.

In April 2018, the Company redeemed a 24% interest in Newsday LLC ("Newsday") and recognized a gain of $13,298, reflected in gain (loss) on investments and sale of affiliate interests, net in the Company's statements of operations. For the nine months ended September 30, 2018, the Company recorded equity in the net loss of Newsday of $9,719. For the three and nine months ended September 30, 2017, the Company recorded equity in net loss of Newsday of $1,034 and $2,571, respectively, reflected in other expense, net in the Company's statements of operations. The Company's deficit investment in Newsday as of December 31, 2017 of $3,579 is included in deficit investment in affiliates on the Company's condensed consolidated balance sheets.

(Dollars in thousands, except share and per share amounts)

Affiliate and Related Party Transactions

Altice USA, Inc. (the parent of the Company) is controlled by Patrick Drahi who is also the controlling stockholder of Altice Europe N.V. and its subsidiaries.

As the transactions discussed below were conducted between entities under common control by Mr. Drahi and equity method investees, 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.

The following table summarizes the revenue and charges related to services provided to or received from subsidiaries of Altice USA, Altice Europe and Newsday:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenue	$ 1,057	$ 855	$ 10,439	$ 1,249
Programming and other direct costs	(1,918)	(1,227)	(6,983)	(3,057)
Other operating credits (expenses), net	38,877	(6,328)	103,362	(16,180)
Capital expenditures	3,945	2,597	6,679	8,810

Revenue

The Company recognized revenue primarily in connection with the sale of advertising to Newsday.

Programming and other direct costs

Programming and other direct costs include costs incurred by the Company for the transport and termination of voice and data services provided by a subsidiary of Altice Europe.

Other operating expenses

During the nine months ended September 30, 2018, ATS provided Cequel network construction and maintenance services and residential installations, disconnections and maintenance services. In addition, the Company provided certain general and administrative services to Cequel. Charges to Cequel for these services aggregated $39,669 and $113,740 for the three and nine months ended September 30, 2018, respectively.

A subsidiary of Altice Europe provided certain executive services, as well as consulting, advisory and other services, including, prior to the Altice USA IPO, CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement was an annual fee of $20,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately $8,896 for the nine months ended September 30, 2018, and $5,000 and $15,000 for the three and nine months ended September 30, 2017, respectively. As of June 20, 2017, the CEO, CFO and COO became employees of the Company and the agreement was assigned to Altice N.V. by a subsidiary of Altice N.V. This agreement was terminated upon the completion of the separation of Altice USA from Altice N.V. in June 2018.

Other operating expenses also include charges for services provided to other subsidiaries of Altice Europe aggregating $792 and $1,482, for the three and nine months ended September 30, 2018, respectively, and $76 and $917 for the three and nine months ended September 30, 2017, respectively, for transition services provided to Newsday.

Capital expenditures

Capital expenditures include equipment purchases and software development services provided by subsidiaries of Altice Europe.

(Dollars in thousands, except share and per share amounts)

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

	Cablevision		CSC Holdings	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Due from:				
Altice USA (b)	$ —	$ 8,274	$ —	$ 8,274
Cequel (d)	205,175	22,309	205,175	22,309
Newsday (a)	541	2,713	541	2,713
Altice Management Americas (a)	1,271	33	1,271	33
i24NEWS (a)	—	4,036	—	4,036
Other Altice Europe subsidiaries (a)	3,402	31	3,402	31
	$ 210,389	$ 37,396	$ 210,389	$ 37,396
Due to:				
Altice USA (b)	$ 101,153	$ 120,392	$ 11,600	$ 100
Newsday (a)	32	33	32	33
Other Altice Europe subsidiaries (e)	9,054	10,586	9,054	10,585
Cablevision (c)	—	—	138,321	92,432
	$ 110,239	$ 131,011	$ 159,007	$ 103,150

(a) Represents amounts paid by the Company on behalf of the respective related party and for Newsday, the net amounts due from the related party also include charges for certain transition services provided.

(b) Reflects primarily amounts due pursuant to the tax sharing agreement effective June 21, 2016 between Cablevision and Altice USA.

(c) 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.

(d) The 2018 amount primarily relate to services provided by ATS to Cequel, as well as equipment purchases made by the Company on Cequel's behalf and certain general and administrative services provided to Cequel. The 2017 amount includes $14,511 for assets that were transferred from the Company to Cequel during 2017.

(e) Represents amounts due to affiliates for the purchase of equipment and advertising services, as well as reimbursement for payments made on the Company's behalf.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Legal Matters

Cable Operations Litigation

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 Cablevision, and as a result, those stations and networks were unavailable on Cablevision's cable television systems. On October 30, 2010, Cablevision and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits alleging breach of contract, unjust enrichment, and consumer fraud and seeking unspecified compensatory damages, punitive damages and attorneys' fees were subsequently filed on behalf of Cablevision'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. On March 28, 2012, in ruling on Cablevision's motion to dismiss, the Court dismissed all of plaintiffs' claims, except for breach of contract. On March 30, 2014, the Court granted plaintiffs' motion for class certification. The parties have entered into a settlement agreement, which was granted final approval by the Court on May 17, 2018. As of December 31, 2017, the Company had an estimated liability associated with a potential settlement totaling $6,000. The amount ultimately paid in connection with the proposed settlement could exceed the amount recorded.

(Dollars in thousands, except share and per share amounts)

In October 2015, the New York Attorney General began an investigation into whether the major Internet Service Providers in New York State deliver advertised Internet speeds. The Company is cooperating with this investigation and is currently in discussions with the New York Attorney General about resolving the investigation as to the Company, which resolution may involve operational and or financial components. While the Company is unable to predict the outcome of the investigation or these discussions, at this time it does not expect that the outcome will have a material adverse effect on its operations, financial conditions or cash flows.

The Company receives notices from third parties and, in some cases, is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of the Company's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions. In the event that the Company is found to infringe on any patent rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as enter into royalty or license agreements with respect to the patents at issue. The Company believes that the claims are without merit, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

In addition to the matters discussed above, the Company is party to various lawsuits, disputes and investigations, some of which may involve claims for substantial damages, fines or penalties. 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.

NOTE 15. INTANGIBLE ASSETS

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

	September 30, 2018			December 31, 2017			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Customer relationships	$ 4,895,000	$ (1,392,096)	$ 3,502,904	$ 4,895,000	$ (955,332)	$ 3,939,668	8 to 18 years
Trade names	1,010,300	(621,465)	388,835	1,010,300	(531,761)	478,539	4 to 5 years
Other amortizable intangibles	34,284	(15,348)	18,936	33,704	(9,896)	23,808	1 to 15 years
	$ 5,939,584	$ (2,028,909)	$ 3,910,675	$ 5,939,004	$ (1,496,989)	$ 4,442,015	

Amortization expense for the three and nine months ended September 30, 2018 aggregated $163,456 and $531,920, respectively, and $366,986 and $810,132, respectively for the three and nine months ended September 30, 2017.

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

	September 30, 2018	December 31, 2017
Cable television franchises	$ 8,113,575	$ 8,113,575
Goodwill	5,873,716	5,866,120
Total	$ 13,987,291	$ 13,979,695

(Dollars in thousands, except share and per share amounts)

The carrying amount of goodwill is presented below:

Gross goodwill as of December 31, 2017, as reported	$	5,843,019
ATS goodwill (See Note 3 for further details)		23,101
Gross goodwill as of December 31, 2017, as adjusted		5,866,120
Goodwill recorded in connection with an acquisition during the third quarter of 2018		7,608
Adjustment to purchase accounting relating to a business acquired in fourth quarter of 2017		(12)
Net goodwill as of September 30, 2018	$	5,873,716

NOTE 16. SUBSEQUENT EVENTS

The Company has updated its review of subsequent events as of November 19, 2018 (the date available for issuance) noting the following:

Revolver Repayment

On October 15, 2018, CSC Holdings made a voluntary repayment under its revolving credit facility of $125,000.

Senior Notes Exchange

On October 2, 2018, Cequel, Cequel Capital and Altice US Finance I Corporation (the "Issuers"), commenced offers to exchange (the "Exchange Offers") any and all outstanding senior notes and senior secured notes issued by them (the "Original Notes") for up to $5,520,000 aggregate principal amount of new notes (the "New Notes") and, in the case of the 5.375% secured notes due 2023 and 5.500% secured notes due 2026, cash. These New Notes will be automatically converted into new CSC Holdings notes upon satisfaction (or waiver) of certain conditions set forth in the Exchange Offers.

Incremental CSC Holdings Term Loan Facility

In October 2018, in connection with its intention to combine the Suddenlink and Cablevision businesses under a single credit silo, Altice USA commenced an exchange of senior and senior secured notes and successfully entered into a new CSC Holdings $1,275,000 7-year senior secured term loan maturing January 2026 (the “Senior Secured Term Loan B”), providing for the refinancing of the entire principal amount of loans under Cequel’s existing Term Loan Facility and other transaction costs related to the credit silo combination. The new Senior Secured Term Loan B will have a margin of 2.25% over LIBOR and was issued with an original issue discount of 25 basis points.

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

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

The preparation of our condensed consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. For a complete discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our condensed consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report for the year ended December 31, 2017.

Overview

Our Business

We deliver broadband, pay television, telephony services, proprietary content and advertising services to approximately 3.1 million residential and business customers. Our footprint covers approximately 5.2 million homes passed as of September 30, 2018 in and around the New York metropolitan area.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information see "Risk Factors" and "Business-Competition" included in our Annual Report for the year ended December 31, 2017.

We derive revenue principally through monthly charges to residential customers of our pay television, broadband, and telephony services. We also derive revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, installation, home shopping commissions and equipment fees. Our residential pay television, broadband and telephony services accounted for approximately 46%, 27% and 8%, respectively, of our consolidated revenue for the nine months ended September 30, 2018. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and small and medium-sized business ("SMB") customers, including broadband, telephony, networking and pay television services. For the nine months ended September 30, 2018, 14% of our consolidated revenue was derived from these business and wholesale services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, which accounted for approximately 5% of our consolidated revenue for the nine months ended September 30, 2018. Our other revenue for the six months ended September 30, 2018 accounted for less than 1% of our consolidated revenue.

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

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

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, pay television and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content, and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T Inc. and its DirecTV subsidiary, DISH Network Corp., Frontier Communications Corp. and Verizon Communications Inc. Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances or preference, negatively impacts the demand for our services. For more information, see "Risk Factors" and "Business-Competition" included in our Annual Report for the year ended December 31, 2017.

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

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

Acquisition of Altice Technical Services US Corp

As discussed in Note 1 of the Company's condensed consolidated financial statements, the Company completed the ATS Acquisition in January 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its commencement of operations.

Acquisition of i24NEWS

In April 2018, Altice N.V. transferred its ownership of i24 US and i24 Europe ("i24NEWS"), Altice N.V.'s 24/7 international news and current affairs channels, to the Company for minimal consideration (the "i24 Acquisition"). As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 and the balance sheet as of December 31, 2017 have not been revised to reflect the combination of i24NEWS as the impact was deemed immaterial.

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, other non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, net, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share‑based compensation expense or benefit, restructuring expense or credits and transaction expenses. We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance, and evaluate management’s effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period‑to‑period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company’s ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with 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.

Results of Operations

	Cablevision			
	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	2018 to 2017 Favorable (unfavorable)	% Change 2018 to 2017
Revenue:				
Residential:				
Pay TV	$ 783,252	$ 798,583	$ (15,331)	(2)%
Broadband	457,709	416,972	40,737	10 %
Telephony	130,494	140,830	(10,336)	(7)%
Business services and wholesale	242,305	230,200	12,105	5 %
Advertising	105,719	72,316	33,403	46 %
Other	2,209	2,458	(249)	(10)%
Total revenue	1,721,688	1,661,359	60,329	4 %
Operating expenses:				
Programming and other direct costs	585,117	570,995	(14,122)	2 %
Other operating expenses	403,445	401,981	(1,464)	— %
Restructuring and other expense	14,122	35,364	21,242	(60)%
Depreciation and amortization	378,549	656,122	277,573	(42)%
Operating income (loss)	340,455	(3,103)	343,558	
Other income (expense):				
Interest expense, net	(282,915)	(277,229)		
Gain (loss) on investments and sale of affiliate interests, net	111,684	(18,900)		
Gain (loss) on derivative contracts, net	(79,628)	55,602		
Gain on interest rate swap contracts, net	484	—		
Loss on extinguishment of debt and write-off of deferred financing costs	—	(38,858)		
Other expense, net	(147)	(2,984)		
Income (loss) before income taxes	89,933	(285,472)		
Income tax benefit (expense)	(70,594)	119,215		
Net income (loss)	19,339	(166,257)		
Net income attributable to noncontrolling interests	(1,186)	(135)		
Net income (loss) attributable to Cablevision Systems Corporation stockholder	$ 18,153	$ (166,392)		

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

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	2018 to 2017 Favorable (unfavorable)
Net income (loss)	$ 19,339	$ (166,257)	$ 185,596
Income tax expense (benefit)	70,594	(119,215)	189,809
Other expense, net	147	2,984	(2,837)
Loss on extinguishment of debt and write-off of deferred financing costs	—	38,858	(38,858)
Loss (gain) on derivative contracts, net	79,628	(55,602)	135,230
Gain on interest rate swap contracts, net	(484)	—	(484)
Loss (gain) on investments and sale of affiliate interests, net	(111,684)	18,900	(130,584)
Interest expense, net	282,915	277,229	5,686
Depreciation and amortization	378,549	656,122	(277,573)
Restructuring and other expense	14,122	35,364	(21,242)
Share-based compensation	9,038	11,555	(2,517)
Adjusted EBITDA	$ 742,164	$ 699,938	$ 42,226

	Cablevision			
	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	2018 to 2017 Favorable (unfavorable)	% Change 2018 to 2017
Revenue:				
Residential:				
Pay TV	$ 2,313,229	$ 2,397,233	$ (84,004)	(4)%
Broadband	1,347,486	1,218,504	128,982	11 %
Telephony	399,714	432,710	(32,996)	(8)%
Business services and wholesale	713,240	689,708	23,532	3 %
Advertising	276,343	216,250	60,093	28 %
Other	8,697	8,467	230	3 %
Total revenue	5,058,709	4,962,872	95,837	2 %
Operating expenses:				
Programming and other direct costs	1,765,544	1,710,245	(55,299)	3 %
Other operating expenses	1,215,981	1,277,204	61,223	(5)%
Restructuring and other expense	25,720	105,182	79,462	(76)%
Depreciation and amortization	1,337,051	1,641,501	304,450	(19)%
Operating income	714,413	228,740	485,673	212 %
Other income (expense):				
Interest expense, net	(832,835)	(832,894)		
Gain (loss) on investments and sale of affiliate interests, net	(186,009)	169,888		
Gain (loss) on derivative contracts, net	130,883	(81,905)		
Gain on interest rate swap contracts, net	706	—		
Loss on extinguishment of debt and write-off of deferred financing costs	(4,706)	(57,834)		
Other expense, net	(12,291)	(9,019)		
Loss before income taxes	(189,839)	(583,024)		
Income tax benefit (expense)	(3,986)	216,277		
Net loss	(193,825)	(366,747)		
Net income attributable to noncontrolling interests	(1,039)	(737)		
Net loss attributable to Cablevision Systems Corporation stockholder	$ (194,864)	$ (367,484)		

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

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	2018 to 2017 Favorable (unfavorable)
Net loss	$ (193,825)	$ (366,747)	$ 172,922
Income tax benefit	3,986	(216,277)	220,263
Other expense, net	12,291	9,019	3,272
Loss on extinguishment of debt and write-off of deferred financing costs	4,706	57,834	(53,128)
Loss (gain) on derivative contracts, net	(130,883)	81,905	(212,788)
Gain on interest rate swap contracts, net	(706)	—	(706)
Loss (gain) on investments and sale of affiliate interests, net	186,009	(169,888)	355,897
Interest expense, net	832,835	832,894	(59)
Depreciation and amortization	1,337,051	1,641,501	(304,450)
Restructuring and other expense	25,720	105,182	(79,462)
Share-based compensation	35,567	28,597	6,970
Adjusted EBITDA	$ 2,112,751	$ 2,004,020	$ 108,731

The following table sets forth certain customer metrics:

	September 30, 2018	June 30, 2018	September 30, 2017
	(in thousands, except per customer amounts)		
Homes passed(a)	5,197.3	5,187.3	5,134.4
Total customer relationships(b)(c)	3,145.9	3,153.5	3,148.9
Residential	2,882.8	2,889.7	2,887.0
SMB	263.1	263.8	261.9
Residential customers:			
Pay TV	2,306.6	2,327.3	2,382.2
Broadband	2,682.9	2,681.3	2,653.1
Telephony	1,942.8	1,949.4	1,958.8
Residential triple product customer penetration(d):	63.4%	63.5%	64.3%
Penetration of homes passed(e):	60.5%	60.8%	61.3%
ARPU(f)	$ 158.39	$ 155.69	$ 156.55

(a) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our cable distribution network.

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

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

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

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

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

Pay Television Revenue

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

Pay television revenue decreased $15,331 (2%) and $84,004 (4%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017. The decrease for the three months ended September 30, 2018 was due primarily to a decline in pay television customers, partially offset by higher average revenue per pay television customer. The decrease for the nine months ended September 30, 2018 was due primarily to a decline in pay television customers and lower average revenue per pay television customer.

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

Broadband Revenue

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

Broadband revenue increased $40,737 (10%) and $128,982 (11%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017, due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Telephony Revenue

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

Telephony revenue decreased $10,336 (7%) and $32,996 (8%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017, due primarily to lower average revenue per telephony customer.

Business Services and Wholesale Revenue

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

Business services and wholesale revenue increased $12,105 (5%) and $23,532 (3%) for the three and nine months ended September 30, 2018 as compared to the three and nine months ended September 30, 2017, respectively. The increases were primarily due to higher average recurring broadband revenue per SMB customer, higher Ethernet and managed services revenue and an increase in the number of customers, partially offset by reduced traditional voice and data services for commercial customers.

Advertising Revenue

Advertising revenue is primarily derived from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics revenue. Advertising revenue increased $33,403 (46%) and $60,093 (28%) for the three and nine months ended September 30, 2018 as compared to the three and nine months ended September 30, 2017, respectively. The increases were primarily due to an increase in digital and linear advertising (partially attributed to the New York Interconnect business) and data analytics revenue.

Other Revenue

Other revenue decreased $249 (10%) and increased $230 (3%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017. Other revenue includes other miscellaneous revenue streams.

Programming and Other Direct Costs

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

Programming and other direct costs increased $14,122 (2%) and $55,299 (3%) for the three and nine months ended September 30, 2018, as compared to the three and nine months ended September 30, 2017. The net increases are attributable to the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Increase primarily in costs of digital media and linear advertising spots for resale	$ 10,388	$ 32,881
Increase in programming costs due primarily to contractual rate increases, partially offset by lower pay television customers and lower video-on-demand and pay-per-view costs	2,306	16,863
Other net increases (including an increase of $1,400 and $2,666 in costs related to i24NEWS for the three and nine months, respectively)	1,428	5,555
	$ 14,122	$ 55,299

Programming costs aggregated $484,693 and $1,464,784 for the three and nine months ended September 30, 2018, respectively, and $482,387 and $1,447,921 for the three and nine months ended September 30, 2017, respectively. Our programming costs increased approximately 1% for the three and nine months ended September 30, 2018, as compared to the same periods in the prior year. Our programming costs in 2018 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 pay television customers.

Other Operating Expenses

Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

Customer installation and repair and maintenance costs may fluctuate as a result of changes in the level of activities and the utilization of contractors as compared to employees. Also, customer installation costs fluctuate as the portion of our expenses that we are able to capitalize changes. Costs associated with the initial deployment of new customer premise equipment necessary to provide broadband, pay television and telephony services are capitalized (asset-based). The redeployment of customer premise equipment is expensed as incurred. Network repair and maintenance and utility costs also fluctuate as capitalizable network upgrade and enhancement activity changes.

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

Other operating expenses increased $1,464 and decreased $61,223 (5%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017, including the impact of a net increase related to i24NEWS of $9,285 and $19,408 for the three and nine month periods. The net increases (decreases) are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2018	
Increase in labor costs and benefits (including costs related to i24NEWS of $6,197), partially offset by an increase in capitalizable activity for the three month period. Decrease in labor costs and benefits, net of costs of $12,609 related to i24NEWS, and an increase in capitalizable activity for the nine month period.	$ 11,219	$ (67,413)
Decrease in insurance costs	(419)	(8,351)
Decrease in management fee relating to certain executive, administrative and managerial services provided to Cablevision from Altice N.V. prior to separation in June 2018	(5,000)	(6,104)
Increase in marketing costs	2,796	8,673
Increase (decrease) in share-based compensation and long-term incentive plan awards expense	(2,059)	5,627
Increase in commissions in connection with the New York Interconnect business	3,868	4,620
Increase (decrease) in repairs and maintenance costs relating to our operations	(594)	4,221
Other net decrease	(8,347)	(2,496)
	$ 1,464	$ (61,223)

Restructuring and Other Expense

Restructuring and other expense for the three and nine months ended September 30, 2018 amounted to $14,122 and $25,720, respectively, as compared to $35,364 and $105,182 for the three and nine months ended September 30, 2017, respectively. These amounts primarily relate to costs incurred in connection with severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in 2016 that are intended to simplify the Company's organizational structure. We currently anticipate that additional restructuring expenses will be recognized as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization decreased $277,573 (42%) and $304,450 (19%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017. The decreases are due primarily to certain fixed assets and intangible assets becoming fully depreciated or amortized. These decreases were partially offset by depreciation of new asset additions.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, other non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, net, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net income (loss) to adjusted EBITDA above.

Adjusted EBITDA increased $42,226 (6%) and $108,731 (5%) for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017. The increase for the three months ended September 30, 2018 as compared to the prior year was due to an increase in revenue, partially offset by an increase in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses) as discussed above. The increase in adjusted EBITDA for the nine months ended September 30, 2018 as compared to the prior year period was due to an increase in revenue and a decrease in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses).

Interest Expense, net

Interest expense, net increased $5,686 (2%) and decreased $59 for the three and nine months ended September 30, 2018, respectively, as compared to the three and nine months ended September 30, 2017. The net changes are attributable to the following:

	Three Months	Nine Months
	Ended September 30, 2018	
Decrease due to changes in average debt balances and interest rates on our indebtedness and collateralized debt	$ (6,400)	$ (34,170)
Higher interest income	(578)	(6,704)
Other net increases, primarily amortization of deferred financing costs and original issue discounts	12,664	40,815
	$ 5,686	$ (59)

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

Gain (Loss) on Investments and Sale of Affiliate Interests, net

Gain (loss) on investments and sale of affiliate interests, net for the three and nine months ended September 30, 2018 amounted to $111,684 and $(186,009), respectively, and for the three and nine months ended September 30, 2017 amounted to $(18,900) and $169,888, respectively, and consists primarily of the increase (decrease) in the fair value of Comcast common stock owned by the Company for the periods. The effects of these gains or losses are partially offset by the losses and gains on the related equity derivative contracts, net described below. The amounts for the three and nine months ended September 30, 2018 include a net gain of $13,303 related to the sale of affiliate interests.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and nine months ended September 30, 2018 amounted to $(79,628) and $130,883, respectively, and for the three and nine months ended September 30, 2017 amounted to $55,602 and $(81,905), respectively, and include realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains or losses are offset by gains and losses 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 $4,706 for the nine months ended September 30, 2018 and includes the write-off of unamortized premium and deferred financing costs and the premium paid in connection with early redemption of the $750,000 7.75% Cablevision senior notes due in April 2018 in the first quarter of 2018.

Loss on extinguishment of debt and write-off of deferred financing costs amounted to $38,858 and $57,834 for the three and nine months ended September 30, 2017 and related to the CSC Holdings credit facility extension amendment of $18,976 and a premium paid of $38,858 from the prepayment of principal on certain senior notes outstanding.

Income Tax Benefit

Income tax expense was $70,594 and $3,986 for the three and nine months ended September 30, 2018, respectively, reflecting an effective tax rate of 78% and 2%, respectively, which increased as compared to previous periods primarily as a result of the enactment of the tax law changes in New Jersey which amounted to $36,639 that increased the corporate tax rate through the imposition of a surtax and requiring mandatory combined reporting, and non-deductible share-based compensation of $1,166 and $5,475. Absent these items, the effective tax rate for the three and nine months ended September 30, 2018 would have been 36% and 20%, respectively.

An income tax benefit of $119,215 and $216,277 was recorded for the three and nine months ended September 30, 2017, respectively, reflecting an effective tax rate of 42% and 37%, respectively. Nondeductible share-based compensation resulted in additional deferred tax expense of $4,044 and $10,008 for the three and nine months ended September 30, 2017, respectively.

CSC HOLDINGS, LLC

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

	Three Months Ended September 30,	
	2018	2017
Net income (loss) attributable to Cablevision Systems Corporation stockholder	$ 18,153	$ (166,392)
Interest expense relating to Cablevision senior notes included in Cablevision's consolidated statements of operations	23,877	37,821
Income tax expense (benefit) included in Cablevision's consolidated statements of operations	(9,814)	2,121
Net income (loss) attributable to CSC Holdings, LLC's sole member	$ 32,216	$ (126,450)

	Nine Months Ended September 30,	
	2018	2017
Net loss attributable to Cablevision Systems Corporation stockholder	$ (194,864)	$ (367,484)
Interest expense relating to Cablevision senior notes included in Cablevision's consolidated statements of operations	76,746	123,088
Loss on extinguishment of debt relating to Cablevision senior notes	4,706	6,300
Income tax expense (benefit) included in Cablevision's consolidated statements of operations	(26,907)	(51,302)
Net loss attributable to CSC Holdings, LLC's sole member	$ (140,319)	$ (289,398)

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

LIQUIDITY AND CAPITAL RESOURCES

<u>Cablevision</u>

Cablevision has no operations independent of its subsidiaries. Cablevision's outstanding debt securities consist of $1,149,024 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 and borrowings under the Restricted Group (as later defined) revolving credit facility, proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the Restricted Group revolving credit facility or accessing the capital markets has been based upon an ongoing review of the funding needs of the business, the optimal allocation of cash resources, the timing of cash flow generation and the cost of borrowing under the revolving credit facility, debt securities and syndicated term loans. We have accessed the debt markets for significant amounts of capital in the past and expect to do so in the future.

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

We believe existing cash balances, operating cash flows and availability under the Restricted Group revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. However, competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe that amounts available under the 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 continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt obligations. We intend to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating discretionary uses of cash.

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.

	As of September 30, 2018				
	Restricted Group	Other Entities	Total CSC Holdings	Cablevision	Total Cablevision
Debt Outstanding:					
Credit facility debt	$ 4,980,221	$ —	$ 4,980,221	$ —	$ 4,980,221
Senior guaranteed notes	3,284,419	—	3,284,419	—	3,284,419
Senior notes and debentures (a)	5,610,048	—	5,610,048	1,076,681	6,686,729
Subtotal	13,874,688	—	13,874,688	1,076,681	14,951,369
Capital lease obligations	20,057	—	20,057	—	20,057
Notes payable	42,810	—	42,810	—	42,810
Subtotal	13,937,555	—	13,937,555	1,076,681	15,014,236
Collateralized indebtedness relating to stock monetizations (a)	—	1,400,398	1,400,398	—	1,400,398
Total debt	$ 13,937,555	$ 1,400,398	$ 15,337,953	$ 1,076,681	$ 16,414,634
Interest expense:					
Credit facility debt, senior notes, capital leases and notes payable	$ 715,573	$ —	$ 715,573	$ 76,746	$ 792,319
Collateralized indebtedness relating to stock monetizations	—	47,858	47,858	—	47,858
Total interest expense	$ 715,573	$ 47,858	$ 763,431	$ 76,746	$ 840,177

(a) This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts, or (ii) delivering cash from the net proceeds on new monetization contracts.

The following table provides details of our outstanding credit facility debt as of September 30, 2018:

	Maturity Date	Interest Rate	Principal	Carrying Value (a)
Revolving Credit Facility (b)	$20,000 on October 9, 2020, remaining balance on November 30, 2021	5.40%	$ 575,000	$ 554,908
Term Loan Facility	July 17, 2025	4.41%	2,962,500	2,946,318
Incremental Term Loan Facility	January 25, 2026	4.66%	1,496,250	1,478,995
			$ 5,033,750	$ 4,980,221

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

(b) At September 30, 2018, $139,929 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $1,585,071 of the facility was undrawn and available, subject to covenant limitations.

Payment Obligations Related to Debt

As of September 30, 2018, total amounts payable by us in connection with our outstanding obligations, 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
2018	$ 20,000	$ 179,411	$ 8,343	$ 207,754
2019	78,130	1,520,143	33,101	1,631,374
2020	558,130	947,200	33,191	1,538,521
2021	38,130	2,522,153	1,475,974	4,036,257
2022	687,154	838,194	—	1,525,348
Thereafter	—	13,960,675	—	13,960,675
Total	$ 1,381,544	$ 19,967,776	$ 1,550,609	$ 22,899,929

(a) Includes $1,550,609 related to the Company's collateralized indebtedness (including related interest). This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts, or (ii) delivering cash from the net proceeds on new monetization contracts.

Restricted Group

CSC Holdings and those of its subsidiaries which conduct its broadband, pay television and telephony 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, contributions from its parent, 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 broadband, pay television and telephony services, including costs to build a fiber-to-the-home ("FTTH") network and 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.

Credit Facilities

On October 9, 2015, Neptune Finco Corp. ("Finco"), an indirect wholly-owned subsidiary of Altice N.V., which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which currently provides U.S. dollar term loans currently in an aggregate principal amount of $3,000,000 ($2,962,500 outstanding at September 30, 2018) (the "CVC Term Loan Facility", and the term loans extended under the CVC Term Loan Facility, the "CVC Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of $2,300,000 (the "CVC Revolving Credit Facility" and, together with the CVC Term Loan Facility, the "CVC Credit Facilities"), which are governed by a credit facilities agreement entered into by, *inter alios*, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017 and January 12, 2018, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CVC Credit Facilities Agreement").

In January 2018, CSC Holdings borrowed $150,000 under its revolving credit facility and entered into a new $1,500,000 incremental term loan facility (the "Incremental Term Loan") under its existing Credit Facilities Agreement. The Incremental Term Loan was priced at 99.50% and will mature on January 25, 2026. The Incremental Term Loan is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. See discussion below regarding use of proceeds from the Incremental Term Loan.

The Company made a voluntary repayment of $600,000 under the CVC Revolving Credit Facility in January 2018.

In July 2018, the Company borrowed $575,000 under the CSC Holdings revolving credit facility agreement and used a portion of the proceeds to repay the $500,000 principal amount of senior notes due July 15, 2018.

CSC Holdings was in compliance with all of its financial covenants under the Credit Facilities Agreement as of September 30, 2018.

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

Incremental CSC Holdings Term Loan Facility

In October 2018, in connection with its intention to combine the Suddenlink and Cablevision businesses under a single credit silo, Altice USA commenced an exchange of senior and senior secured notes and successfully entered into a new CSC Holdings $1,275,000 7-year senior secured term loan maturing January 2026 (the "Senior Secured Term Loan B"), providing for the refinancing of the entire principal amount of loans under Cequel's existing Term Loan Facility and other transaction costs related to the credit silo combination. The new Senior Secured Term Loan B will have a margin of 2.25% over LIBOR and was issued with an original issue discount of 25 basis points.

On October 15, 2018, the Company made a voluntary repayment under the CSC Holdings revolving credit facility of $125,000.

Senior Notes

Cablevision Notes

On April 15, 2010, Cablevision issued $750,000 aggregate principal amount of its 7 3/4% Senior Notes due 2018 (the "CVC 2018 Notes") and $500,000 aggregate principal amount of its 8% Senior Notes due 2020. On September 27, 2012, Cablevision issued $750,000 aggregate principal amount of its 5 7/8% Senior Notes due 2022 ($649,024 principal outstanding at September 30, 2018). The CVC 2018 Notes were repaid in February 2018.

As of September 30, 2018, Cablevision was in compliance with all of its financial covenants under the indentures under which the Cablevision Notes were issued.

CSC Holdings Notes

CSC Holdings Senior Guaranteed Notes

On October 9, 2015, Finco issued $1,000,000 aggregate principal amount of its 6 5/8% Senior Guaranteed Notes due 2025 (the "2025 Senior Guaranteed Notes"). CSC Holdings assumed the obligations as issuer of the 2025 Senior Guaranteed Notes upon the merger of Finco and CSC Holdings on June 21, 2016. On September 23, 2016, CSC Holdings issued $1,310,000 aggregate principal amount of its 5 1/2% Senior Guaranteed Notes due 2027.

In January 2018, CSC Holdings issued $1,000,000 aggregate principal amount of 5 3/8% senior guaranteed notes due February 1, 2028 (the "2028 Guaranteed Notes"). The 2028 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.

The proceeds from the 2028 Guaranteed Notes, together with proceeds from the Incremental Term Loan discussed above, borrowings under the CVC Revolving Credit Facility and cash on hand, were used in February 2018 to repay certain senior notes ($300,000 principal amount of CSC Holdings' senior notes due in February 2018 and $750,000 principal amount of Cablevision senior notes due in April 2018) and a portion was used to fund (through a distribution) a dividend to Altice USA's stockholders on June 6, 2018.

As of September 30, 2018, CSC Holdings was in compliance with all of its financial covenants under the indentures under which the CSC Holdings senior guaranteed notes were issued.

CSC Holdings Senior Notes

On February 6, 1998, CSC Holdings issued $300,000 aggregate principal amount of its 7 7/8% Senior Debentures which matured and were repaid in February 2018. On July 21, 1998, CSC Holdings issued $500,000 aggregate principal amount of its 7 5/8% Senior Debentures which matured and were repaid July 2018. On February 12, 2009, CSC Holdings issued $526,000 aggregate principal amount of its 8 5/8% Senior Notes due 2019 and 8 5/8% Series B Senior Notes due 2019. On November 15, 2011, CSC Holdings issued $1,000,000 aggregate principal amount of its 6 3/4% Senior Notes due 2021 and 6 3/4% Series B Senior Notes due 2021. On May 23, 2014, CSC Holdings issued $750,000 aggregate principal amount of its 5 1/4% Senior Notes due 2024 and 5 1/4% Series B Senior Notes due 2024.

On October 9, 2015, Finco issued $1,800,000 aggregate principal amount of its 10 1/8% Senior Notes due 2023 (the "2023 Senior Notes") and $2,000,000 ($1,684,221 principal amount outstanding at September 30, 2018) of its 10 7/8% Senior Notes due 2025 (the "2025 Senior Notes). CSC Holdings assumed the obligations as issuer of the 2023 Senior Notes and the 2025 Senior Notes upon the merger of Finco and CSC Holdings on June 21, 2016.

As of September 30, 2018, CSC Holdings was in compliance with all of its financial covenants under the indentures under which the CSC Holdings senior notes were issued.

Senior Notes Exchange

On October 2, 2018, Cequel, Cequel Capital and Altice US Finance I Corporation (the "Issuers"), commenced offers to exchange (the "Exchange Offers") any and all outstanding senior notes and senior secured notes issued by them (the "Original Notes") for up to $5,520,000 aggregate principal amount of new notes (the "New Notes") and, in the case of the 5.375% secured notes due 2023 and 5.500% secured notes due 2026, cash. These New Notes will be automatically converted into new CSC Holdings notes upon satisfaction (or waiver) of certain conditions set forth in the Exchange Offers.

Capital Expenditures

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Customer premise equipment	$ 72,970	$ 61,599	$ 192,791	$ 161,440
Network infrastructure	87,492	50,534	180,931	164,213
Support and other	40,447	35,501	107,507	102,553
Business services	16,417	32,653	73,254	77,646
Capital purchases (cash basis)	$ 217,326	$ 180,287	$ 554,483	$ 505,852
Capital purchases (including accrued not paid)	$ 262,095	$ 192,391	$ 582,628	$ 466,760

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

CASH FLOW DISCUSSION

Cablevision Systems Corporation

Operating Activities

Net cash provided by operating activities amounted to $958,151 for the nine months ended September 30, 2018 compared to $849,445 for the nine months ended September 30, 2017. The 2018 cash provided by operating activities resulted from $1,143,226 of income before depreciation and amortization and $203,962 of non cash items, partially offset by cash outflows due to increases in current and other assets of $300,305, a decrease in accrued liabilities and accounts payable of $86,264 and a decrease in derivative contracts of $2,468.

The 2017 cash provided by operating activities resulted from $1,274,755 of income before depreciation and amortization, partially offset by $198,514 of non cash items, $193,491 as a result of a decrease in accrued liabilities and accounts payable and $33,305 resulting from an increase in current and other assets.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2018 was $560,500 compared to $552,370 for the nine months ended September 30, 2017. The 2018 investing activities consisted primarily of $554,483 of capital expenditures, payments for acquisitions, net of cash acquired of $10,753, partially offset by other net cash receipts of $4,736.

The 2017 investing activities consisted primarily of $505,852 of capital expenditures, payments for acquisitions, net of cash acquired of $43,608, and other net cash payments of $2,910.

Financing Activities

Net cash used in financing activities amounted to $275,787 for the nine months ended September 30, 2018 compared to net cash provided by financing activities of $298,000 for the nine months ended September 30, 2017. In 2018, the Company's financing activities consisted primarily of a distribution to Altice USA of $1,311,000, the redemption of senior notes, including premiums and fees of $1,557,019, repayments of credit facility debt of $626,250, payments of collateralized indebtedness and related derivative contracts of $516,513, payment of contingent consideration for acquisition of $30,000, additions to deferred financing costs of $19,730, repayment of notes payable of $12,910, and principal payments on capital lease obligations of $8,328, partially offset by proceeds from credit facility debt of $2,217,500, issuance of senior notes of $1,000,000, proceeds from collateralized indebtedness of $516,513, contributions from a shareholder of $50,000, proceeds from contributions from non-controlling interests of $5,995 and proceeds from notes payable of $15,955.

In 2017, the Company's financing activities consisted primarily of proceeds from credit facility debt of $4,343,750, proceeds from collateralized indebtedness of $662,724, a contribution from non-controlling interests of $49,665, contribution from shareholder of $350,120 and proceeds from notes payable of $24,649, partially offset by distributions to Altice USA of $925,262, redemption and repurchase of senior notes, including premiums and fees of $1,265,055, payments of collateralized indebtedness and related derivative contracts of $654,989, repayments of credit facility debt of $2,866,506, principal payments on capital lease obligations of $10,954 and additions to deferred financing costs of $6,142.

CSC Holdings, LLC

Operating Activities

Net cash provided by operating activities amounted to $1,035,818 for the nine months ended September 30, 2018 compared to $673,003 for the nine months ended September 30, 2017. The 2018 cash provided by operating activities resulted from $1,197,771 of income before depreciation and amortization, $138,497 of non cash items, and an increase in accrued liabilities and accounts payable of $4,660, partially offset by an increase in current and other assets of $302,642 and a decrease in derivative contracts of $2,468.

The 2017 cash provided by operating activities resulted from $1,352,841 of income before depreciation and amortization, partially offset by $152,303 of non cash items and a decrease in cash of $494,229 as a result of a decrease in accrued liabilities and accounts payable and $33,306 resulting from an increase in current and other assets.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2018 was $560,500 compared to $552,370 for the nine months ended September 30, 2017. The 2018 investing activities consisted primarily of $554,483 of capital expenditures, and payments for acquisitions, net of cash acquired of $10,753, partially offset by other net cash receipts of $4,736.

The 2017 investing activities consisted primarily of $505,852 of capital expenditures, payments for acquisitions, net of cash acquired of $43,608 and other net cash payments of $2,910.

Financing Activities

Net cash used by financing activities amounted to $352,990 for the nine months ended September 30, 2018 compared to net cash provided by financing activities of $121,537 for the nine months ended September 30, 2017. In 2018, the Company's financing activities consisted primarily of distributions to Cablevision of $2,145,222, the redemption of senior notes of $800,000, repayments of credit facility debt of $626,250, payments of collateralized indebtedness and related derivative contracts of $516,513, payment of contingent consideration for acquisition of $30,000, additions to deferred financing costs of $19,730, repayment of notes payable of $12,910, and principal payments on capital lease obligations of $8,328, partially offset by proceeds from credit facility debt of $2,217,500, issuance of senior notes of $1,000,000, proceeds from collateralized indebtedness of $516,513, contributions from a shareholder of $50,000, proceeds from contributions from non-controlling interests of $5,995 and proceeds from notes payable of $15,955.

In 2017, the Company's financing activities consisted primarily of proceeds from credit facility debt of $4,343,750, proceeds from collateralized indebtedness of $662,724, a contribution from non-controlling interests of $49,665, contribution from shareholder of $350,120 and proceeds from notes payable of $24,649, partially offset by distributions to Cablevision of $1,663,734, redemption and repurchase of senior notes, including premiums and fees of $350,120, payments of collateralized indebtedness and related derivative contracts of $654,989, repayments of credit facility debt of $2,866,506, principal payments on capital lease obligations of $10,954 and additions to deferred financing costs of $6,142.

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 during the nine months ended September 30, 2018:

Number of shares		16,139,868
Collateralized indebtedness settled	$	(516,537)
Derivatives contracts settled		24
		(516,513)
Proceeds from new monetization contracts		516,513
Net cash proceeds	$	—

The cash to settle the collateralized indebtedness 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 April 2017, the Company entered into new monetization contracts related to 32,153,118 shares of Comcast common stock held by Cablevision, which synthetically reversed the then existing contracts related to these shares (the "Synthetic Monetization Closeout"). As the then existing collateralized debt matured, the Company settled the contracts with proceeds received from the new monetization contracts. The new monetization contracts mature on April 28, 2021. The new monetization contracts provide the Company with downside protection below the hedge price of $35.47 and upside benefit of stock price appreciation up to $44.72 per share.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans, which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for the Company on January 1, 2022, although early adoption is permitted. The Company does not expect the adoption of ASU 2017-14 to have a material impact on its consolidated financial statements.

Also in August 2018, the FASB issued ASU No. 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That Is a Service Contract, which requires upfront implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract to be amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. ASU 2018-14 becomes effective for the Company on January 1, 2020, although early adoption is permitted. The Company is currently in the process of evaluating the impact that the adoption of ASU No. 2018-15 will have on its consolidated financial statements.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019. Although the Company has not yet completed its evaluation of the guidance, or quantified its impact, the Company believes the most significant impact will be the recognition of right of use assets and liabilities on its consolidated balance sheet. The Company expects its lease obligations designated as operating leases (as disclosed in Note 8 to the audited consolidated financial statements in its most recent Annual Report on Form 10-K) will be reported on the consolidated balance sheets upon adoption. The Company is also evaluating other potential lease arrangements of the business, including arrangements that have been previously disclosed as a contractual commitment. The Company has established a team to implement the standard and is currently in the process of collecting and validating lease data and implementing a software solution. In addition, the Company is assessing practical expedients and policy elections offered by the standard, and is evaluating its processes and internal controls to meet the guidance's accounting, reporting and disclosure requirements.

Distributions

CSC Holdings made cash equity distribution payments to Cablevision aggregating $2,145,222 during the nine months ended September 30, 2018. These distribution payments were funded from cash on hand and the proceeds from the incremental term loan and the issuance of the 2028 Guaranteed Notes. The proceeds were used to fund the early repayment of the Cablevision 7.75% senior notes due 2018, to fund Cablevision's interest payments on its senior notes and make a cash equity distribution payment to Altice USA of $1,311,000. Altice USA used a portion of the proceeds from Cablevision to fund the dividend of $1,499,935 paid to Altice USA's stockholders on June 6, 2018.

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.

Commitments and Contingencies

As of September 30, 2018, the Company's commitments and contingencies for continuing operations not reflected in the Company's condensed consolidated balance sheet decreased to approximately $5,435,000 as compared to approximately $6,592,000 at December 31, 2017. This decrease relates primarily to payments made pursuant to programming commitments, offset by renewed multi-year programming agreements entered into during the nine months ended September 30, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

All dollar amounts, except per share data, included in the following discussion 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 September 30, 2018, 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 condensed consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of discounts and the unamortized fair value adjustment for contracts that existed at the date of the Company's acquisition by Altice N.V. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to $1,400,398 at September 30, 2018. 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 September 30, 2018, the fair value and the carrying value of our holdings of Comcast common stock aggregated $1,521,045. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately $152,105. As of September 30, 2018, 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 $21,379, a net asset position. For the three and nine months ended September 30, 2018, we recorded a net gain (loss) of $(79,628) and $130,883, respectively, related to our outstanding equity derivative contracts and recorded an unrealized gain (loss) of $111,684 and $(199,312), respectively, related to the Comcast common stock that we held.

Fair Value of Derivative Contracts

Fair value as of December 31, 2017, net liability position	$	(109,504)
Change in fair value, net		130,883
Fair value as of September 30, 2018, net asset position	$	21,379

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 a derivative prepaid forward contract are summarized in the following table:

# of Shares Deliverable	Maturity	Hedge Price per Share (a)	Cap Price (b) Low	Cap Price (b) High
42,955,236	2021	$29.25- $35.47	$ 43.88	$ 44.80

(a) 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.

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

Fair Value of Debt

At September 30, 2018, the fair value of our fixed rate debt of $12,123,407 was higher than its carrying value of $11,414,356 by $709,051. 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 September 30, 2018 would increase the estimated fair value of our fixed rate debt by $361,585 to $12,484,992. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

In May 2018, the Company entered into two interest rate swap contracts whereby one contract converts the interest rate on $2,970,000 of the CSC Holdings Term Loan Facility from a one-month LIBO rate to a three-month LIBO rate minus 0.226% and the second contract converts the interest rate on $1,496,250 of the CSC Holdings Incremental Term Loan from a one month LIBO rate to a three-month LIBO rate minus 0.226%. The objective of these swaps is to potentially pay a lower interest rate than what the Company can elect under the terms of the CSC Holdings Credit Facilities Agreement.

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statement of operations. For the three and nine months ended September 30, 2018, the Company recorded a gain on interest rate swap contracts of $484 and $706, respectively.

As of September 30, 2018, our outstanding interest rate swap contracts had an aggregate fair value and carrying value of $2,468, in an asset position, reflected in “Derivative contracts” in our condensed consolidated balance sheet.

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 14 to our condensed consolidated financial statements included in this Quarterly Report for a discussion of our legal proceedings.

SIGNATURE

Cablevision and CSC Holdings have duly caused this Quarterly Report to be signed on their behalf by the undersigned, thereunto duly authorized.

CABLEVISION SYSTEMS CORPORATION
CSC HOLDINGS, LLC

Date: November 19, 2018

/s/ Charles Stewart

By: Charles Stewart as Co-President and Chief Financial Officer of Cablevision Systems Corporation and CSC Holdings, LLC