

**QUARTERLY REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2017**

CABLEVISION SYSTEMS CORPORATION

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CSC HOLDINGS, LLC

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PART 1 - 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, 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 five-year plan to build a fiber-to-the-home ("FTTH") network and deploy our new home communications hub;
- the effects of economic conditions or other factors which may negatively affect our customers’ demand for our products and services;
- the effects of industry conditions;
- demand for advertising on our cable systems;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- 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 and other proceedings; 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, 2016.

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)
(See Note 2)

	March 31, 2017	December 31, 2016
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	\$ 146,269	\$ 216,625
Restricted cash	14,951	16,301
Accounts receivable, trade (less allowance for doubtful accounts of \$6,096 and \$4,952)	233,976	266,701
Prepaid expenses and other current assets (including a prepayment to an affiliate of \$9,441 in 2017) (See Note 13)	91,393	70,272
Amounts due from affiliates	26,680	10,634
Investment securities pledged as collateral	601,938	741,515
Derivative contracts	—	352
Total current assets	1,115,207	1,322,400
Property, plant and equipment, net of accumulated depreciation of \$819,844 and \$562,739	4,447,881	4,605,418
Investment in affiliates	3,384	5,606
Investment securities pledged as collateral	1,012,750	741,515
Derivative contracts	—	10,604
Other assets	38,557	37,609
Amortizable customer relationships, net of accumulated amortization of \$494,470 and \$335,459	4,355,530	4,514,541
Amortizable trade names, net of accumulated amortization of \$65,463 and \$44,422 ..	944,537	965,578
Other amortizable intangibles, net of accumulated amortization of \$3,662 and \$2,483	19,814	20,904
Indefinite-lived cable television franchises	8,113,575	8,113,575
Goodwill	5,913,870	5,838,959
	\$ 25,965,105	\$ 26,176,709

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)
(See Note 2)

	March 31, 2017	December 31, 2016
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	(unaudited)	
Current Liabilities:		
Accounts payable	\$ 533,306	\$ 552,501
Accrued interest	255,283	378,245
Accrued liabilities	356,673	433,786
Amounts due to affiliates	38,751	73,087
Deferred revenue	57,546	47,829
Liabilities under derivative contracts	36,073	13,158
Credit facility debt	22,500	25,000
Collateralized indebtedness	461,946	622,332
Senior notes and debentures	725,171	926,045
Capital lease obligations	12,646	14,050
Notes payable	4,150	5,427
Total current liabilities	2,504,045	3,091,460
Liabilities under derivative contracts	37,173	—
Other liabilities	229,535	194,354
Deferred tax liability	6,078,050	6,429,640
Credit facility debt	2,654,912	2,606,887
Collateralized indebtedness	831,756	663,737
Senior guaranteed notes	2,289,901	2,289,494
Senior notes and debentures	8,738,321	8,548,853
Capital lease obligations	8,675	11,293
Notes payable	7,303	8,299
Total liabilities	23,379,671	23,844,017
Commitments and contingencies		
Redeemable equity	134,773	43,378
Stockholders' Equity:		
Common Stock, \$.01 par value, 1,000 shares authorized, 100 shares issued and outstanding	—	—
Paid-in capital	2,834,430	2,920,743
Accumulated deficit	(386,272)	(633,695)
	2,448,158	2,287,048
Accumulated other comprehensive income	1,979	1,979
Total stockholders' equity	2,450,137	2,289,027
Noncontrolling interest	524	287
Total equity	2,450,661	2,289,314
	\$ 25,965,105	\$ 26,176,709

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)
(See Note 2)

	Successor Three Months Ended March 31, 2017	Predecessor Three Months Ended March 31, 2016
Revenue (including revenue from affiliates of \$141 and \$1,139, respectively) (See Note 13)	\$ 1,644,801	\$ 1,645,890
Operating expenses:		
Programming and other direct costs (including charges from affiliates of \$735 and \$44,892, respectively) (See Note 13)	568,311	578,230
Other operating expenses (including charges from affiliates of \$4,735 and \$1,942, respectively) (See Note 13)	454,499	601,499
Restructuring and other expense	58,647	2,453
Depreciation and amortization	443,176	212,453
	<u>1,524,633</u>	<u>1,394,635</u>
Operating income	120,168	251,255
Other income (expense):		
Interest expense, net	(280,091)	(148,482)
Gain on investments, net	131,658	100,365
Loss on equity derivative contracts, net	(71,044)	(48,012)
Other income (expense), net	(224)	1,971
	<u>(219,701)</u>	<u>(94,158)</u>
Income (loss) before income taxes	(99,533)	157,097
Income tax benefit (expense)	38,962	(62,786)
Net income (loss)	(60,571)	94,311
Net loss (income) attributable to noncontrolling interests	(237)	66
Net income (loss) attributable to Cablevision Systems Corporation stockholders	<u>\$ (60,808)</u>	<u>\$ 94,377</u>
INCOME PER SHARE:		
Basic income per share attributable to Cablevision Systems Corporation stockholder(s): ...		\$ 0.35
Basic weighted average common shares (in thousands)		<u>271,092</u>
Diluted income per share attributable to Cablevision Systems Corporation stockholder(s):		\$ 0.34
Diluted weighted average common shares (in thousands)		<u>279,013</u>
Cash dividends declared and paid per share of common stock	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net income (loss).....	\$ (60,571)	\$ 94,311
Other comprehensive income (loss):		
Defined benefit pension and postretirement plans:		
Unrecognized actuarial loss	—	(6,025)
Applicable income taxes	—	2,473
Unrecognized loss arising during period, net of income taxes	—	(3,552)
Amortization of actuarial losses, net included in net periodic benefit cost.....	—	470
Applicable income taxes	—	(193)
Amortization of actuarial losses, net included in net periodic benefit cost, net of income taxes	—	277
Settlement loss included in net periodic benefit cost	—	619
Applicable income taxes	—	(254)
Settlement loss included in net periodic benefit cost, net of income taxes	—	365
Other comprehensive loss.....	—	(2,910)
Comprehensive income (loss)	(60,571)	91,401
Comprehensive loss attributable to noncontrolling interests.....	(237)	66
Comprehensive income (loss) attributable to Cablevision Systems Corporation stockholder(s).....	\$ (60,808)	\$ 91,467

See accompanying notes to condensed consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities:		
Net income (loss).....	\$ (60,571)	\$ 94,311
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	443,176	212,453
Equity in net loss of affiliates.....	2,757	—
Gain on investments, net	(131,658)	(100,365)
Loss on equity derivative contracts, net.....	71,044	48,012
Amortization of deferred financing costs and discounts (premiums) on indebtedness.....	(7,643)	6,118
Share-based compensation expense	5,082	14,522
Settlement loss and amortization of actuarial losses related to pension and postretirement plans.....	—	1,089
Deferred income taxes.....	(43,318)	55,065
Provision for doubtful accounts	10,902	5,133
Change in assets and liabilities.....	(177,601)	(183,784)
Net cash provided by operating activities	112,170	152,554
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired.....	(43,608)	—
Capital expenditures	(184,399)	(148,652)
Proceeds related to sale of equipment, including costs of disposal.....	374	722
Decrease (increase) in other investments	(550)	472
Additions to other intangible assets.....	(183)	(570)
Net cash used in investing activities	(228,366)	(148,028)

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from financing activities:		
Proceeds from credit facility debt.....	\$ 225,000	\$ —
Repayment of credit facility debt	(181,250)	(14,953)
Proceeds from collateralized indebtedness.....	156,136	—
Repayment of collateralized indebtedness and related derivative contracts	(150,084)	—
Repayment of notes payable.....	—	(1,291)
Proceeds from stock option exercises.....	—	13,665
Dividend distributions to common stockholders.....	—	(4,066)
Principal payments on capital lease obligations.....	(4,022)	(5,234)
Deemed repurchases of restricted stock	—	(41,469)
Additions to deferred financing costs.....	(1,290)	—
Net cash provided by (used in) financing activities.....	44,490	(53,348)
Net decrease in cash, cash equivalents and restricted cash from continuing operations	(71,706)	(48,822)
Cash flows of discontinued operations:		
Net cash used in operating activities	—	(21,000)
Net decrease in cash and cash equivalents from discontinued operations.....	—	(21,000)
Cash, cash equivalents and restricted cash at beginning of period.....	232,926	1,003,279
Cash, cash equivalents and restricted cash at end of period	\$ 161,220	\$ 933,457

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)
(See Note 2)

	March 31, 2017	December 31, 2016
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents.....	\$ 145,805	\$ 216,140
Restricted cash.....	14,951	16,301
Accounts receivable, trade (less allowance for doubtful accounts of \$6,096 and \$4,952).....	233,976	266,701
Prepaid expenses and other current assets (including a prepayment to an affiliate of \$9,441 in 2017) (See Note 13).....	91,504	70,383
Amounts due from affiliates.....	26,680	10,634
Investment securities pledged as collateral.....	601,938	741,515
Derivative contracts.....	—	352
Total current assets.....	1,114,854	1,322,026
Property, plant and equipment, net of accumulated depreciation of \$819,844 and \$562,739.....	4,447,881	4,605,418
Investment in affiliates.....	3,384	5,606
Investment securities pledged as collateral.....	1,012,750	741,515
Derivative contracts.....	—	10,604
Other assets.....	38,557	37,609
Amortizable customer relationships, net of accumulated amortization of \$494,470 and \$335,459.....	4,355,530	4,514,541
Amortizable trade names, net of accumulated amortization of \$65,463 and \$44,422.....	944,537	965,578
Other amortizable intangibles, net of accumulated amortization of \$3,662 and \$2,483.....	19,814	20,904
Indefinite-lived cable television franchises.....	8,113,575	8,113,575
Goodwill.....	5,913,870	5,838,959
	\$25,964,752	\$ 26,176,335

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)
(See Note 2)

	March 31, 2017	December 31, 2016
LIABILITIES AND MEMBER DEFICIENCY	(unaudited)	
Current Liabilities:		
Accounts payable.....	\$ 533,306	\$ 552,501
Accrued interest.....	204,892	323,446
Accrued liabilities.....	356,785	433,876
Amounts due to affiliates.....	320,523	349,347
Deferred revenue.....	57,546	47,829
Liabilities under derivative contracts.....	36,073	13,158
Credit facility debt.....	22,500	25,000
Collateralized indebtedness.....	461,946	622,332
Senior notes and debentures.....	308,118	—
Capital lease obligations.....	12,646	14,050
Notes payable.....	4,150	5,427
Total current liabilities.....	2,318,485	2,386,966
Liabilities under derivative contracts.....	37,173	—
Other liabilities.....	229,535	194,354
Deferred tax liability.....	6,435,562	6,608,959
Credit facility debt.....	2,654,912	2,606,887
Collateralized indebtedness.....	831,756	663,737
Senior guaranteed notes.....	2,289,901	2,289,494
Senior notes and debentures.....	6,421,826	6,732,816
Capital lease obligations.....	8,675	11,293
Notes payable.....	7,303	8,299
Total liabilities.....	21,235,128	21,502,805
Commitments and contingencies		
Redeemable equity.....	134,773	43,378
Member's Equity:		
Accumulated deficit.....	(471,529)	(580,181)
Other member's equity (100 membership units issued and outstanding).....	5,063,877	5,208,067
	4,592,348	4,627,886
Accumulated other comprehensive income.....	1,979	1,979
Total member's equity.....	4,594,327	4,629,865
Noncontrolling interest.....	524	287
Total equity.....	4,594,851	4,630,152
	\$ 25,964,752	\$ 26,176,335

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)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenue (including revenue from affiliates of \$141 and \$1,139, respectively) (See Note 13).....	\$ 1,644,801	\$ 1,645,890
Operating expenses:		
Programming and other direct costs (including charges from affiliates of \$735 and \$44,892, respectively) (See Note 13).....	568,311	578,230
Other operating expenses (including charges from affiliates of \$4,735 and \$1,942, respectively) (See Note 13).....	454,499	601,499
Restructuring and other expense	58,647	2,453
Depreciation and amortization	443,176	212,453
	<u>1,524,633</u>	<u>1,394,635</u>
Operating income.....	<u>120,168</u>	<u>251,255</u>
Other income (expense):		
Interest expense, net	(235,155)	(80,673)
Gain on investments, net	131,658	100,365
Loss on equity derivative contracts, net	(71,044)	(48,012)
Other income (expense), net.....	(224)	1,971
	<u>(174,765)</u>	<u>(26,349)</u>
Income (loss) before income taxes	<u>(54,597)</u>	<u>224,906</u>
Income tax benefit (expense).....	19,627	(92,156)
Net income (loss)	<u>(34,970)</u>	<u>132,750</u>
Net loss (income) attributable to noncontrolling interests.....	(237)	66
Net income (loss) attributable to CSC Holdings, LLC's sole member	<u>\$ (35,207)</u>	<u>\$ 132,816</u>

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 INCOME (LOSS)
(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net income (loss)	\$ (34,970)	\$ 132,750
Other comprehensive income (loss):		
Defined benefit pension plans and postretirement plans:		
Unrecognized actuarial loss	—	(6,025)
Applicable income taxes	—	2,473
Unrecognized loss arising during period, net of income taxes	—	(3,552)
Amortization of actuarial losses, net included in net periodic benefit cost	—	470
Applicable income taxes	—	(193)
Amortization of actuarial losses, net included in net periodic benefit cost, net of income taxes	—	277
Settlement loss included in net periodic benefit cost	—	619
Applicable income taxes	—	(254)
Settlement loss included in net periodic benefit cost, net of income taxes	—	365
Other comprehensive loss	—	(2,910)
Comprehensive income (loss)	(34,970)	129,840
Comprehensive loss attributable to noncontrolling interests	(237)	66
Comprehensive income (loss) attributable to CSC Holdings, LLC's sole member	\$ (35,207)	\$ 129,906

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
(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from operating activities:		
Net income (loss)	\$ (34,970)	\$ 132,750
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	443,176	212,453
Equity in net loss of affiliates	2,757	—
Gain on investments, net	(131,658)	(100,365)
Loss on equity derivative contracts, net	71,044	48,012
Amortization of deferred financing costs and discounts (premiums) on indebtedness	891	3,781
Share-based compensation expense related to Cablevision equity classified awards	5,082	14,522
Settlement loss and amortization of actuarial losses related to pension and postretirement plans	—	1,089
Deferred income taxes	(29,497)	57,887
Provision for doubtful accounts	10,902	5,133
Excess tax benefit related to share-based awards	—	(31,653)
Change in other assets and liabilities	(167,659)	(179,732)
Net cash provided by operating activities	170,068	163,877
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(43,608)	—
Capital expenditures	(184,399)	(148,652)
Proceeds related to sale of equipment, including costs of disposal	374	722
Decrease (increase) in other investments	(550)	472
Additions to other intangible assets	(183)	(570)
Net cash used in investing activities	(228,366)	(148,028)

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)
(See Note 2)

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Cash flows from financing activities:		
Proceeds from credit facility debt.....	\$ 225,000	\$ —
Repayment of credit facility debt.....	(181,250)	(14,953)
Dividend distributions to Cablevision	(57,877)	(101,878)
Proceeds from collateralized indebtedness	156,136	—
Repayment of collateralized indebtedness and related derivative contracts.....	(150,084)	—
Repayment of notes payable	—	(1,291)
Principal payments on capital lease obligations	(4,022)	(5,234)
Additions to deferred financing costs	(1,290)	—
Excess tax benefit related to share-based awards	—	31,653
Net cash used in financing activities	(13,387)	(91,703)
Net decrease in cash, cash equivalents and restricted cash from continuing operations.....	(71,685)	(75,854)
Cash flows of discontinued operations:		
Net cash used in operating activities.....	—	(21,000)
Net decrease in cash and cash equivalents from discontinued operations	—	(21,000)
Cash, cash equivalents and restricted cash at beginning of period.....	232,441	995,827
Cash, cash equivalents and restricted cash at end of period.....	\$ 160,756	\$ 898,973

See accompanying notes to condensed consolidated financial statements.

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)
(Unaudited)

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

The Company and Related Matters

Cablevision Systems Corporation ("Cablevision"), through its wholly-owned subsidiary CSC Holdings, LLC ("CSC Holdings," and collectively with Cablevision, the "Company"), owns and operates cable systems and owns companies that provide regional news, local programming and advertising sales services for the cable television industry and Ethernet-based data, Internet, voice and video transport and managed services to the business market. The Company operates and reports financial information in one segment. Prior to the sale of a 75% interest in Newsday LLC on July 7, 2016, the Company consolidated the operating results of Newsday. Effective July 7, 2016, the operating results of Newsday are no longer consolidated with those of the Company and the Company's 25% interest in the operating results of Newsday is recorded on the equity basis (see Note 13).

As a result of the Altice Merger discussed below, Cablevision is a wholly-owned subsidiary of Altice USA, Inc.

Altice Merger

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

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

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

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

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

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

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

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, 2016.

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

In the accompanying condensed consolidated balance sheets of Cablevision and CSC Holdings, the consideration paid by Altice N.V. and the Co- Investors in connection with the Merger has been "pushed down" to Cablevision and CSC Holdings and has been allocated to the assets acquired and liabilities assumed based on their estimated fair values in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 805, *Business Combinations*. Due to the impact of push down accounting, Cablevision's and CSC Holdings' financial statements are presented in two distinct periods to indicate the application of the different bases of accounting between the periods presented: (1) the period prior to the Merger date, January 1, 2016 through March 31, 2016 labeled "Predecessor" and (2) the period subsequent to the Merger date, January 1, 2017 through March 31, 2017 labeled "Successor". The accompanying financial statements include a black line division to indicate the application of the bases of accounting utilized by the Predecessor and Successor reporting entities. As a result, the financial statements for the Predecessor periods and for the Successor periods are not comparable.

The accompanying 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 \$2,799,024 principal amount of senior notes outstanding at March 31, 2017 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, and income tax expense or benefit. CSC Holdings' results of operations for the three months ended March 31, 2016 include incremental interest income from the Cablevision senior notes held by Newsday Holdings through July 7, 2016 (see Note 13), which has been eliminated in Cablevision's results of operations.

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, 2017.

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 March 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-09, Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting, which provides simplification of income tax accounting for share-based payment awards. The new guidance became effective for the Company on January 1,

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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2017. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value will be applied using the modified retrospective transition method. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term were applied prospectively. The Company elected to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using the prospective transition method. In connection with the adoption on January 1, 2017, a deferred tax asset of \$308,231 and \$143,859 for previously unrealized excess tax benefits was recognized with the offset recorded to accumulated deficit at Cablevision and CSC Holdings, respectively.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires that the statement of cash flows disclose the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. Restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU No. 2016-18 provides specific guidance on the presentation of restricted cash in the statement of cash flows. The new guidance was adopted by the Company on January 1, 2017 and was applied retrospectively.

Recently Issued But Not Yet Adopted Accounting Pronouncements

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

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. These items are not expected to have a significant effect on the current accounting standard. The amendments in this update affect the guidance in ASU No. 2014-09, which is not yet effective. ASU No. 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact that the adoption of ASU No. 2014-09 will have on its consolidated financial statements and selecting the method of transition to the new standard. We currently expect the adoption to impact the timing of the recognition of residential installation revenue and the recognition of commission expenses.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied using the modified retrospective method. The Company is currently in the process of determining the impact that ASU No. 2016-02 will have on its 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 becomes effective for the Company on January 1, 2018 with early adoption permitted and will be applied retrospectively. The Company has not yet completed the evaluation of the effect that ASU No. 2017-07 will have on its consolidated financial statements.

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Reclassifications

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

Income (Loss) Per Share

Net loss per share for Cablevision for the three months ended March 31, 2017 (Successor) is not presented since Cablevision's common stock is no longer publicly traded.

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.

Basic income per common share attributable to Cablevision stockholders for the three months ended March 31, 2016 (Predecessor) is computed by dividing net income attributable to Cablevision stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share attributable to Cablevision stockholders reflects the dilutive effects of stock options, restricted stock and restricted stock units. For such awards that are performance based, the diluted effect is reflected upon the achievement of the performance criteria.

The following table presents a reconciliation of weighted average shares used in the calculations of the basic and diluted net income per share attributable to Cablevision stockholders for the three months ended March 31, 2016 (Predecessor):

Basic weighted average shares outstanding at March 31, 2016	271,092
Effect of dilution:	
Stock options	4,396
Restricted stock	3,525
Diluted weighted average shares outstanding at March 31, 2016	279,013

Approximately 1,725,000 restricted stock units for the three months ended March 31, 2016 (Predecessor) have been excluded from the diluted weighted average shares outstanding as the performance criteria on these awards had not yet been satisfied.

NOTE 3. BUSINESS COMBINATIONS

Altice Merger

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

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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	Estimates of Fair Values	Estimated Useful Lives
Current assets.....	\$ 1,923,071	
Accounts receivable.....	271,305	
Property, plant and equipment.....	4,864,621	2-18 years
Goodwill.....	5,839,016	
Indefinite-lived cable television franchises.....	8,113,575	Indefinite-lived
Customer relationships.....	4,850,000	8 to 18 years
Trade names.....	1,010,000	12 years
Amortizable intangible assets.....	23,296	1-15 years
Other non-current assets.....	748,998	
Current liabilities.....	(2,306,049)	
Long-term debt.....	(8,355,386)	
Deferred income taxes.....	(6,834,769)	
Other non-current liabilities.....	(189,355)	
Total.....	<u>\$ 9,958,323</u>	

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

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

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

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

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The estimates of expected useful lives take into consideration the effects of contractual relationships, customer attrition, eventual development of new technologies and market competition.

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

The unaudited pro forma revenue and net loss for the three months ended March 31, 2016, as if the Merger had occurred on January 1, 2016, are as follows:

	Cablevision	CSC Holdings
Revenue	\$ 1,645,890	\$ 1,645,890
Net loss	\$ (129,252)	\$ (97,136)

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

Acquisition

In connection with the acquisition of an entity in the first quarter of 2017, the Company recorded goodwill of \$74,854, which represents the excess of the purchase price over the net book value of assets acquired, as the company has not yet completed its preliminary allocation of the purchase price. These values are subject to change within the measurement period (up to one year from the acquisition date).

NOTE 4. DIVIDENDS

Pursuant to the terms of the Merger Agreement, Cablevision was not permitted to declare and pay dividends or repurchase stock, in each case, without the prior written consent of Altice N.V. In accordance with these terms, Cablevision did not declare dividends during the three months ended March 31, 2016 (Predecessor).

During the three months ended March 31, 2016 (Predecessor), Cablevision paid \$4,066 related to restricted shares that vested in respect of dividends declared and accrued on the CNYG common stock in prior periods.

CSC Holdings made cash equity distribution payments to Cablevision aggregating \$57,877 and \$101,878, respectively, during the 2017 Successor period and 2016 Predecessor period, respectively. These distribution payments were funded from cash on hand. The proceeds were used to fund:

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

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. GROSS VERSUS NET REVENUE RECOGNITION

In the normal course of business, the Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. The Company's policy is that, in instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities and amounts received from the customers are recorded on a gross basis. That is, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customer are recorded as revenue. For the three months ended March 31, 2017 (Successor) and the three months ended

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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March 31, 2016 (Predecessor), the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$52,964 and \$50,422, respectively.

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:

	Successor March 31, 2017	Predecessor March 31, 2016
<u>Non-Cash Investing and Financing Activities of Cablevision and CSC Holdings:</u>		
Property and equipment accrued but unpaid	\$ 49,902	\$ 67,383
Intangible asset obligations	—	182
<u>Non-Cash Investing and Financing Activities of Cablevision:</u>		
Dividends payable on unvested restricted share awards	—	(62)
<u>Supplemental Data:</u>		
<i>Continuing Operations - Cablevision:</i>		
Cash interest paid.....	410,811	147,751
Income taxes paid, net	1,732	7,082
<i>Continuing Operations - CSC Holdings:</i>		
Cash interest paid.....	352,933	89,874
Income taxes paid, net	1,732	7,082

NOTE 7. RESTRUCTURING COSTS

Subsequent to the Altice Merger, the Company commenced its restructuring initiatives (the "2016 Restructuring Plan") that are 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 the 2016 Restructuring Plan:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2016	\$ 85,329	\$ 7,954	\$ 93,283
Restructuring charges.....	58,158	311	58,469
Payments and other	(22,212)	(1,050)	(23,262)
Accrual balance at March 31, 2017	\$ 121,275	\$ 7,215	\$ 128,490

The Company recorded net restructuring charges of \$1,037 for the three months ended March 31, 2016 (Predecessor), reflecting adjustments related to prior restructuring plans.

NOTE 8. DEBT

Credit Facility

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 (the "Term Loan Facility", and the term loans extended under the Term Loan Facility, the "CSC Holdings Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of \$2,300,000 (the "Revolving Credit Facility" and, together with the

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Term Loan Facility, the “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 and March 15, 2017, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the “Credit Facilities Agreement”).

The amendment to the CSC Holdings Credit Facilities Agreement entered into on March 15, 2017 (“Extension Amendment”) increased the Term Loan by \$500,000 to \$3,000,000 and the maturity date for this facility was extended to July 17, 2025. The closing of the Extension Amendment occurred in April 2017 and the proceeds were used to refinance the entire \$2,493,750 principal amount of existing Term Loans and redeem \$500,000 of the 8.625% Senior Notes due September 2017 issued by Cablevision. As a result of the refinancing, \$500,000 of these Senior Notes was reclassified from current to long-term debt.

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

Under the Extension Amendment, the Company is required to make scheduled quarterly payments equal to 0.25% (or \$7,500) of the principal amount of the Term Loan, with the remaining balance scheduled to be paid on July 17, 2025, beginning with the fiscal quarter ending September 30, 2017.

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

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

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

The Credit Facilities Agreement requires CSC Holdings to prepay outstanding Term Loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions; and (ii) commencing with the fiscal year ending December 31, 2017, a pari ratable share (based on the outstanding principal amount of the Term Loans divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Term Loans) of 50% of annual excess cash flow, which will be reduced to 0% if the consolidated net senior secured leverage ratio of CSC Holdings is less than or equal to 4.5 to 1.

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

The Credit Facilities Agreement includes certain negative covenants which, among other things and subject to certain significant exceptions and qualifications, limit CSC Holdings' ability and the ability of its restricted subsidiaries to: (i) incur or guarantee additional indebtedness, (ii) make investments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (viii) engage in mergers or consolidations. In addition, the Revolving Credit Facility includes a financial maintenance covenant solely for the benefit of the lenders under the Revolving Credit Facility consisting of a maximum consolidated net senior secured leverage ratio of CSC Holdings and its restricted subsidiaries of 5.0 to 1.0. The financial covenant will be tested on the last day of any fiscal quarter (commencing on December 31, 2016) but only if on such day there are outstanding borrowings under the

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Revolving Credit Facility (excluding any cash collateralized letters of credit and undrawn letters of credit not to exceed \$15,000).

The Credit Facilities Agreement also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under the Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Credit Facilities and all actions permitted to be taken by a secured creditor.

CSC Holdings was in compliance with all of its financial covenants under the Credit Facilities as of March 31, 2017.

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

	Maturity Date	Interest Rate	Principal	Carrying Value (a)	
				March 31, 2017	December 31, 2016
<i>Restricted Group:</i>					
Revolving Credit Facility..	\$20,000 on October 9, 2020, remaining on November 30, 2021	4.16%	\$ 225,256	\$ 196,407	\$ 145,013
Term Loan Facility.....	July 17, 2025	3.94%	2,493,750	2,481,005	2,486,874
			<u>2,719,006</u>	<u>2,677,412</u>	<u>2,631,887</u>
Less: Current portion				22,500	25,000
				<u>\$ 2,654,912</u>	<u>\$ 2,606,887</u>

As of March 31, 2017, \$1,984,721 was undrawn and available under the Revolving Credit Facility, subject to covenant limitations, to be drawn to meet the net funding and investment requirements of the Restricted Group.

Senior Guaranteed Notes and Senior Notes and Debentures

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

Issuer	Date Issued	Maturity Date	Interest Rate	Principal Amount	Carrying Amount at (f)	
					March 31, 2017	December 31, 2016
CSC Holdings (a).....	February 6, 1998	February 15, 2018	7.875%	\$ 300,000	\$ 308,118	\$ 310,334
CSC Holdings (a).....	July 21, 1998	July 15, 2018	7.625%	500,000	518,284	521,654
CSC Holdings (b).....	February 12, 2009	February 15, 2019	8.625%	526,000	550,757	553,804
CSC Holdings (b).....	November 15, 2011	November 15, 2021	6.750%	1,000,000	953,722	951,702
CSC Holdings (b).....	May 23, 2014	June 1, 2024	5.250%	750,000	652,687	650,193
CSC Holdings (c).....	October 9, 2015	January 15, 2023	10.125%	1,800,000	1,775,500	1,774,750
CSC Holdings (c)	October 9, 2015	October 15, 2025	10.875%	2,000,000	1,970,876	1,970,379
CSC Holdings (c).....	October 9, 2015	October 15, 2025	6.625%	1,000,000	985,769	985,469
CSC Holdings (d)	September 23, 2016	April 15, 2027	5.500%	1,310,000	1,304,132	1,304,025
Total CSC Holdings.....				9,186,000	9,019,845	9,022,310
Cablevision (b) (e)	September 23, 2009	September 15, 2017	8.625%	900,000	917,053	926,045
Cablevision (b).....	April 15, 2010	April 15, 2018	7.750%	750,000	764,287	767,545
Cablevision (b).....	April 15, 2010	April 15, 2020	8.000%	500,000	489,712	488,992
Cablevision (b).....	September 27, 2012	September 15, 2022	5.875%	649,024	562,496	559,500
Total Cablevision.....				11,985,024	11,753,393	11,764,392
Less: Current portion (f).....				700,000	725,171	926,045
Long-term debt				<u>\$11,285,024</u>	<u>\$ 11,028,222</u>	<u>\$ 10,838,347</u>

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

- (a) The debentures are not redeemable by CSC Holdings prior to maturity.
- (b) The notes are redeemable at any time at a specified "make-whole" price plus accrued and unpaid interest to the redemption date.
- (c) The Company may redeem some or all of the 2023 Notes at any time on or after January 15, 2019, and some or all of the 2025 Notes and 2025 Guaranteed Notes at any time on or after October 15, 2020, at the redemption prices set forth in the relevant indenture, plus accrued and unpaid interest, if any. The Company may also redeem up to 40% of these notes using the proceeds of certain equity offerings before October 15, 2018, at a redemption price equal to 110.125% for the 2023 Notes, 110.875% for the 2025 Notes and 106.625% for the 2025 Guaranteed Notes, in each case plus accrued and unpaid interest. In addition, at any time prior to January 15, 2019, CSC Holdings may redeem some or all of the 2023 Notes, and at any time prior to October 15, 2020, the Company may redeem some or all of the 2025 Notes and the 2025 Guaranteed Notes, at a price equal to 100% of the principal amount thereof, plus a "make whole" premium specified in the relevant indenture plus accrued and unpaid interest.
- (d) The 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.
- (e) In April 2017, the Company redeemed \$500,000 principal amount of these senior notes from the proceeds of the Term Loans pursuant to the Extension Amendment (see discussion above).
- (f) As a result of the refinancing in April 2017 discussed above, \$500,000 of senior notes was reclassified from current to long-term debt and is reflected in the current portion amount in the table above.

The indentures under which the senior notes and debentures were issued contain various covenants, which are generally less restrictive than those contained in the Credit Agreement. The Company was in compliance with all of its financial covenants under these indentures as of March 31, 2017.

Summary of Debt Maturities

Total amounts payable by the Company under its various debt obligations outstanding as of March 31, 2017, including notes payable, collateralized indebtedness (see Note 9), and capital leases, during the next five years and thereafter, are as follows:

<u>Years Ending December 31,</u>	<u>Cablevision</u>	<u>CSC Holdings</u>
2017	\$ 893,914	\$ 493,914
2018	2,106,493	1,356,493
2019	562,194	562,194
2020	530,824	30,824
2021	1,572,897	1,572,897
Thereafter	10,367,774	9,218,750

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		Successor	Predecessor	Successor	Predecessor
		Fair Value at March 31, 2017	Fair Value at December 31, 2016	Fair Value at March 31, 2017	Fair Value at December 31, 2016
Prepaid forward contracts	Current derivative contracts	\$ —	\$ 352	\$ 36,073	\$ 13,158
Prepaid forward contracts	Long-term derivative contracts	—	10,604	37,173	—
		<u>\$ —</u>	<u>\$ 10,956</u>	<u>\$ 73,246</u>	<u>\$ 13,158</u>

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 loss on equity derivative contracts, net in the accompanying condensed consolidated statements of operations.

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 three months ended March 31, 2017:

Number of shares (a)	<u>5,337,750</u>
Collateralized indebtedness settled	\$ (150,084)
Derivative contracts settled	<u>—</u>
	(150,084)
Proceeds from new monetization contracts	156,136
Net cash receipt	<u>\$ 6,052</u>

(a) Shares are adjusted for the 2 for 1 stock split in February 2017.

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

In April 2017, the Company settled collateralized indebtedness relating to 5,464,368 Comcast shares by delivering cash equal to the collateralized loan value obtained from the proceeds of a new monetization contract covering an equivalent number of Comcast shares. Accordingly, the consolidated balance sheets of Cablevision and CSC Holdings as of March 31, 2017 reflect the reclassification of \$205,406 of investment securities pledged as collateral from a current asset to a long-term asset and \$161,438 of collateralized indebtedness from a current liability to a long-term liability.

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.

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

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

	At March 31, 2017			
	Level I	Level II	Level III	Total
Assets:				
Money market funds	\$ 40,251	\$ —	\$ —	\$ 40,251
Investment securities pledged as collateral	1,614,688	—	—	1,614,688
Prepaid forward contracts	—	—	—	—
Liabilities:				
Prepaid forward contracts	—	73,246	—	73,246
	At December 31, 2016			
	Level I	Level II	Level III	Total
Assets:				
Money market funds	\$ 100,139	\$ —	\$ —	\$ 100,139
Investment securities pledged as collateral	1,483,030	—	—	1,483,030
Prepaid forward contracts	—	10,956	—	10,956
Liabilities:				
Prepaid forward contracts	—	13,158	—	13,158

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

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

Fair Value of Financial Instruments

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

Credit Facility Debt, Collateralized Indebtedness, Senior Notes and Debentures, Senior Guaranteed Notes and Notes Payable

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

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	Fair Value Hierarchy	March 31, 2017	
		Carrying Amount (a)	Estimated Fair Value
Debt instruments:			
Credit facility debt.....	Level II	\$ 2,677,412	\$ 2,719,006
Collateralized indebtedness.....	Level II	1,293,702	1,277,718
Senior guaranteed notes.....	Level II	2,289,901	2,408,603
Senior notes and debentures.....	Level II	6,729,944	7,722,769
Notes payable.....	Level II	11,453	11,039
CSC Holdings total debt instruments.....		13,002,412	14,139,135
Cablevision senior notes.....	Level II	2,733,548	2,912,588
Cablevision total debt instruments.....		<u>\$ 15,735,960</u>	<u>\$ 17,051,723</u>

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

(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 connection with the Merger, Cablevision joined the federal consolidated and certain state combined income tax returns filed by Altice USA Inc. ("Altice USA"), a subsidiary of Altice N.V. For all post-Merger periods the income tax provision for Cablevision is determined on a stand-alone basis as if Cablevision filed separate income tax returns. In the fourth quarter of 2016, Cablevision, CSC Holdings, and Altice USA entered into an income tax sharing agreement under which Cablevision will have an obligation to Altice USA for current year income taxes on a stand-alone basis.

Cablevision

Cablevision recorded income tax benefit of \$38,962 for the three months ended March 31, 2017, reflecting an effective tax rate of 39%. Nondeductible carry unit plan expense resulted in tax expense of \$2,033. Absent this item, the effective tax rate for the three months ended March 31, 2017 would have been 41%.

Cablevision recorded income tax expense of \$62,786 for the three months ended March 31, 2016, reflecting an effective tax rate of 40%. During the three months ended March 31, 2016, Cablevision recorded tax benefit of \$1,172 relating to an increase in tax credits. Absent this item, the effective tax rate for the three months ended March 31, 2016 would have been 41%.

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

On January 1, 2017, the Company adopted ASU No. 2016-09 using the prospective transition method related to the presentation of excess tax benefit on the statement of cash flows. In connection with the adoption, a deferred tax asset of \$308,231 for previously unrealized excess tax benefits was recognized with the offset to accumulated deficit.

As of March 31, 2017, on a stand alone basis, Cablevision's federal net operating losses ("NOLs") were approximately \$1,231,000. The Merger resulted in an ownership change under the Internal Revenue Code Section 382 and certain state taxing authorities whereby Cablevision's NOLs immediately prior to the Merger of approximately \$877,975 will be subject to certain limitations. Cablevision does not expect such limitations to impact the ability to utilize the NOLs prior to their expiration.

CSC Holdings

CSC Holdings recorded income tax benefit of \$19,627 for the three months ended March 31, 2017, reflecting an effective tax rate of 36%. Nondeductible carry unit plan expense resulted in tax expense of \$2,033. Absent this item, the effective tax rate for the three months ended March 31, 2017 would have been 40%.

CSC Holdings recorded income tax expense of \$92,156 for the three months ended March 31, 2016, reflecting an effective tax rate of 41%.

In connection with the adoption of ASU No. 2016-09, CSC Holdings recognized previously unrealized excess tax benefits related to share-based payments of \$143,859 with the offset recorded to accumulated deficit.

NOTE 12. SHARE-BASED COMPENSATION

Certain employees of the Company and its affiliates received awards of units in a Carried Unit Plan of an entity which has an ownership interest in the Company's parent, Altice USA. The awards generally vest over four years and prior to the fourth year, the Company has the right to repurchase vested awards held by employees upon their termination. The Carried Unit Plan has 259,442,785 units authorized for issuance, of which 108,750,000 have been issued to employees of the Company and 110,900,000 have been issued to employees of Altice N.V. and affiliated companies as of March 31, 2017.

The Company measures the cost of employee services received in exchange for carried units based on the fair value of the award at the grant date. An option pricing model is used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carried units outstanding. The time to liquidity event assumption was based on management's judgment. The equity volatility assumption was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed in valuing the units was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The discount for lack of marketability was based on Finnerty's (2012) average-strike put option model.

Beginning on the fourth anniversary of the Base Date, the holders of carried units have an annual opportunity (a sixty day period determined by the administrator of the plan) to sell their units back to the Company. Accordingly, the carried 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.

For the three months ended March 31, 2017 (Successor), the Company recognized an expense of \$5,082 related to the push down of share-based compensation related to the Carried Unit Plan of which approximately \$3,706 related to units granted to employees of the Company and \$1,376 related to employees of Altice N.V. and affiliated companies allocated to the Company.

The following assumptions were used to calculate the fair values of the Carried Unit awards granted in the first quarter of 2017:

Time to liquidity event.....	0.3 years
Discount for lack of marketability	5%
Risk-free rate.....	0.76%
Equity volatility assumption	30%

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

The following table summarizes activity relating to Company employees who held Carried Units:

	Number of Time Vesting Awards	Weighted Average Fair Value at Grant Date per Unit
Balance, December 31, 2016.....	102,500,000	\$ 0.37
Granted.....	7,250,000	1.50
Forfeited.....	(1,000,000)	0.37
Balance, March 31, 2017.....	<u>108,750,000</u>	0.45
Awards vested at March 31, 2017.....	<u>—</u>	

NOTE 13. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

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

At March 31, 2017, the Company's 25% investment in Newsday Holdings LLC ("Newsday Holdings") and its 25% interest in I24NEWS, Altice N.V.'s 24/7 international news and current affairs channel, was \$2,130 and \$1,254, respectively, and are included in investments in affiliates on our condensed consolidated balance sheet. The operating results of Newsday Holdings and I24NEWS are recorded on the equity basis. For the three months ended March 31, 2017, the Company recorded equity in net loss of Newsday of \$1,510 and equity in net loss of I24NEWS of \$1,247.

Related Party Transactions

As the transactions discussed below were conducted between subsidiaries under common control, amounts charged for certain services may not have represented amounts that might have been received or incurred if the transactions were based upon arm's length negotiations.

The following table summarizes the revenue and charges related to services provided to or received from Altice N.V and its subsidiaries, Newsday and I24NEWS for the three months ended March 31, 2017 (Successor):

Revenue	<u>\$ 141</u>
Operating expenses:	
Programming and other direct costs.....	\$ 735
Other operating expenses	<u>4,735</u>
Operating expenses, net.....	<u>5,470</u>
Net charges	<u>\$ 5,329</u>
Capital expenditures	<u>\$ 682</u>

Revenue

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

Programming and other direct costs

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

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

Other operating expenses

A subsidiary of Altice N.V. provides certain executive services, including CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement is an annual fee of \$20,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately \$5,000 for the three months ended March 31, 2017 (Successor).

Other operating expenses includes a credit of \$482 for transition services provided to Newsday.

Capital expenditures

The Company purchased equipment from certain subsidiaries of Altice N.V.

Aggregate amounts that were due from and due to related parties at March 31, 2017 (Successor) and December 31, 2016 (Successor) are summarized below:

	Cablevision	
	March 31, 2017	December 31, 2016
Due from:		
Cequel (a).....	\$ 12,643	\$ 2,796
Newsday (a).....	4,696	6,114
Altice Management Americas (a).....	7,548	1,724
Altice Technical Services (a).....	393	—
I24 (a).....	1,369	—
Other Altice N.V. subsidiaries (a).....	31	—
	<u>\$ 26,680</u>	<u>\$ 10,634</u>
Due to:		
Altice USA (b).....	\$ 36,331	\$ 28,704
Newsday (a).....	186	275
Altice Management International (d).....	—	41,575
Other Altice N.V. subsidiaries (a).....	2,234	2,533
	<u>\$ 38,751</u>	<u>\$ 73,087</u>
	CSC Holdings	
	March 31, 2017	December 31, 2016
Due from:		
Cequel (a).....	\$ 12,643	\$ 2,796
Newsday (a).....	4,696	6,114
Altice Management Americas (a).....	7,548	1,724
Altice Technical Services (a).....	393	—
I24 (a).....	1,369	—
Other Altice N.V. subsidiaries (a).....	31	—
	<u>\$ 26,680</u>	<u>\$ 10,634</u>
Due to:		
Altice USA (b).....	\$ 5,000	\$ —
Newsday (a).....	186	275
Altice Management International (d).....	—	41,575
Other Altice N.V. subsidiaries (a).....	2,234	2,533
Cablevision (c).....	313,103	304,964
	<u>\$ 320,523</u>	<u>\$ 349,347</u>

COMBINED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

- (a) Represents amounts paid by the Company on behalf of the respective related party and/or the net amounts due from the related party for services provided.
- (b) Reflects primarily amounts due pursuant to the tax sharing agreement effective June 21, 2016 between Cablevision and Neptune Holding US Corp.
- (c) Reflects primarily amounts due pursuant to the historical tax allocation policy and the tax sharing agreement between CSC Holdings and Cablevision.
- (d) Represents amounts due for equipment purchases and software development services that were capitalized during 2016.

During the three months ended March 31, 2017, the Company made a prepayment of \$9,441 to an affiliate for plant maintenance and is reflected in prepaid expenses and other current assets on the Company's balance sheet at March 31, 2017.

Predecessor

Prior to the Merger, Cablevision was controlled by Charles F. Dolan, certain members of his immediate family and certain family related entities (collectively the "Dolan Family"). Members of the Dolan Family are also the controlling stockholders of AMC Networks, The Madison Square Garden Company and MSG Networks Inc. ("MSG Networks").

The following table summarizes the revenue and charges related to services provided to or received from AMC Networks, Madison Square Garden Company and MSG Networks for the three months ended March 31, 2016 (Predecessor):

Revenue.....	\$	1,139
Operating expenses:		
Programming and other direct costs, net of credits	\$	44,892
Other operating expenses, net of credits		1,942
Operating expenses, net.....		46,834
Net charges	\$	45,695

Revenue

The Company recognized revenue in connection with television advertisements and print advertising, as well as certain telecommunication services charged by its subsidiaries to AMC Networks, Madison Square Garden and MSG Networks. The Company and its subsidiaries, together with AMC Networks, Madison Square Garden and MSG Networks may have entered into agreements with third parties in which the amounts paid/received by AMC Networks, Madison Square Garden and MSG Networks, their subsidiaries, or the Company may have differed from the amounts that would have been paid/received if such arrangements were negotiated separately. Where subsidiaries of the Company had incurred a cost incremental to fair value and AMC Networks, Madison Square Garden and MSG Networks had received a benefit incremental to fair value from these negotiations, the Company and its subsidiaries charged AMC Networks, Madison Square Garden and MSG Networks for the incremental amount.

Programming and other direct costs

Programming and other direct costs included costs incurred by the Company for the carriage of the MSG Networks, as well as for AMC, WE tv, IFC, Sundance Channel on the Company's cable systems. The Company also purchased certain programming signal transmission and production services from AMC Networks.

Other operating expenses

The Company, AMC Networks, Madison Square Garden and MSG Networks had routinely entered into transactions with each other in the ordinary course of business. Such transactions included, but were not limited to, sponsorship agreements and cross-promotion arrangements. Additionally, amounts reflected in the table were net of allocations to AMC Networks, Madison Square Garden and MSG Networks for services performed by the Company on their behalf. Amounts also included charges to the Company for services performed or paid by the affiliate on the Company's behalf.

Subsequent to the Merger, the Company continues to receive or provide services to these entities, but these entities are no longer related parties.

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 the Company, and as a result, those stations and networks were unavailable on the Company's cable television systems. On October 30, 2010, the Company and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits were subsequently filed on behalf of the Company's customers seeking recovery for the lack of Fox programming. Those lawsuits were consolidated in an action before the U. S. District Court for the Eastern District of New York, and a consolidated complaint was filed in that court on February 22, 2011. Plaintiffs asserted claims for breach of contract, unjust enrichment, and consumer fraud, seeking unspecified compensatory damages, punitive damages and attorneys' fees. On March 28, 2012, the Court ruled on the Company's motion to dismiss, denying the motion with regard to plaintiffs' breach of contract claim, but granting it with regard to the remaining claims, which were dismissed. On April 16, 2012, plaintiffs filed a second consolidated amended complaint, which asserts a claim only for breach of contract. The Company's answer was filed on May 2, 2012. On October 10, 2012, plaintiffs filed a motion for class certification and on December 13, 2012, a motion for partial summary judgment. On March 31, 2014, the Court granted plaintiffs' motion for class certification, and denied without prejudice plaintiffs' motion for summary judgment. On May 30, 2014, the Court approved the form of class notice, and on October 7, 2014, approved the class notice distribution plan. The class notice distribution has been completed, and the opt-out period expired on February 27, 2015. Expert discovery commenced on May 5, 2014, and concluded on December 8 and 28, 2015, when the Court ruled on the pending expert discovery motions. On January 26, 2016, the Court approved a schedule for filing of summary judgment motions. Plaintiffs filed a motion for summary judgment on March 31, 2016. The Company filed its own summary judgment motion on June 13, 2016. The parties are actively engaged in settlement discussions although financial terms have not yet been finalized. The motions for summary judgment have been denied with leave to re-file in the event the discussions between the parties are not successful. As of December 31, 2016, the Company had an estimated liability associated with a potential settlement totaling \$5,200. During the three months ended March 31, 2017, the Company recorded an additional liability of \$800 based on the ongoing negotiations with the plaintiffs. The amount ultimately paid in connection with a possible settlement could exceed the amount recorded.

Patent Litigation

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

In addition to the matters discussed above, the Company is party to various lawsuits, some involving claims for substantial damages. Although the outcome of these other matters cannot be predicted and the impact of the final resolution of these other matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not believe that the resolution of these other lawsuits will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

NOTE 15. SUBSEQUENT EVENTS

The Company has updated its review of subsequent events as of May 10, 2017 (the date available for issuance) noting no events, other than the matters discussed in Note 8 above, that require disclosure.

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 under this Item 2, are presented in thousands.

Overview

Summary

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. See "Risk Factors" in our Annual Report for the year ended December 31, 2016.

Recent Transactions

On June 21, 2016, a subsidiary of Altice N.V. merged with and into Cablevision, with Cablevision as the surviving entity and wholly-owned subsidiary of Altice USA. In connection with the merger, each outstanding share of Cablevision NY Group Class A common stock, par value \$0.01 per share, and Cablevision NY Group Class B common stock, par value \$0.01 per share (together, the "CNYG Shares"), received \$34.90 in cash without interest, less applicable tax withholdings. The total consideration for the CNYG Shares and equity-based awards amounted to approximately \$9,958,323.

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

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. See "Risk Factors" in our annual report for the year ended December 31, 2016 for more information.

We derive revenue principally through monthly charges to residential subscribers of our broadband, pay television and telephony services. We also derive revenue from equipment rental, DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential broadband, pay television and telephony services accounted for 23%, 48% and 11%, respectively, of our consolidated revenue for the three months ended March 31, 2017. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and small and medium-sized ("SMB") customers, including broadband, telephony, networking and pay television services. For the three months ended March 31, 2017, 14% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, which accounted for 4% of our consolidated revenue for the three months ended March 31, 2017. Our other revenue for the three months ended March 31, 2017 accounted for less than 1% of our consolidated revenue.

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

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

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, pay television and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content, and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T and its DirecTV subsidiary, DISH Network and Frontier and Verizon. 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 on our competitive landscape, see “Risk Factors” in our annual report for the year ended December 31, 2016 for more information.

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

Historically, we have made substantial investments in our network and the development of new and innovative products and other service offerings for our customers as a way of differentiating ourselves from our competitors and may continue to do so in the future. We have commenced a five-year plan to build a FTTH 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.

Basis of Presentation

The results for the three months ended March 31, 2017 reflect operating results subsequent to the Altice Merger and is labeled “Successor.” The results for the three months ended March 31, 2016 reflect operating results for periods prior to the Altice Merger and are labeled “Predecessor.” The accompanying financial data includes a black line division to indicate the application of the different bases of accounting utilized by the Predecessor and Successor reporting entities as a result of push down accounting. As a result, the financial statements for the Predecessor period and for the Successor period are not comparable.

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 equity derivative contracts, gain (loss) on investments, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. We 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.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

Results of Operations

	Cablevision			
	Successor	Predecessor		
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	2017 to 2016 Favorable (unfavorable)	% Change 2017 to 2016
Revenue:				
Residential:				
Pay TV	\$ 789,387	\$ 774,321	\$ 15,066	2 %
Broadband	381,969	350,990	30,979	9 %
Telephony	176,401	181,277	(4,876)	(3)%
Business services and wholesale	228,685	216,451	12,234	6 %
Advertising	61,739	58,477	3,262	6 %
Other	6,620	64,374	(57,754)	(90)%
Total Revenue	<u>1,644,801</u>	<u>1,645,890</u>	<u>(1,089)</u>	<u>— %</u>
Operating expenses:				
Programming and other direct costs	568,311	578,230	9,919	(2)%
Other operating expenses	454,499	601,499	147,000	(24)%
Restructuring and other expense	58,647	2,453	(56,194)	— %
Depreciation and amortization	443,176	212,453	(230,723)	109 %
Operating income	<u>120,168</u>	<u>251,255</u>	<u>(131,087)</u>	<u>(52)%</u>
Other income (expense):				
Interest expense, net	(280,091)	(148,482)		
Gain on investments, net	131,658	100,365		
Loss on equity derivative contracts, net	(71,044)	(48,012)		
Other income (expense), net	(224)	1,971		
Income (loss) before income taxes	<u>(99,533)</u>	<u>157,097</u>		
Income tax benefit (expense)	38,962	(62,786)		
Net income (loss)	<u>(60,571)</u>	<u>94,311</u>		
Net loss (income) attributable to noncontrolling interests	(237)	66		
Net income (loss) attributable to Cablevision Systems Corporation stockholder(s)	<u>\$ (60,808)</u>	<u>\$ 94,377</u>		

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

	Successor	Predecessor		
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	2017 to 2016 Favorable (unfavorable)	% Change 2017 to 2016
	Net income (loss)	\$ (60,571)	\$ 94,311	\$ (154,882)
Income tax (benefit) expense	(38,962)	62,786	(101,748)	(162)%
Other (income) expense, net	224	(1,971)	2,195	111 %
Loss on equity derivative contracts, net	71,044	48,012	23,032	48 %
Gain on investments, net	(131,658)	(100,365)	(31,293)	31 %
Interest expense, net	280,091	148,482	131,609	89 %
Depreciation and amortization	443,176	212,453	230,723	109 %
Restructuring and other expense	58,647	2,453	56,194	— %
Share-based compensation	5,082	14,697	(9,615)	(65)%
Adjusted EBITDA	<u>\$ 627,073</u>	<u>\$ 480,858</u>	<u>\$ 146,215</u>	<u>30 %</u>

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

The following table sets forth certain customer metrics:

	Cablevision		
	March 31, 2017	December 31, 2016	March 31, 2016
	(in thousands, except per customer amounts)		
Homes passed(a)	5,128	5,116	5,086
Total customer relationships(b)	3,148	3,141	3,125
Residential.....	2,887	2,879	2,866
SMB	261	262	259
Residential customers(c):			
Pay TV.....	2,413	2,428	2,473
Broadband	2,636	2,619	2,580
Telephony.....	1,955	1,962	1,999
Residential triple product customer penetration(d):	64.4%	64.8%	66.9%
Penetration of homes passed(e):	61.4%	61.4%	61.4%
ARPU(f)	\$ 155.83	\$ 154.49	\$ 152.18

- (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. 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 derived from the sale of broadband, pay television and telephony services to residential customers for the respective quarter divided by the average number of total residential customers for the same period.

Pay Television Revenue

Pay television revenue increased \$15,066 (2%) for the three months ended March 31, 2017 as compared to the same period in the prior year due primarily to rate increases for certain video services implemented near the end of the fourth quarter of 2016 and an increase in late fees. Partially offsetting these increases was a decrease in revenue as compared to the prior year due to a decline in pay television customers.

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

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

Broadband Revenue

Broadband revenue increased \$30,979 (9%) for the three months ended March 31, 2017 as compared to the same period in the prior year due to higher average recurring broadband revenue per broadband customer, an increase in high-speed data customers, and an increase in late fees.

Telephony Revenue

Telephony revenue decreased \$4,876 (3%) for the three months ended March 31, 2017 as compared to the same period in the prior year due primarily to a decline in international calling and a decline in telephony customers.

Business Services Revenue

Business services revenue increased \$12,234 (6%) for the three months ended March 31, 2017 as compared to the same period in the prior year primarily due to higher average recurring telephony and broadband revenue per SMB customer and an increase in Ethernet revenue resulting from a larger number of services installed, partially offset by reduced traditional voice and data services for commercial customers.

Advertising Revenue

Advertising revenue increased \$3,262 (6%) for the three months ended March 31, 2017 as compared to the same period in the prior year.

Other Revenue

Other revenue, decreased \$57,754 (90%) for the three months ended March 31, 2017 as compared to the same period in the prior year primarily due to the Company no longer consolidating the operating results of Newsday as a result of the sale of a 75% interest in Newsday, effective July 7, 2016. The Company's 25% interest in the operating results of Newsday is recorded on the equity basis from the date of the sale.

Programming and Other Direct Costs

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

Programming and other direct costs decreased \$9,919 (2%) for the three months ended March 31, 2017 as compared to the same period in the prior year. The net decrease is attributable to the following:

Decrease in costs primarily related to the sale of Newsday in July 2016	\$	(15,622)
Decrease in call completion and transport costs primarily due to lower level of activity		(5,263)
Decrease in cost of sales (which includes the bulk of sale of handset inventory of \$5,445 during the first quarter of 2016)		(4,831)
Increase in programming costs due primarily to contractual rate increases, partially offset by lower costs resulting from lower pay television customers.....		16,638
Other net decreases.....		(841)
	\$	<u>(9,919)</u>

Programming costs, net aggregated \$483,873 and \$467,235 for the three months ended March 31, 2017 and 2016, respectively. Our programming costs increased 4% in 2017 due primarily to an increase in contractual programming rates, partially offset by a decrease in pay television customers. Our programming costs in 2017 will continue to be impacted by changes in programming rates, which we expect to increase by high single digits, and by changes in the number of pay television customers.

Other Operating Expenses

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

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

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

Other operating expenses decreased \$147,000 (24%) for the three months ended March 31, 2017 as compared to the same period in the prior year. The net decrease is attributable to the following:

Decrease primarily in employee related costs related to the elimination of certain positions, lower net benefits and an increase in capitalizable activity, partially offset by merit increases.....	\$ (83,109)
Decrease in costs primarily related to the sale of Newsday in July 2016	(45,678)
Decrease in share-based compensation and long-term incentive plan awards expense.....	(10,432)
Decrease in product development costs and product consulting fees	(8,153)
Decrease in repairs and maintenance costs relating to our operations	(7,757)
Increase in sales and marketing costs.....	7,628
Increase due to Altice N.V. management fee for certain executive services.....	5,000
Other net decreases.....	(4,499)
	<u>\$ (147,000)</u>

Restructuring and Other Expense

Restructuring and other expense for the three months ended March 31, 2017 and 2016 amounted to \$58,647 and \$2,453, respectively. The restructuring expense for 2017 is primarily related to severance and other employee related costs resulting from headcount reductions related to initiatives which commenced subsequent to the Merger that are intended to simplify the Company's organizational structure. Restructuring and other expense for 2016 includes merger related transaction costs of \$1,416 and adjustments related to prior restructuring plans of \$1,037.

Depreciation and Amortization

Depreciation and amortization increased \$230,723 (109%) for the three months ended March 31, 2017 as compared to the same period in the prior year. The net increase in 2017 is primarily due to depreciation and amortization expense recorded during the Successor period related to the step-up in the carrying value of property, plant and equipment and amortizable intangible assets recorded in connection with the Merger, partially offset by certain assets being retired or becoming fully depreciated.

Altice N.V. is currently evaluating the adoption of a global brand which, if adopted, could reduce the remaining useful lives of our trade name intangibles, which would increase amortization expense.

Adjusted EBITDA

Adjusted EBITDA increased \$146,215 (30%) for the three months ended March 31, 2017 as compared to the same period in the prior year. The increase was due primarily to a decrease in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

Interest Expense, net

Interest expense, net increased \$131,609 (89%) for the three months ended March 31, 2017 as compared to the same period in the prior year. The net increase is attributable to the following:

Increase due to change in average debt balances.....	\$ 110,001
Increase due to change in average interest rates on our indebtedness.....	22,190
Lower interest income	770
Other net decreases, primarily amortization of deferred financing costs	(1,352)
	<u>\$ 131,609</u>

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

Gain on Investments, net

Gain on investments, net for the three months ended March 31, 2017 and 2016 amounted to \$131,658 and \$100,365, respectively, and consists primarily of the increase in the fair value of Comcast Corporation ("Comcast") common stock owned by the Company. The effects of these gains are partially offset by the losses on the related equity derivative contracts, net described below.

Loss on Equity Derivative Contracts, net

Loss on equity derivative contracts, net for the three months ended March 31, 2017 and 2016 amounted to \$71,044 and \$48,012, respectively, and consists of unrealized and realized losses due to the change in fair value of the Company's equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these losses are offset by the gains on investment securities pledged as collateral, which are included in gain on investments, net discussed above.

Income Tax Expense

Income tax benefit amounted to \$38,962 for the three months ended March 31, 2017, reflecting an effective tax rate of 39%. Nondeductible share-based compensation resulted in tax expense of \$2,033. Absent this item, the effective tax rate for the three months ended March 31, 2017 would have been 41%.

Cablevision recorded income tax expense of \$62,786 for the three months ended March 31, 2016, reflecting an effective tax rate of 40%. During the three months ended March 31, 2016, Cablevision recorded tax benefit of \$1,172 relating to an increase in tax credits. Absent this item, the effective tax rate for the three months ended March 31, 2016 would have been 41%.

On January 1, 2017, the Company adopted Accounting Standards Update ("ASU") No. 2016-09 using the prospective transition method related to the presentation of excess tax benefit on the statement of cash flows. In connection with the adoption, a deferred tax asset of \$308,231 for previously unrealized excess tax benefits was recognized with the offset to accumulated deficit.

As of March 31, 2017, on a stand-alone basis, Cablevision's federal net operating losses ("NOLs") were approximately \$1,231,000. The Merger resulted in an ownership change under the Internal Revenue Code Section 382 and certain state taxing authorities whereby Cablevision's NOLs immediately prior to the Merger of approximately \$877,975 will be subject to certain limitations. Cablevision does not expect such limitations to impact the ability to utilize the NOLs prior to their expiration.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

Supplemental Quarterly Data for 2016 and 2015

	Successor			Predecessor	
	Three Months Ended December 31, 2016	Three Months Ended September 30, 2016	June 21 to June 30, 2016	April 1 to June 20, 2016	Three Months Ended March 31, 2016
Revenue:					
Residential:					
Pay TV	\$ 778,759	\$ 772,886	\$ 87,046	\$ 693,685	\$ 774,321
Broadband	376,558	366,166	39,891	322,020	350,990
Telephony	177,752	178,000	20,282	160,865	181,277
Business services and wholesale	223,947	220,352	24,333	194,651	216,451
Advertising	81,873	67,815	7,643	61,250	58,477
Other	6,604	9,480	4,665	59,243	64,374
Total Revenue	\$ 1,645,493	\$ 1,614,699	\$ 183,860	\$ 1,491,714	\$ 1,645,890

	Predecessor			
	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenue:				
Residential:				
Pay TV	\$ 773,180	\$ 777,606	\$ 803,243	\$ 788,962
Broadband	331,092	328,792	326,212	317,822
Telephony	184,130	186,277	189,290	188,484
Business services and wholesale	209,705	209,340	208,292	206,817
Advertising	70,540	60,446	68,000	58,846
Other	67,778	62,367	66,903	61,421
Total Revenue	\$ 1,636,425	\$ 1,624,828	\$ 1,661,940	\$ 1,622,352

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

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

	Cablevision							
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	March 31,
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>
	(in thousands, except per customer amounts)							
Homes passed(a)	5,116	5,105	5,093	5,086	5,076	5,070	5,062	5,050
Total customer relationships(b)	3,141	3,135	3,143	3,125	3,116	3,102	3,113	3,107
Residential	2,879	2,873	2,882	2,866	2,858	2,846	2,858	2,855
SMB	262	262	261	259	258	256	255	252
Residential customers(c):								
Pay TV	2,428	2,443	2,470	2,473	2,487	2,496	2,529	2,546
Broadband	2,619	2,603	2,604	2,580	2,562	2,538	2,537	2,525
Telephony	1,962	1,969	1,994	1,999	2,007	2,003	2,024	2,032
Residential triple product customer penetration(d):	64.8%	65.3%	66.1%	66.9%	67.6%	67.8%	68.3%	68.7%
Penetration of homes passed(e):	61.4%	61.4%	61.7%	61.4%	61.4%	61.2%	61.5%	61.5%
ARPU(f)	\$ 154.49	\$ 152.55	\$153.52	\$ 152.18	\$ 150.61	\$ 151.09	\$153.88	\$151.05

- (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. 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 fourth quarter of each year presented derived from the sale of broadband, pay television and telephony services to residential customers for the respective quarter by the average number of total residential customers for the same period.
- (g) The metrics presented in the table above have been adjusted from previously reported amounts to conform to the methodology used to calculate the equivalent metrics for our parent, Altice USA.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

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:

	Successor	Predecessor
	Three Months Ended March	Three Months Ended March
Net income (loss) attributable to Cablevision Systems Corporation stockholders	\$ 31,201 (60,808)	\$ 31,201 94,377
Interest expense relating to Cablevision senior notes included in Cablevision's consolidated statements of operations	44,936	55,807
Interest income related to cash held at Cablevision	—	(11)
Interest income included in CSC Holdings' consolidated statements of operations related to interest on Cablevision's senior notes held by Newsday Holdings, through the date of sale in July 2016 (this interest income is eliminated in the consolidated statements of operations of Cablevision).....	—	12,013
Income tax benefit included in Cablevision's consolidated statements of operations.....	(19,335)	(29,370)
Net income (loss) attributable to CSC Holdings, LLC's sole member.....	<u>\$ (35,207)</u>	<u>\$ 132,816</u>

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

LIQUIDITY AND CAPITAL RESOURCES

Cablevision

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

Funding for Our Debt Service Requirements

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

We expect to utilize free cash flow and availability under the revolving credit facilities, 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 redemption provisions.

We believe existing cash balances, operating cash flows and availability under the CSC Holdings 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. Our collateralized debt maturing in the next 12 months will be settled either by delivering shares of Comcast common stock or by delivering cash from the net proceeds of new monetization transactions. However, competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe that amounts available under the Restricted Group revolving credit facility will be available when, and if needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets or other conditions. The obligations of the financial institutions under the Restricted Group revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

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

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

Debt Outstanding

The following table summarizes the carrying value of our outstanding debt, net of deferred financing costs, discounts and premiums (excluding accrued interest), as well as interest expense and capital expenditures.

	As of March 31, 2017				
	Restricted Group	Other Entities	Total CSC Holdings	Cablevision	Total Cablevision
Credit facility debt	\$ 2,677,412	\$ —	\$ 2,677,412	\$ —	\$ 2,677,412
Senior guaranteed notes	2,289,901	—	2,289,901	—	2,289,901
Senior notes and debentures	6,729,944	—	6,729,944	2,733,548	9,463,492
Collateralized indebtedness relating to stock monetization	—	1,293,702	1,293,702	—	1,293,702
Capital lease obligations	21,321	—	21,321	—	21,321
Notes payable	11,453	—	11,453	—	11,453
Total debt	<u>\$ 11,730,031</u>	<u>\$ 1,293,702</u>	<u>\$ 13,023,733</u>	<u>\$ 2,733,548</u>	<u>\$ 15,757,281</u>
Interest expense	<u>\$ 217,017</u>	<u>\$ 18,253</u>	<u>\$ 235,270</u>	<u>\$ 44,936</u>	<u>\$ 280,206</u>
Capital expenditures	<u>\$ 178,978</u>	<u>\$ 5,421</u>	<u>\$ 184,399</u>	<u>\$ —</u>	<u>\$ 184,399</u>

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

	Maturity Date	Interest Rate	Principal	Carrying Value
Revolving Credit Facility	\$20,000 on October 9, 2020, remaining on November 30, 2021	4.16%	\$ 225,256	\$ 196,407
Term Loan Facility	July 17, 2025	3.94%	2,493,750	2,481,005
			<u>\$ 2,719,006</u>	<u>\$ 2,677,412</u>

As of March 31, 2017, \$1,984,721 was undrawn and available under the Revolving Credit Facility, subject to covenant limitations, to be drawn to meet the net funding and investment requirements of the Restricted Group.

The indentures under which the senior guaranteed notes and senior notes and debentures were issued contain various covenants, which are generally less restrictive than those contained in the Credit Facilities Agreement. The Company was in compliance with all of its financial covenants under these indentures as of March 31, 2017.

Payment Obligations Related to Debt

Total amounts payable by us in connection with our outstanding obligations (giving effect to the Extension Amendment discussed below) during the five years subsequent to March 31, 2017 and thereafter, including related interest, as well as capital lease obligations, notes payable, and the value deliverable at maturity under monetization contracts are as follows:

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

	Cablevision	Restricted Group	Other Entities (a)	Total
2017	\$ 538,034	\$ 566,547	\$ 500,934	\$ 1,605,515
2018	857,193	1,687,537	534,884	3,079,614
2019	78,130	1,336,230	2,392	1,416,752
2020	558,130	781,379	2,399	1,341,908
2021	38,130	2,005,330	318,244	2,361,704
Thereafter.....	1,187,154	11,432,141	—	12,619,295
Total.....	<u>\$ 3,256,771</u>	<u>\$ 17,809,164</u>	<u>\$ 1,358,853</u>	<u>\$ 22,424,788</u>

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

Restricted Group

CSC Holdings and those of its subsidiaries which conduct our pay television, broadband 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 and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital video, broadband and telephony services (including enhancements to its service offerings such as a broadband wireless network (WiFi)); debt service, including distributions made to Cablevision to service interest expense and principal repayments on its debt securities; other corporate expenses and changes in working capital; and investments that it may fund from time to time. Prior to the Merger, the Restricted Group also made distributions to Cablevision to fund dividends paid to its stockholders, share repurchases and senior note repurchases.

Credit Facility

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 (the "Term Loan Facility", and the term loans extended under the Term Loan Facility, the "CSC Holdings Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of \$2,300,000 (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Credit Facilities"), which are governed by a credit facilities agreement entered into by, *inter alios*, 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 and March 15, 2017, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Facilities Agreement").

The amendment to the CSC Holdings Credit Facilities Agreement entered into on March 15, 2017 ("Extension Amendment") increased the Term Loan by \$500,000 to \$3,000,000 and the maturity for this facility was extended to July 17, 2025. The closing of the Extension Amendment occurred on April 17, 2017 and the proceeds were used to refinance the entire \$2,493,750 principal amount of existing Term Loans and redeem \$500,000 of the 8.625% Senior Notes due September 2017 issued by Cablevision.

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

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

CSC Holdings is required to make scheduled quarterly payments each equal to 0.25% of the original principal amount of the Term Loans, with the balance due on the maturity date.

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

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

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

The Credit Facilities Agreement requires CSC Holdings to prepay outstanding Term Loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions; and (ii) commencing with the fiscal year ending December 31, 2017, a pari rata share (based on the outstanding principal amount of the Term Loans divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Term Loans) of 50% of annual excess cash flow, which will be reduced to 0% if the consolidated net senior secured leverage ratio of CSC Holdings is less than or equal to 4.5 to 1.

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

The Credit Facilities Agreement includes certain negative covenants which, among other things and subject to certain significant exceptions and qualifications, limit CSC Holdings' ability and the ability of its restricted subsidiaries to: (i) incur or guarantee additional indebtedness, (ii) make investments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (viii) engage in mergers or consolidations. In addition, the Revolving Credit Facility includes a financial maintenance covenant solely for the benefit of the lenders under the Revolving Credit Facility consisting of a maximum consolidated net senior secured leverage ratio of CSC Holdings and its restricted subsidiaries of 5.0 to 1.0. The financial covenant will be tested on the last day of any fiscal quarter (commencing on December 31, 2016) but only if on such day there are outstanding borrowings under the Revolving Credit Facility (excluding any cash collateralized letters of credit and undrawn letters of credit not to exceed \$15,000).

The Credit Facilities Agreement also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under the Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Credit Facilities and all actions permitted to be taken by a secured creditor.

CSC Holdings was in compliance with all of its financial covenants under the Credit Facilities as of March 31, 2017.

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Capital Expenditures

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

	Successor	Predecessor
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Customer premise equipment.....	\$ 47,675	\$ 34,750
Network infrastructure	74,948	59,609
Support and other	38,198	33,136
Business services.....	23,578	21,157
Total Cablevision.....	<u>\$ 184,399</u>	<u>\$ 148,652</u>

Capital expenditures for the three months ended March 31, 2017 increased \$35,747 (24%) as compared to the same period in the prior year. The increase was primarily related to increased spending on customer premise equipment, plant construction and electronics.

Monetization Contract Maturities

As of March 31, 2017, monetization contracts covering 21,477,618 shares of Comcast common stock held by us will mature within 12 months. We intend to settle such transactions by either delivering shares of the Comcast common stock and the related equity derivative contracts or by delivering cash from the net proceeds of new monetization transactions.

In April 2017, the Company settled collateralized indebtedness relating to 5,464,368 Comcast shares by delivering cash equal to the collateralized loan value obtained from the proceeds of a new monetization contract covering an equivalent number of Comcast shares. Accordingly, the consolidated balance sheets of Cablevision and CSC Holdings as of March 31, 2017 reflect the reclassification of \$205,406 of investment securities pledged as collateral from a current asset to a long-term asset and \$161,438 of collateralized indebtedness from a current liability to a long-term liability.

CASH FLOW DISCUSSION

Continuing Operations - Cablevision Systems Corporation

Operating Activities

Net cash provided by operating activities amounted to \$112,170 for the three months ended March 31, 2017 compared to \$152,554 for the three months ended March 31, 2016. The 2017 cash provided by operating activities resulted from \$382,605 of income from before depreciation and amortization and \$1,378 resulting from an increase in current and other assets, partially offset by \$92,834 of non-cash items and decreases in cash of \$178,979 as a result of a decrease in accrued liabilities and accounts payable.

The 2016 cash provided by operating activities resulted from \$306,764 of income before depreciation and amortization and \$29,574 of non-cash items. Partially offsetting these increases were decreases in cash of \$162,425 as a result of a decrease in accrued liabilities and accounts payable and \$21,359 resulting from an increase in current and other assets.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2017 was \$228,366 compared to \$148,028 for the three months ended March 31, 2016. The 2017 investing activities consisted primarily of \$184,399 of capital expenditures, payments for acquisitions, net of cash acquired of \$43,608, additions to other intangible assets of \$183, and other net cash payments of \$176.

The 2016 investing activities consisted primarily of \$148,652 of capital expenditures and additions to other intangible assets of \$570, partially offset by other net cash receipts of \$1,194.

Financing Activities

Net cash provided by financing activities amounted to \$44,490 for the three months ended March 31, 2017 compared to net cash used of \$53,348 for the three months ended March 31, 2016. In 2017, the Company's financing activities

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES

consisted primarily of proceeds from credit facility debt of \$225,000 and collateralized indebtedness of \$156,136, partially offset by repayments of credit facility debt of \$181,250, payments of collateralized indebtedness and related derivative contracts of \$150,084, principal payments on capital lease obligations of \$4,022 and additions to deferred financing costs of \$1,290.

In 2016, the Company's financing activities consisted primarily of payments related to the net share settlement of restricted stock awards of \$41,469, repayments of credit facility debt of \$14,953, principal payments on capital lease obligations of \$5,234, payment of accrued dividends of \$4,066, and repayments of notes payable of \$1,291, partially offset by proceeds from stock option exercises of \$13,665.

Continuing Operations - CSC Holdings, LLC

Operating Activities

Net cash provided by operating activities amounted to \$170,068 for the three months ended March 31, 2017 compared to \$163,877 for the three months ended March 31, 2016. The 2017 cash provided by operating activities resulted from \$408,206 of income from before depreciation and amortization and \$1,378 resulting from an increase in current and other assets, partially offset by \$70,479 of non-cash items and decreases in cash of \$169,037 as a result of a decrease in accrued liabilities and accounts payable.

The 2016 cash provided by operating activities resulted from \$343,609 of income before depreciation and amortization and non-cash items. In addition, cash increased \$18,846 as a result of a decrease in current and other assets. Partially offsetting these increases was a decrease in cash of \$198,578 resulting from a decrease in other liabilities and accounts payable.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2017 was \$228,366 compared to \$148,028 for the three months ended March 31, 2016. The 2017 investing activities consisted primarily of \$184,399 of capital expenditures, payments for acquisitions, net of cash acquired of \$43,608, additions to other intangible assets of \$183, and other net cash payments of \$176.

The 2016 investing activities consisted primarily of \$148,652 of capital expenditures and additions to other intangible assets of \$570, partially offset by other net cash receipts of \$1,194.

Financing Activities

Net cash used in financing activities amounted to \$13,387 for the three months ended March 31, 2017 compared to \$91,703 for the three months ended March 31, 2016. In 2017, the Company's financing activities consisted primarily of repayments of credit facility debt of \$181,250, payments of collateralized indebtedness and related derivative contracts of \$150,084, dividend distributions to Cablevision of \$57,877, principal payments on capital lease obligations of \$4,022 and additions to deferred financing costs of \$1,290, partially offset by proceeds from credit facility debt of \$225,000 and collateralized indebtedness of \$156,136.

In 2016, the Company's financing activities consisted primarily of distributions to Cablevision of \$101,878, repayments of credit facility debt of \$14,953, principal payments on capital lease obligations of \$5,234 and repayments of notes payable of \$1,291, partially offset by an excess tax benefit related to share-based awards of \$31,653.

Recently Issued But Not Yet Adopted Accounting Pronouncements

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

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will be applied using the modified retrospective method. We are currently in the process of determining the impact that ASU No. 2016-02 will have on our 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 becomes effective for us on January 1, 2018. We have not yet completed the evaluation of the effect that ASU No. 2016-01 will have on our consolidated financial statements.

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

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. These items are not expected to have a significant effect on the current accounting standard. The amendments in this update affect the guidance in ASU No. 2014-09, which is not yet effective. ASU No. 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact that the adoption of ASU No. 2014-09 will have on its consolidated financial statements and selecting the method of transition to the new standard. We currently expect the adoption to impact the timing of the recognition of residential installation revenue and the recognition of commission expenses.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied using the modified retrospective method. The Company is currently in the process of determining the impact that ASU No. 2016-02 will have on its 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 becomes effective for the Company on January 1, 2018 with early adoption permitted and will be applied retrospectively. The Company has not yet completed the evaluation of the effect that ASU No. 2017-07 will have on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective and allows the use of either the retrospective or cumulative effect transition method. In August 2015, the FASB

issued ASU No. 2015-14 that approved deferring the effective date by one year so that ASU No. 2014-09 would become effective for us on January 1, 2018. The FASB also approved, in July 2015, permitting the early adoption of ASU No. 2014-09, but not before the original effective date for us of January 1, 2017.

Other Events

Distributions

CSC Holdings made cash equity distribution payments to Cablevision aggregating \$57,877 during the three months ended March 31, 2017. These distribution payments were funded from cash on hand and were used to fund Cablevision's interest payments on its senior notes.

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 March 31, 2017, the Company's commitments and contingencies for continuing operations not reflected in the Company's condensed consolidated balance sheet decreased to approximately \$5,152,000 as compared to approximately \$5,780,000 at December 31, 2016. This decrease relates primarily to payments made pursuant to programming commitments during the three months ended March 31, 2017.

Managing our Interest Rate and Equity Price Risk

Interest Rate Risk

Interest rate risk is primarily a result of exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Our exposure to interest rate risk results from changes in short-term interest rates. Interest rate risk exists primarily with respect to our credit facility debt, which bears interest at variable rates. To manage interest rate risk, we have from time to time entered into various interest rate swap contracts to adjust the proportion of total debt that is subject to variable interest rates. Such contracts effectively fixed the borrowing rates on our floating rate debt to limit the exposure against the risk of rising rates. We did not have any interest swap contracts in place at March 31, 2017. We do not enter into interest rate swap contracts for speculative or trading purposes. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. We diversify our swap contracts among various counterparties to mitigate exposure to any single financial institution.

See discussion above for further details of our credit facility debt and See "Item 3. Quantitative and Qualitative Disclosures About Market Risk" below for a discussion regarding the fair value of our debt.

Equity Price Risk

We have entered into derivative contracts to hedge our equity price risk and monetize the value of our shares of common stock of Comcast. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of March 31, 2017, we did not have an early termination shortfall relating to any of these contracts. The underlying stock and the equity collars are carried at fair value on our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of the unamortized fair value adjustment. The fair value adjustment is being amortized over the term of the related indebtedness. See "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for information on how we participate in changes in the market price of the stocks underlying these derivative contracts.

All of our monetization transactions are obligations of our wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings provides guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). The guarantee exposure approximates the net sum of the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and the equity collar. All of our equity derivative contracts are carried at their current

fair value in our consolidated balance sheets with changes in value reflected in our consolidated statements of operations, and all of the counterparties to such transactions currently carry investment grade credit ratings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

All dollar amounts, except per share data, included in the following discussion under this Item 3 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 March 31, 2017, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value on our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of an unamortized fair value adjustment. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,293,702 at March 31, 2017. 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 March 31, 2017, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$1,614,688. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$161,469. As of March 31, 2017, 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 \$73,246, a net liability position. For the three months ended March 31, 2017, we recorded a net loss of \$71,044 related to our outstanding equity derivative contracts and recorded an unrealized gain of \$131,658 related to the Comcast common stock that we held during the period.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2016, net liability position.....	\$ (2,202)
Change in fair value, net.....	(71,044)
Fair value as of March 31, 2017, net liability position.....	<u>\$ (73,246)</u>

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

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# of Shares Deliverable	Maturity	Hedge Price per Share (a)	Cap Price (b)	
			Low	High
21,477,618	(c) 2017	\$27.98 - \$29.56	\$ 35.42	\$ 38.42
16,139,868	2018	\$30.84- \$33.61	\$ 37.00	\$ 40.33
5,337,750	2021	\$29.25	\$ 43.88	\$ 43.88

- (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.
- (c) Includes an equity derivative contract relating to 5,464,368 shares that matured and was settled in April 2017 from the proceeds of a new monetization contract covering an equivalent number of shares.

Fair Value of Debt: At March 31, 2017, the fair value of our fixed rate debt of \$14,332,717 was higher than its carrying value of \$13,058,548 by \$1,274,169. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at March 31, 2017 would increase the estimated fair value of our fixed rate debt by \$284,409 to \$14,617,126. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

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: May 10, 2017

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