

CURRENT REPORT

of

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

August 8, 2014

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

Earnings Release for the Three Months and Six Months Ended June 30, 2014

On August 8, 2014, Cequel issued a press release reporting its financial results for the three and six months ended June 30, 2014 (the “Earnings Announcement”). A copy of the Earnings Announcement is attached to this Current Report as Exhibit 99.1.

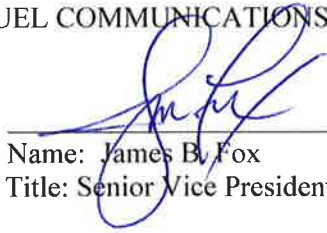
Replay of Earnings Call

On August 8, 2014, Cequel held a conference call to discuss its financial results for the three and six months ended June 30, 2014. A replay of the call is available on Cequel’s website (www.suddenlink.com).

SIGNATURES

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

CEQUEL COMMUNICATIONS HOLDINGS I, LLC



Name: James B. Fox
Title: Senior Vice President and Chief Accounting Officer

August 8, 2014

Exhibit 99.1

Press Release Attached Starting on the Next Page

Suddenlink Reports Second Quarter 2014 Financial and Operating Results

FOR IMMEDIATE RELEASE

ST. LOUIS (August 8, 2014) – Cequel Communications Holdings I, LLC (“Cequel,” and together with its subsidiaries, the “Company” or “Suddenlink”) today reported financial and operating results for the second quarter of 2014.

"Our positive momentum continued in the second quarter. Customer relationships grew at a record pace in the trailing 12 months. Net gains accelerated for our market-leading Internet services. And revenue, EBITDA and cash flow were up significantly year over year," said Suddenlink Chairman and CEO Jerry Kent. "These results put us in excellent position to make strategic investments that will enable one Gigabit speeds and thereby retain our competitive advantage in Internet services."

Operating results and metrics and year-over-year changes described below are presented on a pro forma basis to include the cable systems acquired from Northland Communications (“Northland”) on January 2, 2014.

Second Quarter Highlights

- Second quarter revenues of \$579.9 million grew 5.9% compared to the second quarter of the prior year, highlighted by high speed Internet revenue growth of 15.3%.
- Before the impact of non-recurring expenses, Adjusted EBITDA (as defined herein) for the second quarter 2014 was \$226.1 million, representing growth of 6.2% compared to the same period in the prior year. Adjusted EBITDA for the second quarter 2014, after the impact of non-recurring expenses, was \$223.3 million, representing growth of 6.6% compared to the same period in the prior year.
- Free Cash Flow (as defined herein) of \$64.1 million for the second quarter 2014 grew \$19.9 million compared to the second quarter 2013, an increase of 45.1%.
- Total residential customer relationships were 1,403,500 at June 30, 2014, an increase of 29,600, or 2.2%, from June 30, 2013.
- Including commercial, PSUs (as defined herein) were 2,903,600, an increase of 110,500, or 4.0%, over the prior year. Including commercial, RGUs (as defined herein) were 3,785,100, an increase of 145,000, or 4.0%, from June 30, 2013.
- Total average monthly revenue per basic video customer (“ARPU”) for the second quarter was \$163.92, an increase of 8.7% compared to the second quarter of the prior year.
- Bundled residential customers represented 66.0% of total residential customer relationships at June 30, 2014, an increase from 65.1% at June 30, 2013, primarily from growth in triple play customer relationships, which represented 27.9% of total residential customer relationships at June 30, 2014, versus 25.7% at June 30, 2013.
- Non-video residential customers represented 22.9% of total residential customer relationships at June 30, 2014, an increase of 20.2% compared to the prior year.
- Commercial revenue grew 11.4% versus the second quarter 2013, including 18.0% year-over-year growth in our commercial high-speed data, telephone and on-net carrier revenue on a combined basis.

- Advertising revenues increased 10.5% due largely to higher national political advertising revenue.

Second Quarter 2014 Compared to Second Quarter 2013

Second quarter 2014 revenues increased 5.9%, largely attributable to the increase in residential high-speed Internet, telephone, and advanced digital video revenues; growth in revenues from our commercial business, including carrier services; and growth in advertising revenue. Residential revenue growth resulted from increases in the number of new telephone, high-speed Internet, and digital video customers; an increase in the penetration of existing customers for these services; the impact of video rate increases, including broadcast retransmission rate increases; incremental service revenues from high definition television (“HDTV”) and digital video recorder (“DVR”) services due to growth in customers purchasing advanced video services during the trailing twelve months; and the impact from the shift of customers to higher speed Internet products. Offsetting this residential growth, in part, was a decrease in basic video customers in the trailing twelve months; a decrease in revenue due to the impact of bundling and promotional discounts; digital customers purchasing fewer digital tiers of service; and decreased premium revenues. Revenues from our commercial business grew due to increases in new and bundled commercial high-speed data and telephone customers and from increases in cell tower backhaul revenues from carrier customers. Advertising revenue increased due primarily to higher national political advertising sales revenue.

Video service revenues increased 1.9% due primarily to video rate increases; higher broadcast retransmission revenue and customer growth in our digital and advanced video services, including converter rental revenue for high-definition and DVR capable digital converters. Offsetting this growth, in part, was the impact of basic video customer losses in the trailing twelve months; digital customers purchasing fewer digital tiers of service on average; and decreased premium revenues.

High-speed Internet service revenues rose 15.3% due primarily to an increase in residential high-speed Internet customers; growth in home networking revenues; the impact of residential rate increases; the shift of customers to higher speed Internet products; growth in our commercial high-speed data services to small and medium sized businesses; and growth in carrier services, including fiber to the tower, and optical Internet and transport revenues.

Telephone service revenues grew 1.2% due primarily to an increase in residential telephone customers and growth in our commercial telephone services to small and medium sized businesses, offset, in part, by the impact of bundle discounts to residential customers.

Advertising revenues increased 10.5% due largely to higher national political advertising revenue. Excluding political, advertising revenues decreased 0.4% as increases in national advertising were offset by decreases in local advertising revenues.

Other revenues decreased 0.3% due primarily to decreases in installation revenue.

Our commercial lines of business, embedded in the video, high-speed Internet, telephone service and other revenues, described above, are comprised of commercial and bulk video, commercial high-speed data, fiber based on- and off-net carrier services, and commercial telephone. Commercial revenue totaled \$81.8 million, or 14.1% of total revenue, in the second quarter 2014, representing growth of 11.4% versus the second quarter 2013. Our commercial high-speed data, telephone and on-net carrier revenue grew 18.0% year-over-year on a combined basis.

Operating costs and expenses rose 5.5%, primarily due to higher programming costs, including broadcast retransmission consent expenses, and increased labor and employee related costs. Programming costs and retransmission consent expenses grew principally as a result of higher contractual rates charged by our programming and broadcast vendors and an increased number of digital customers. Labor and

employee related expenses have increased due to the impact of annual salary increases. The second quarter 2014 includes \$2.8 million of non-recurring expenses primarily related to the migration to our internal telephone platform and acquisition due diligence costs. The second quarter 2013 includes \$3.4 million of non-recurring expenses primarily related to credit facility amendment costs.

Before the impact of non-recurring expenses described above, Adjusted EBITDA for the second quarter 2014 would have been \$226.1 million, an increase of 6.2% compared to the second quarter last year, with an Adjusted EBITDA margin of 39.0%. After the impact of non-recurring expenses, Adjusted EBITDA for the second quarter 2014 was \$223.3 million, an increase of 6.6% from the same quarter last year, resulting in an Adjusted EBITDA margin of 38.5%.

Income from operations for the second quarter 2014 was \$56.2 million, an increase of 20.8%, compared to \$46.5 million for the second quarter 2013, due primarily to an increase in Adjusted EBITDA and a decrease in amortization expense, offset, in part, by an increase in depreciation expense and non-cash share based compensation expense.

Net loss was \$2.4 million for the second quarter 2014, compared to a net loss of \$26.5 million for the second quarter 2013.

Key Operating Metrics

At June 30, 2014, Suddenlink served approximately 1.4 million residential customers, and Suddenlink's RGUs were comprised of 1,168,800 basic video, 881,500 digital video, 1,103,300 residential high-speed Internet, and 534,600 residential telephone customers. Suddenlink's approximately 3.7 million RGUs as of June 30, 2014, increased 130,800, or 3.7%, over the prior year, and Suddenlink's approximately 2.8 million PSUs as of June 30, 2014, increased 96,300, or 3.6%, over the prior year. In addition, as of June 30, 2014, Suddenlink served approximately 60,900 commercial high-speed data and 36,000 commercial telephone customers, not included in our RGU or customer relationship totals. Including these commercial customers, our RGUs increased 145,000, or 4.0%, and our PSUs increased 110,500, or 4.0%, over the prior year.

Approximately 66.0% of Suddenlink's residential customers subscribe to bundled services, compared to 65.1% a year ago. Approximately 391,400 of Suddenlink's residential customers receive video, high-speed Internet, and telephone services as part of a triple play bundle, representing 27.9% of Suddenlink's total residential customer relationships. Growth of 38,800 triple play customers from the second quarter 2013 represented an increase of 11.0%. Non-video residential customers of approximately 319,900 at June 30, 2014, represent 22.9% of total residential customer relationships, and grew 20.2%.

Suddenlink's ARPU for the second quarter 2014 was \$163.92, an increase of 8.7% compared to the second quarter 2013.

Basic video customers decreased by approximately 18,700 customers during the second quarter of 2014, an improvement compared to a loss of 23,100 basic video customers in the second quarter of 2013. Digital video customers decreased by approximately 6,500 customers during the second quarter of 2014, an improvement compared to a loss of 8,200 digital video customers in the second quarter of 2013. During the trailing twelve months, basic video customers decreased 2.4% and digital video customers grew 4.1%. Estimated basic penetration at June 30, 2014, was 37.3% of estimated homes passed. Digital penetration to basic customers was 75.4%.

Residential high-speed Internet customers increased by approximately 200 during the second quarter 2014, an improvement compared to a loss of 8,700 residential high-speed Internet customers in the second quarter of 2013. Residential high-speed Internet customers increased 77,700, or 7.6%, during the trailing twelve months. At June 30, 2014, estimated residential high-speed Internet penetration was 36.1% of high-speed Internet capable homes passed. During the second quarter of 2014, commercial

high-speed data customers increased by approximately 1,500. These commercial customers are not included in total RGU counts. Including these commercial customers, our high-speed Internet customers increased 83,800, or 7.8%, over the prior year.

Residential telephone customers grew by approximately 7,100 during the second quarter 2014, and 46,900, or 9.6%, during the trailing twelve months. At June 30, 2014, estimated residential telephone penetration was 20.5% of telephone capable homes passed. During the second quarter of 2014, commercial telephone customers increased by approximately 2,200 customers, and increased by approximately 8,100 over the trailing twelve months, or 29.0%. These commercial customers purchase 2.8 lines on average and are not included in total RGU counts. Including these commercial customers, our telephone customers increased 55,000, or 10.7%, over the prior year.

Liquidity and Capital Resources

The following discussion of liquidity and capital resources is presented on an actual basis and does not include historical pro forma adjustments reflecting the cable systems acquired from Northland on January 2, 2014.

At June 30, 2014, the Company had approximately \$221.3 million of cash on hand with \$17.5 million of outstanding letters of credit, which reduced the availability under our revolving credit facility to approximately \$482.5 million.

Net cash provided by operating activities was \$173.7 million for the three months ended June 30, 2014, compared to \$58.0 million for the three months ended June 30, 2013. This increase is due primarily to improved operating results and a decrease in cash interest expense. In addition, the three months ended June 30, 2013 included the payment of a redemption premium in connection with the redemption of our senior notes due 2017, which was not present in the current period.

Capital expenditures were \$103.2 million and \$94.9 million for the three months ended June 30, 2014 and 2013, respectively, and \$198.6 million and \$193.1 million for the six months ended June 30, 2014 and 2013, respectively. During 2014, we expect capital expenditures to be approximately \$410.0 million to \$420.0 million. This estimate represents a \$50 million increase from our previously announced capital expenditure guidance. The increase is primarily due to a decision to begin a process to significantly increase our Internet speeds companywide, success-based opportunities in our commercial and carrier businesses and residential new-build opportunities.

Starting in the second half of 2014 and extending through 2017, we expect to invest up to an additional \$230 million of capital expenditures, above and beyond our normal expected capital expenditure levels, to significantly enhance our Internet speeds and ultimately position our network to offer speeds of one Gigabit. Internally known as "Operation GigaSpeed," this initiative will include expenditures to upgrade data network headend equipment, replace any remaining deployed DOCSIS 2.0 customer premises equipment with DOCSIS 3.0 equipment, and complete our all-digital video conversion. We expect to complete these enhancements in a phased, market-by-market approach, focusing first on our largest and most competitive markets. Once fully phased in, the plan calls for our flagship Internet speed to increase from 15 to 200 Megabits and our top speed to increase from over 100 Megabits to one Gigabit in nearly 90% of our service areas. We expect to invest approximately \$35 million of the total capital expenditures related to Operation GigaSpeed in the second half of 2014, with the remainder invested during 2015, 2016 and 2017.

In March 2013, we began an initiative to replace our use of a third-party telephone provider with our own internal platform and resources. The majority of the migration activity relating to this initiative will take place in 2014, and we expect to complete this initiative by early 2015. We expect to incur up to \$30 million of non-recurring operating expenses and up to \$20 million of capital expenditures through early 2015 to complete this project, but also expect to significantly reduce telephone operating expenses upon

completion. For the three months ended June 30, 2014, we incurred \$1.8 million in non-recurring operating expenses and \$3.2 million in capital expenditures related to this initiative. Since the inception of the initiative, we have incurred \$4.5 million in non-recurring operating expenses and \$11.2 million in capital expenditures.

Free Cash Flow for the quarter ended June 30, 2014, was \$64.1 million, compared to \$44.2 million for the quarter ended June 30, 2013. The increase in Free Cash Flow for the second quarter of 2014 as compared to the same period in 2013 is due primarily to improved operating results and a decrease in cash interest expense, offset, in part, by an increase in capital expenditures.

The Senior Secured Leverage Ratio (Consolidated Secured Debt to Adjusted Pro Forma EBITDA) for Suddenlink as defined in and calculated in accordance with the Credit Agreement was 2.62x at June 30, 2014.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indentures governing Cequel's 6.375% Senior Notes due 2020 and 5.125% Senior Notes due 2021 was 5.11x at June 30, 2014.

Acquisition of Cable Systems

On January 2, 2014, the Company acquired three cable systems from Northland for approximately \$40.6 million, subject to a working capital adjustment, which was funded using cash on hand. The cable systems involved in this transaction are located in Texas and serve nearly 12,000 residential and more than 500 commercial customers.

Conference Call

As previously announced, the Company will host a conference call to discuss its first quarter results at 11:00 a.m. (Eastern Time) on Friday, August 8, 2014. The dial-in information for the earnings call is as follows:

Within the United States	866-394-7593
International	706-758-9648
Password	Cequel Communications
Conference ID	72228574

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

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

Quarterly Report

The information in this press release should be read in conjunction with the financial statements and footnotes contained in the Company's quarterly report for the quarter ended June 30, 2014, which will be posted on the Company's website (suddenlink.com) on August 8, 2014.

Current Report

A current report containing this earnings release will be posted on the Company's website (suddenlink.com) shortly after the conference call on August 8, 2014.

Use of Non-GAAP Financial Measures

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

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

Company Description

The Company, which does business as Suddenlink Communications ("Suddenlink"), is the seventh largest cable operator in the United States. Suddenlink makes its services available over its advanced hybrid-fiber coaxial network to approximately 3.1 million homes in the United States as of June 30, 2014. Suddenlink serves approximately 1.4 million customers as of June 30, 2014. The Company's customer base is clustered geographically with approximately 96% of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio, with 91% of our customers located within our top 20 primary systems. Suddenlink simplifies its customers' lives through one call for support, one connection, and one bill for TV, Internet, telephone, and other services.

Cautionary Note Regarding Forward-Looking Statements

Some statements in this Earnings Release are known as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Earnings Release that are not historical facts. When used in this Earnings Release, the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including the factors set forth below:

- competition for video, high-speed Internet and telephone customers;
- our ability to achieve anticipated customer and revenue growth and to successfully introduce new products and services;
- our ability to complete our capital investment plans on time and on budget;

- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products or services;
- increased difficulty negotiating programming and retransmission 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;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions;
- our substantial indebtedness;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in our Annual Report for the year ended December 31, 2013.

You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date of this Earnings Release. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports furnished to holders of our notes.

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

	Three Months Ended			Six Months Ended		
	June 30,		Percent Change	June 30,		Percent Change
	2014	2013		2014	2013	
	Actual	Actual		Actual	Actual	
Revenues:						
Video	\$ 294,170	\$ 287,337	2.4 %	\$ 589,247	\$ 576,916	2.1 %
High Speed Internet	183,989	158,031	16.4 %	363,896	312,268	16.5 %
Telephone	50,905	50,029	1.8 %	101,668	99,378	2.3 %
Advertising Sales	23,468	21,232	10.5 %	46,389	40,982	13.2 %
Other	27,410	27,365	0.2 %	53,767	53,401	0.7 %
Total Revenues	579,942	543,994	6.6 %	1,154,967	1,082,945	6.7 %
Costs and Expenses:						
Operating (excluding depreciation and amortization)	232,552	217,948	-6.7 %	462,775	435,621	-6.2 %
Selling, general and administrative (excluding non-cash share based compensation expense)	124,106	117,793	-5.4 %	247,838	232,141	-6.8 %
Operating costs and expenses	356,658	335,741	-6.2 %	710,613	667,762	-6.4 %
Adjusted EBITDA	223,284	208,253	7.2 %	444,354	415,183	7.0 %
<i>Adjusted EBITDA Margin (a)</i>	<i>38.5%</i>	<i>38.3%</i>		<i>38.5%</i>	<i>38.3%</i>	
Depreciation and amortization	153,858	156,919	2.0 %	301,950	313,496	3.7 %
Non-cash share based compensation expense	12,093	4,417	-173.8 %	15,843	8,834	-79.3 %
Loss on disposal of cable assets	1,152	1,061	-8.6 %	1,583	1,342	-18.0 %
Income from operations	56,181	45,856	22.5 %	124,978	91,511	36.6 %
Interest expense, net	(55,154)	(65,847)	16.2 %	(111,244)	(132,407)	16.0 %
Loss on extinguishment of debt	—	(6,525)	100.0 %	—	(6,525)	100.0 %
Income/(loss) before income taxes	1,027	(26,516)	103.9 %	13,734	(47,421)	129.0 %
(Provision)/benefit for income taxes	(3,447)	(636)	-442.0 %	(11,451)	3,242	-453.2 %
Net (loss)/income	\$ (2,420)	\$ (27,152)	91.1 %	\$ 2,283	\$ (44,179)	105.2 %

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

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

	Three Months Ended			Six Months Ended		
	June 30,		Percent Change	June 30,		Percent Change
	2014	2013		2014	2013	
	Actual	Pro-Forma (b)		Actual	Pro-Forma (b)	
Revenues:						
Video	\$ 294,170	\$ 288,826	1.9 %	\$ 589,247	\$ 579,898	1.6 %
High Speed Internet	183,989	159,573	15.3 %	363,896	315,276	15.4 %
Telephone	50,905	50,308	1.2 %	101,668	99,921	1.7 %
Advertising Sales	23,468	21,232	10.5 %	46,389	40,982	13.2 %
Other	27,410	27,497	-0.3 %	53,767	53,663	0.2 %
Total Revenues	579,942	547,436	5.9 %	1,154,967	1,089,740	6.0 %
Costs and Expenses:						
Operating (excluding depreciation and amortization)	232,552	219,468	-6.0 %	462,775	438,755	-5.5 %
Selling, general and administrative (excluding non-cash share based compensation expense)	124,106	118,507	-4.7 %	247,838	233,409	-6.2 %
Operating costs and expenses	356,658	337,975	-5.5 %	710,613	672,164	-5.7 %
Adjusted EBITDA	223,284	209,461	6.6 %	444,354	417,576	6.4 %
<i>Adjusted EBITDA Margin (a)</i>	<i>38.5 %</i>	<i>38.3 %</i>		<i>38.5 %</i>	<i>38.3 %</i>	
Depreciation and amortization	153,858	157,467	2.3 %	301,950	314,601	4.0 %
Non-cash share based compensation expense	12,093	4,417	-173.8 %	15,843	8,834	-79.3 %
Loss on sale of cable assets	1,152	1,061	-8.6 %	1,583	1,342	-18.0 %
Income from operations	56,181	46,516	20.8 %	124,978	92,799	34.7 %
Interest expense, net	(55,154)	(65,847)	16.2 %	(111,244)	(132,407)	16.0 %
Loss on extinguishment of debt	—	(6,525)	100.0 %	—	(6,525)	100.0 %
Income/(loss) before income taxes	1,027	(25,856)	-104.0 %	13,734	(46,133)	-129.8 %
(Provision)/benefit for income taxes	(3,447)	(636)	442.0 %	(11,451)	3,242	-453.2 %
Net (Loss)/income	\$ (2,420)	\$ (26,492)	-90.9 %	\$ 2,283	\$ (42,891)	-105.3 %

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

(b) Pro forma to include the impact of the cable systems acquired from Northland, where applicable.

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

	Jun 30, 2014		Dec 31, 2013	
	(unaudited)			
ASSETS				
Cash and cash equivalents	\$	221,337	\$	192,014
Accounts receivable, net		187,898		189,052
Deferred tax asset		11,380		10,404
Prepaid expenses and other assets		26,142		25,982
Total current assets		<u>446,757</u>		<u>417,452</u>
Property, plant and equipment, net		1,783,598		1,819,666
Intangible assets, net		4,999,375		5,027,184
Other long-term assets, net		35,900		41,352
Total assets	\$	<u>7,265,630</u>	\$	<u>7,305,654</u>
LIABILITIES AND MEMBER'S EQUITY				
Accounts payable and accrued expenses	\$	258,956	\$	248,810
Deferred revenue		148,092		147,038
Current portion of long-term debt		24,422		97,737
Other current liabilities		6,397		5,743
Total current liabilities		<u>437,867</u>		<u>499,328</u>
Long-term debt, less current portion		4,651,317		4,654,124
Deferred tax liabilities		687,450		677,316
Other long-term liabilities		12,958		16,974
Total liabilities		<u>5,789,592</u>		<u>5,847,742</u>
Total member's equity		1,476,038		1,457,912
Total liabilities and member's equity	\$	<u>7,265,630</u>	\$	<u>7,305,654</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net cash provided by operating activities	\$ 173,692	\$ 58,033	\$ 344,468	\$ 212,641
Net cash used in investing activities	(103,005)	(94,623)	(238,857)	(192,689)
Net cash used in financing activities	(68,756)	(144,077)	(76,288)	(149,701)
Increase/(Decrease) in cash and cash equivalents	1,931	(180,667)	29,323	(129,749)
Cash and cash equivalents, beginning of period	219,406	259,400	192,014	208,482
Cash and cash equivalents, end of period	<u>\$ 221,337</u>	<u>\$ 78,733</u>	<u>\$ 221,337</u>	<u>\$ 78,733</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Customer premise equipment	\$ 27,370	\$ 27,745	\$ 60,862	\$ 68,660
Scalable infrastructure	10,398	2,550	16,791	6,098
Line extensions	3,498	2,067	6,818	3,615
Upgrade/rebuild	3,865	2,361	6,380	6,240
Commercial	10,398	16,083	16,986	27,226
Support capital	47,660	44,139	90,795	81,270
	<u>\$ 103,189</u>	<u>\$ 94,945</u>	<u>\$ 198,632</u>	<u>\$ 193,109</u>

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

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Jun 30, 2013
	Actual	Actual	Actual	Actual
Revenue Generating Units (RGU):				
Basic video customers (a)	1,168,800	1,187,500	1,177,400	1,189,000
Residential high-speed Internet customers (b)	1,103,300	1,103,100	1,059,500	1,017,200
Residential telephone customers (c)	534,600	527,500	513,300	485,700
Total PSUs (d)	2,806,700	2,818,100	2,750,200	2,691,900
Digital video customers (e)	881,500	888,000	868,700	844,600
Total RGUs (f)	3,688,200	3,706,100	3,618,900	3,536,500
Commercial data (g)	60,900	59,400	57,300	54,500
Commercial telephone (h)	36,000	33,800	31,800	27,800
Total PSUs, including commercial (i)	2,903,600	2,911,300	2,839,300	2,774,200
Total RGUs, including commercial (j)	3,785,100	3,799,300	3,708,000	3,618,800
Quarterly net customer additions (losses):	Actual	Actual	Actual	Actual
Basic video customers	(18,700)	10,100	(8,600)	(22,900)
Residential high-speed Internet customers	200	43,600	20,400	(9,000)
Residential telephone customers	7,100	14,200	9,600	8,200
Total PSUs	(11,400)	67,900	21,400	(23,700)
Digital video customers	(6,500)	19,300	10,200	(8,500)
Total RGUs	(17,900)	87,200	31,600	(32,200)
Commercial data	1,500	2,100	1,300	1,300
Commercial telephone	2,200	2,000	1,900	2,300
Total PSUs, including commercial	(7,700)	72,000	24,600	(20,100)
Total RGUs, including commercial	(14,200)	91,300	34,800	(28,600)
Average Revenue per Unit (ARPU):	Actual	Actual	Actual	Actual
Pro forma average monthly revenue per basic video customer (k)	\$ 163.92	\$ 161.93	\$ 156.62	\$ 150.93

Residential Customer Relationships:	Actual	Actual	Actual	Actual
Total customer relationships (l)	1,403,500	1,415,000	1,380,700	1,362,100
Double play relationships (m)	535,300	546,800	536,900	538,400
Double play penetration (n)	38.1 %	38.6 %	38.9 %	39.5 %
Triple play relationships (o)	391,400	386,300	374,400	351,300
Triple play penetration (p)	27.9 %	27.3 %	27.1 %	25.8 %
Total bundled customers (q)	926,700	933,100	911,300	889,700
Bundled penetration (r)	66.0 %	65.9 %	66.0 %	65.3 %
Non-video customer relationships (s)	319,900	311,300	287,200	262,000
Non-video as a % of total customer relationships (t)	22.9 %	22.0 %	20.8 %	19.2 %
Estimated Customer Penetration:	Actual	Actual	Actual	Actual
Estimated basic penetration (u)	37.3 %	38.0 %	38.2 %	38.9 %
Estimated digital penetration (v)	75.4 %	74.8 %	73.8 %	71.0 %
Estimated residential high-speed Internet penetration (w)	36.1 %	36.2 %	35.3 %	34.2 %
Estimated residential telephone penetration (x)	20.5 %	20.3 %	20.1 %	19.1 %
Commercial Customer Relationships:	Actual	Actual	Actual	Actual
Total customer relationships (y)	86,800	85,200	83,200	80,300
Double play relationships (z)	30,200	29,100	28,000	25,900
Double play penetration (aa)	34.8 %	34.2 %	33.7 %	32.3 %
Triple play relationships (ab)	10,300	9,600	8,900	7,800
Triple play penetration (ac)	11.9 %	11.3 %	10.7 %	9.7 %
Total bundled customers (ad)	40,500	38,700	36,900	33,700
Bundled penetration (ae)	46.7 %	45.4 %	44.4 %	42.0 %

TABLE 7
Cequel Communications Holdings I, LLC
Pro Forma Summary Operations Statistics (unaudited)
Approximate as of:

	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Jun 30, 2013
	Actual	Actual	Pro Forma (af)	Pro Forma (af)
Revenue Generating Units (RGU):				
Basic video customers (a)	1,168,800	1,187,500	1,185,100	1,197,100
Residential high-speed Internet customers (b)	1,103,300	1,103,100	1,068,000	1,025,600
Residential telephone customers (c)	534,600	527,500	515,400	487,700
Total PSUs (d)	2,806,700	2,818,100	2,768,500	2,710,400
Digital video customers (e)	881,500	888,000	872,100	847,000
Total RGUs (f)	3,688,200	3,706,100	3,640,600	3,557,400
Commercial data (g)	60,900	59,400	57,700	54,800
Commercial telephone (h)	36,000	33,800	32,000	27,900
Total PSUs, including commercial (i)	2,903,600	2,911,300	2,858,200	2,793,100
Total RGUs, including commercial (j)	3,785,100	3,799,300	3,730,300	3,640,100
Quarterly net customer additions (losses):	Actual	Actual	Pro Forma (af)	Pro Forma (af)

Basic video customers	(18,700)	2,400	(8,800)	(23,100)
Residential high-speed Internet customers	200	35,100	20,500	(8,700)
Residential telephone customers	7,100	12,100	9,700	8,200
Total PSUs	(11,400)	49,600	21,400	(23,600)
Digital video customers	(6,500)	15,900	10,700	(8,200)
Total RGUs	(17,900)	65,500	32,100	(31,800)
Commercial data	1,500	1,700	1,400	1,300
Commercial telephone	2,200	1,800	1,900	2,200
Total PSUs, including commercial	(7,700)	53,100	24,700	(20,100)
Total RGUs, including commercial	(14,200)	69,000	35,400	(28,300)

Average Revenue per Unit (ARPU):	Actual	Actual	Pro Forma (af)	Pro Forma (af)
Pro forma average monthly revenue per basic video customer (k)	\$ 163.92	\$ 161.93	\$ 156.58	\$ 150.86

Residential Customer Relationships:	Actual	Actual	Pro Forma (af)	Pro Forma (af)
Total customer relationships (l)	1,403,500	1,415,000	1,392,300	1,373,900
Double play relationships (m)	535,300	546,800	540,700	542,100
Double play penetration (n)	38.1 %	38.6 %	38.8 %	39.5 %
Triple play relationships (o)	391,400	386,300	375,600	352,600
Triple play penetration (p)	27.9 %	27.3 %	27.0 %	25.7 %
Total bundled customers (q)	926,700	933,100	916,300	894,700
Bundled penetration (r)	66.0 %	65.9 %	65.8 %	65.1 %
Non-video customer relationships (s)	319,900	311,300	291,400	266,100
Non-video as a % of total customer relationships (t)	22.9 %	22.1 %	20.9 %	19.4 %

Estimated Customer Penetration:	Actual	Actual	Pro Forma (af)	Pro Forma (af)
Estimated basic penetration (u)	37.3 %	38.0 %	38.0 %	38.6 %
Estimated digital penetration (v)	75.4 %	74.8 %	73.6 %	70.8 %
Estimated residential high-speed Internet penetration (w)	36.1 %	36.2 %	35.1 %	34.0 %
Estimated residential telephone penetration (x)	20.5 %	20.3 %	19.8 %	18.9 %

Commercial Customer Relationships:	Actual	Actual	Pro Forma (af)	Pro Forma (af)
Total customer relationships (y)	86,800	85,200	83,700	80,800
Double play relationships (z)	30,200	29,100	28,200	26,000
Double play penetration (aa)	34.8 %	34.2 %	33.7 %	32.2 %
Triple play relationships (ab)	10,300	9,600	8,900	7,800
Triple play penetration (ac)	11.9 %	11.3 %	10.6 %	9.7 %
Total bundled customers (ad)	40,500	38,700	37,100	33,800
Bundled penetration (ae)	46.7 %	45.4 %	44.3 %	41.8 %

(a) Basic video customers include all residential customers who receive video cable services. Also included are commercial or multi-dwelling accounts that are converted to equivalent basic units ("EBUs") by dividing the total bulk billed basic revenues of a particular system by the most prevalent retail rate paid by non-bulk basic customers in that market for a comparable level of service.

This conversion method is consistent with methodology used in determining costs paid to programmers. Our methodology of calculating the number of basic video customers may not be identical to those used by other companies offering similar services.

(b) Residential high-speed Internet customers include all residential customers who subscribe to our high-speed Internet service. Excluded from these totals are all commercial high-speed data customers, including small and medium sized commercial cable modem accounts, customers who take our broadband service optically, via fiber connections, and customers who receive our services via bulk Ethernet.

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

(d) Total primary service units ("PSUs") represents the sum of basic video, residential high-speed Internet and residential telephone customers, not counting additional outlets within one household. This statistic is computed in accordance with guidelines of the National Cable and Telecommunications Association ("NCTA").

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

(f) Total revenue generating units ("RGUs") represents the sum of basic video, digital video, residential high-speed Internet and residential telephone customers, not counting additional outlets within one household. This statistic is computed in accordance with guidelines of the NCTA.

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

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

(i) Total PSUs, including commercial, represents the sum of total PSUs, commercial data and commercial telephone customers.

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

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

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

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

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

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

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

(q) Total residential bundled customers represent the sum of residential double play and residential triple play customers.

(r) Total residential bundled penetration represents the sum of residential double play and residential triple play residential customers as a percentage of customer relationships.

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

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

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

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

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

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

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

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

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

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

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

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

(ae) Total commercial bundled penetration represents the sum of commercial double play and commercial triple play residential customers as a percentage of customer relationships.

(af) Pro forma to include the cable systems from acquired Northland on January 2, 2014, where applicable.

TABLE 8
Cequel Communications Holdings I, LLC
Calculation of Free Cash Flow (unaudited)
(in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Adjusted EBITDA	\$ 223,284	\$ 208,253	\$ 444,354	\$ 415,183
Capital expenditures	(103,189)	(94,945)	(198,632)	(193,109)
Cash interest expense	(56,031)	(69,144)	(112,977)	(139,857)
Free Cash Flow	<u>\$ 64,064</u>	<u>\$ 44,164</u>	<u>\$ 132,746</u>	<u>\$ 82,217</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net (loss)/income	\$ (2,420)	\$ (27,152)	\$ 2,283	\$ (44,179)
Add back:				
Interest expense, net	55,154	65,847	111,244	132,407
Provision/(benefit) for income taxes	3,447	636	11,451	(3,242)
Depreciation and amortization	153,858	156,919	301,950	313,496
Non-cash share based compensation	12,093	4,417	15,843	8,834
Loss on disposal of cable assets	1,152	1,061	1,583	1,342
Loss on extinguishment of debt	—	6,525	—	6,525
Adjusted EBITDA	\$ 223,284	\$ 208,253	\$ 444,354	\$ 415,183

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net cash provided by operating activities	\$ 173,692	\$ 58,033	\$ 344,468	\$ 212,641
Add back:				
Capital expenditures	(103,189)	(94,945)	(198,632)	(193,109)
Cash income tax expense	740	4,784	2,294	6,638
Interest income	(55)	(113)	(103)	(173)
Net proceeds from asset disposals	184	322	345	422
Senior Notes redemption premium	—	71,976	—	71,976
Changes in assets and liabilities, net	(7,308)	4,106	(15,626)	(16,178)
Free Cash Flow	\$ 64,064	\$ 44,164	\$ 132,746	\$ 82,217

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest expense, net	\$ 55,154	\$ 65,847	\$ 111,244	\$ 132,407
Add: interest income	55	113	103	173
Add: bond premium amortization	1,412	3,197	1,925	7,166
Add: term loan premium amortization	78	507	1,033	1,006
Less: deferred financing amortization	(668)	(520)	(1,328)	(895)
Cash interest expense	\$ 56,031	\$ 69,144	\$ 112,977	\$ 139,857

Source: Cequel Communications Holdings I, LLC

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