

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

June 30, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number Registrant; State of Incorporation; Address and Telephone Number IRS Employer Identification No.

001-38126



altice

Altice USA, Inc.

Delaware

1 Court Square West

Long Island City, New York 11101

(516) 803-2300

38-3980194

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrants were required to submit and post such files).

Yes No

Indicate by check mark whether each Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.01 per share	ATUS	New York Stock Exchange
Number of shares of common stock outstanding as of July 26, 2019:		647,731,515

ALTICE USA, INC. AND SUBSIDIARIES
FORM 10-Q
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PART I. FINANCIAL INFORMATION

This Form 10-Q contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Act of 1934, as amended. In this Form 10-Q there are statements concerning our future operating results and future financial performance. Words such as "expects", "anticipates", "believes", "estimates", "may", "will", "should", "could", "potential", "continue", "intends", "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors.

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

- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, “cyber-attacks,” misappropriation of data, outages, natural disasters and other material events;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings;
- our ability to successfully operate our business following the completion of our separation from Altice Europe; 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" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") filed on March 1, 2019 (the "Annual Report").

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 of this Annual Report. 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

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	June 30, 2019 (Unaudited)	December 31, 2018
Current Assets:		
Cash and cash equivalents	\$ 138,715	\$ 298,781
Restricted cash	260	257
Accounts receivable, trade (less allowance for doubtful accounts of \$15,881 and \$13,520)	420,321	448,399
Prepaid expenses and other current assets	182,401	136,285
Amounts due from affiliates	1,222	17,557
Derivative contracts	—	1,975
Total current assets	742,919	903,254
Property, plant and equipment, net of accumulated depreciation of \$4,704,512 and \$4,044,671	5,814,965	5,828,881
Right-of-use operating lease assets	289,932	—
Investment securities pledged as collateral	1,816,147	1,462,626
Derivative contracts	—	109,344
Other assets	92,518	84,382
Amortizable intangibles, net of accumulated amortization of \$3,284,685 and \$2,882,787	3,865,003	4,192,824
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,138,086	8,012,416
Total assets	\$ 33,779,651	\$ 33,613,808

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2019 (Unaudited)	December 31, 2018
Current Liabilities:		
Accounts payable	\$ 909,120	\$ 857,502
Interest payable	335,063	386,475
Accrued employee related costs	133,817	139,806
Amounts due to affiliates	6,479	26,096
Deferred revenue	141,546	140,053
Debt	660,223	158,625
Other current liabilities	332,692	312,634
Total current liabilities	<u>2,518,940</u>	<u>2,021,191</u>
Other liabilities	238,872	271,554
Deferred tax liability	4,765,958	4,723,937
Liabilities under derivative contracts	289,156	132,908
Right-of-use operating lease liability	277,744	—
Long-term debt, net of current maturities	22,980,286	22,653,975
Total liabilities	<u>31,070,956</u>	<u>29,803,565</u>
Commitments and contingencies (Note 16)		
Redeemable equity	174,931	130,007
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Class A common stock: \$0.01 par value, 4,000,000,000 shares authorized, 468,084,705 shares issued and 468,068,226 shares outstanding as of June 30, 2019 and 496,064,027 shares issued and outstanding as of December 31, 2018	4,681	4,961
Class B common stock: \$0.01 par value, 1,000,000,000 shares authorized, 490,086,674 shares issued and 187,157,804 shares outstanding as of June 30, 2019 and 212,976,259 shares outstanding as of December 31, 2018	1,872	2,130
Class C common stock: \$0.01 par value, 4,000,000,000 shares authorized, no shares issued and outstanding	—	—
Paid-in capital	2,220,348	3,423,803
Retained earnings	313,198	251,830
	<u>2,540,099</u>	<u>3,682,724</u>
Treasury stock, at cost (16,479 Altice USA Class A common shares)	—	—
Accumulated other comprehensive loss	(14,474)	(11,783)
Total stockholders' equity	<u>2,525,625</u>	<u>3,670,941</u>
Noncontrolling interest	8,139	9,295
Total stockholders' equity	<u>2,533,764</u>	<u>3,680,236</u>
	<u>\$ 33,779,651</u>	<u>\$ 33,613,808</u>

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue (including revenue from affiliates of \$496, \$727, \$1,088 and \$852, respectively) (See Note 15)	\$ 2,451,081	\$ 2,364,153	\$ 4,847,648	\$ 4,693,867
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$2,087, \$3,865, \$3,774 and \$5,019 respectively) (See Note 15)	818,994	795,127	1,631,979	1,582,488
Other operating expenses (including charges from affiliates of \$2,020, \$6,255, \$4,266 and \$14,249, respectively) (See Note 15)	569,459	575,749	1,133,891	1,158,772
Restructuring and other expense	11,465	9,691	26,709	13,278
Depreciation and amortization (including impairments)	568,620	648,527	1,130,048	1,291,232
	1,968,538	2,029,094	3,922,627	4,045,770
Operating income	482,543	335,059	925,021	648,097
Other income (expense):				
Interest expense	(381,218)	(390,543)	(769,501)	(767,801)
Interest income	605	5,313	2,424	8,416
Gain (loss) on investments and sale of affiliate interests, net	103,146	(45,113)	357,871	(293,715)
Gain (loss) on derivative contracts, net	(49,624)	42,159	(226,653)	210,511
Loss on interest rate swap contracts	(26,900)	(12,929)	(50,572)	(44,851)
Loss on extinguishment of debt and write-off of deferred financing costs	(1,194)	(36,911)	(159,096)	(41,616)
Other income (expense), net	212	(629)	292	(12,287)
	(354,973)	(438,653)	(845,235)	(941,343)
Income (loss) before income taxes	127,570	(103,594)	79,786	(293,246)
Income tax benefit (expense)	(41,160)	5,590	(18,574)	66,293
Net income (loss)	86,410	(98,004)	61,212	(226,953)
Net loss (income) attributable to noncontrolling interests	(43)	149	156	147
Net income (loss) attributable to Altice USA, Inc. stockholders	\$ 86,367	\$ (97,855)	\$ 61,368	\$ (226,806)
Income (loss) per share:				
Basic income (loss) per share	\$ 0.13	\$ (0.13)	\$ 0.09	\$ (0.31)
Basic weighted average common shares (in thousands)	668,031	737,069	681,703	737,069
Diluted income (loss) per share:	\$ 0.13	\$ (0.13)	\$ 0.09	\$ (0.31)
Diluted weighted average common shares (in thousands)	668,648	737,069	682,014	737,069
Cash dividends declared per common share	\$ —	\$ —	\$ —	\$ —

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 86,410	\$ (98,004)	\$ 61,212	\$ (226,953)
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	(8,567)	(359)	(3,648)	4,192
Applicable income taxes	2,282	97	989	(1,131)
Unrecognized actuarial gain (loss) arising during period, net of income taxes	(6,285)	(262)	(2,659)	3,061
Settlement loss included in other expense, net	367	258	538	864
Applicable income taxes	(101)	(70)	(147)	(234)
Settlement loss included in other expense, net, net of income taxes	266	188	391	630
Foreign currency translation adjustment	(336)	914	(580)	914
Applicable income taxes	93	(338)	157	(338)
Foreign currency translation adjustment, net	(243)	576	(423)	576
Other comprehensive income (loss)	(6,262)	502	(2,691)	4,267
Comprehensive income (loss)	80,148	(97,502)	58,521	(222,686)
Comprehensive loss (income) attributable to noncontrolling interests	(43)	149	156	147
Comprehensive income (loss) attributable to Altice USA, Inc. stockholders	\$ 80,105	\$ (97,353)	\$ 58,677	\$ (222,539)

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2019	\$ 4,961	\$ 2,130	\$ 3,423,803	\$ 251,830	\$ —	\$ (11,783)	\$ 3,670,941	\$ 9,295	\$ 3,680,236
Net loss attributable to stockholders	—	—	—	(24,999)	—	—	(24,999)	—	(24,999)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	(199)	(199)
Distributions from noncontrolling interests	—	—	—	—	—	—	—	(1,000)	(1,000)
Pension liability adjustments, net of income taxes	—	—	—	—	—	3,752	3,752	—	3,752
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(181)	(181)	—	(181)
Share-based compensation expense	—	—	13,790	—	—	—	13,790	—	13,790
Redeemable equity vested	—	—	1,364	—	—	—	1,364	—	1,364
Change in redeemable equity	—	—	(61,696)	—	—	—	(61,696)	—	(61,696)
Class A shares acquired through share repurchase program and retired	(294)	—	(599,707)	—	—	—	(600,001)	—	(600,001)
Conversion of Class B to Class A shares	242	(242)	—	—	—	—	—	—	—
Balance at March 31, 2019	\$ 4,909	\$ 1,888	\$ 2,777,554	\$ 226,831	\$ —	\$ (8,212)	\$ 3,002,970	\$ 8,096	\$ 3,011,066

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at March 31, 2019	\$ 4,909	\$ 1,888	\$ 2,777,554	\$ 226,831	\$ —	\$ (8,212)	\$ 3,002,970	\$ 8,096	\$ 3,011,066
Net income attributable to stockholders	—	—	—	86,367	—	—	86,367	—	86,367
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	43	43
Pension liability adjustments, net of income taxes	—	—	—	—	—	(6,019)	(6,019)	—	(6,019)
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(243)	(243)	—	(243)
Share-based compensation expense (equity classified)	—	—	16,077	—	—	—	16,077	—	16,077
Redeemable equity vested	—	—	61,702	—	—	—	61,702	—	61,702
Change in redeemable equity	—	—	(46,294)	—	—	—	(46,294)	—	(46,294)
Class A shares acquired through share repurchase program and retired	(249)	—	(599,703)	—	—	—	(599,952)	—	(599,952)
Conversion of Class B to Class A shares	16	(16)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	—	—	244	—	—	—	244	—	244
Class A shares issued in connection with acquisition	5	—	10,768	—	—	—	10,773	—	10,773
Balance at June 30, 2019	<u>\$ 4,681</u>	<u>\$ 1,872</u>	<u>\$ 2,220,348</u>	<u>\$ 313,198</u>	<u>\$ —</u>	<u>\$ (14,474)</u>	<u>\$ 2,525,625</u>	<u>\$ 8,139</u>	<u>\$ 2,533,764</u>

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Continued)
(In thousands)
(Unaudited)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at January 1, 2018, as adjusted	\$ 2,470	\$ 4,901	\$ 4,665,229	\$ 840,636	\$ (10,022)	\$ 5,503,214	\$ 1,539	\$ 5,504,753
Net loss attributable to stockholders	—	—	—	(128,951)	—	(128,951)	—	(128,951)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	2	2
Pension liability adjustments, net of income taxes	—	—	—	—	3,765	3,765	—	3,765
Share-based compensation expense	—	—	21,623	—	—	21,623	—	21,623
Change in redeemable equity	—	—	(3,347)	—	—	(3,347)	—	(3,347)
Other changes to equity	—	—	(859)	—	—	(859)	—	(859)
Adoption of ASU No. 2018-02	—	—	—	2,163	(2,163)	—	—	—
Balance at March 31, 2018	2,470	4,901	4,682,646	713,848	(8,420)	5,395,445	1,541	5,396,986
Net loss attributable to stockholders	—	—	—	(97,855)	—	(97,855)	—	(97,855)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	(149)	(149)
Contributions from noncontrolling interests	—	—	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	—	—	(74)	(74)	—	(74)
Foreign currency translation adjustment	—	—	—	—	576	576	—	576
Share-based compensation expense	—	—	12,226	—	—	12,226	—	12,226
Redeemable equity vested	—	—	111,521	—	—	111,521	—	111,521
Change in redeemable equity	—	—	(47,049)	—	—	(47,049)	—	(47,049)
Dividend payment	—	—	(963,711)	(536,224)	—	(1,499,935)	—	(1,499,935)
Conversion of Class B to Class A shares, including \$2,424 in connection with the Distribution	2,458	(2,458)	—	—	—	—	—	—
Impact of i24 Acquisition	—	—	61,049	(73,578)	(2,520)	(15,049)	—	(15,049)
Balance at June 30, 2018	\$ 4,928	\$ 2,443	\$ 3,856,682	\$ 6,191	\$ (10,438)	\$ 3,859,806	\$ 7,387	\$ 3,867,193

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income (loss)	\$ 61,212	\$ (226,953)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,130,048	1,291,232
Equity in net loss of affiliates	—	10,849
Loss (gain) on investments and sale of affiliate interests, net	(357,871)	293,715
Loss (gain) on derivative contracts, net	226,653	(210,511)
Loss on extinguishment of debt and write-off of deferred financing costs	159,096	41,616
Amortization of deferred financing costs and discounts (premiums) on indebtedness	53,876	36,971
Settlement loss related to pension plan	538	864
Share-based compensation expense related to equity classified awards	29,867	33,849
Deferred income taxes	19,604	(80,280)
Provision for doubtful accounts	34,814	29,462
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	1,804	(37,224)
Other receivables	2,740	(5,926)
Prepaid expenses and other assets	(39,477)	(31,951)
Amounts due from and due to affiliates	(3,282)	8,573
Accounts payable	18,549	49,449
Interest payable, accrued employee related costs and other liabilities	(98,551)	(110,227)
Deferred revenue	12,022	20,536
Liabilities related to interest rate swap and derivative contracts	41,322	45,199
Net cash provided by operating activities	<u>1,292,964</u>	<u>1,159,243</u>
Cash flows from investing activities:		
Capital expenditures	(657,253)	(498,297)
Payment for acquisitions, net of cash acquired	(172,659)	(5,308)
Sale of affiliate interest	—	(3,537)
Proceeds related to sale of equipment, including costs of disposal	898	6,858
Increase in other investments	—	(2,500)
Additions to other intangible assets	(867)	—
Net cash used in investing activities	<u>(829,881)</u>	<u>(502,784)</u>

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	\$ 1,940,000	\$ 1,642,500
Repayment of credit facility debt	(602,830)	(621,325)
Issuance of senior notes and debentures, including premiums	1,754,375	2,050,000
Redemption of senior notes, including premiums and fees	(2,462,692)	(2,123,756)
Proceeds from collateralized indebtedness, net	—	337,124
Repayment of collateralized indebtedness and related derivative contracts, net	—	(337,124)
Dividends to stockholders	—	(1,499,935)
Proceeds from notes payable	39,856	—
Repayment of notes payable	(74,061)	(446)
Principal payments on finance lease obligations	(3,273)	(6,019)
Purchase of shares of Class A common stock, pursuant to a share repurchase program	(1,199,953)	—
Additions to deferred financing costs	(12,488)	(22,277)
Contingent payment for acquisition	(500)	(28,940)
Contributions from (distributions to) noncontrolling interests	(1,000)	5,995
Other	—	(859)
Net cash used in financing activities	(622,566)	(605,062)
Net increase (decrease) in cash and cash equivalents	(159,483)	51,397
Effect of exchange rate changes on cash and cash equivalents	(580)	(104)
Net increase (decrease) in cash and cash equivalents	(160,063)	51,293
Cash, cash equivalents and restricted cash at beginning of year	299,038	330,100
Cash, cash equivalents and restricted cash at end of period	\$ 138,975	\$ 381,393

See accompanying notes to consolidated financial statements.

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NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Altice USA, Inc. ("Altice USA" or the "Company") was incorporated in Delaware on September 14, 2015. Through June 8, 2018, the Company was majority-owned by Altice Europe N.V. ("Altice Europe"), a public company with limited liability (naamloze vennootschap) under Dutch law. On June 8, 2018, Altice Europe distributed substantially all of its equity interest in the Company through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the "Distribution"). The Company is now majority-owned by Patrick Drahi through Next Alt. S.a.r.l. ("Next Alt").

The Company provides broadband communications and video services in the United States and markets its services under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. It delivers broadband, video, telephony services, proprietary content and advertising services to residential and business customers. As these brands are managed on a consolidated basis, the Company classifies its operations in one segment.

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

Acquisition of Altice Technical Services US Corp

Altice Technical Services US Corp. ("ATS") was formed to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. During the second quarter of 2017, a substantial portion of the Company's technical workforce at Cablevision, a wholly-owned subsidiary of Altice USA, either accepted employment with ATS or became employees of ATS and ATS commenced operations and began to perform services for the Company. A substantial portion of the Cequel technical workforce became employees of ATS in December 2017. Additionally, in the second quarter of 2017, the Company entered into an Independent Contractor Agreement with ATS that governed the terms of the services provided to the Company and entered into a Transition Services Agreement for the use of the Company's resources to provide various overhead functions to ATS, including accounting, legal and human resources and for the use of certain facilities, vehicles and technician tools during a transitional period. The Transition Services Agreement required ATS to reimburse the Company for its cost to provide such services.

In January 2018, the Company acquired 70% of the equity interests in ATS for \$1.00 (the "ATS Acquisition") and the Company became the owner of 100% of the equity interests in ATS in March 2018. ATS was previously owned by Altice Europe and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its formation. In connection with the ATS Acquisition, the Company recorded goodwill of \$23,101, representing the amount previously transferred to ATS.

Acquisition of i24NEWS

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

Altice Europe Distribution

On June 8, 2018, Altice Europe distributed substantially all of its equity interest in the Company through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the "Distribution"). The Distribution took place by way of a special distribution in kind by Altice Europe of its 67.2% interest in the Company to Altice Europe shareholders. Each shareholder of Altice Europe on May 23, 2018, the Distribution record date, received 0.4163 shares of the Company's common stock for every share held by such shareholder in Altice Europe.

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Prior to Altice Europe's announcement of the Distribution, the Board of Directors of Altice USA, acting through its independent directors, approved the payment of a \$2.035 dividend to all shareholders of record on May 22, 2018. The payment of the dividend, aggregating \$1,499,935, was made on June 6, 2018, and was funded with cash at CSC Holdings LLC, a wholly-owned subsidiary of Cablevision, from financings completed in January 2018, and cash generated from operations. In connection with the payment of the dividend, the Company recorded a decrease in retained earnings of \$536,224, representing the cumulative earnings through the payment date, and a decrease in paid in capital of \$963,711.

In connection with the Distribution, the Management Advisory and Consulting Services Agreement with Altice Europe which provided certain consulting, advisory and other services was terminated. See Note 15 for further details.

Stock Repurchase Plan

In June 2018, the Board of Directors of Altice USA also authorized a share repurchase program of \$2.0 billion. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors.

During the six months ended June 30, 2019, the Company repurchased 54,254,675 shares for a total purchase price of approximately \$1,199,953. From inception through June 30, 2019, the Company repurchased an aggregate of 82,283,355 shares for a total purchase price of approximately \$1,699,953. These acquired shares were retired and the cost for these shares was recorded in paid in capital in the Company's consolidated balance sheet. As of June 30, 2019, the Company had approximately \$300,047 of availability remaining under its stock repurchase program and had 655,226,030 combined Class A and Class B shares outstanding.

NOTE 2. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these financial statements do not include all the information and notes required for complete annual financial statements.

The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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

The 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, 2019.

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.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

NOTE 3. ACCOUNTING PRONOUNCEMENTS

Recently Issued But Not Yet Adopted Accounting Pronouncements

ASU No. 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans ("ASU 2018-14")

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans, which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for the Company on January

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1, 2021, although early adoption is permitted. The Company does not expect the adoption of ASU 2018-14 to have a material impact on its consolidated financial statements.

ASU No. 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15")

Also in August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That is a Service Contract, which requires upfront implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract to be amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. ASU 2018-15 becomes effective for the Company on January 1, 2020, although early adoption is permitted. The Company is currently in the process of evaluating the impact that the adoption of ASU 2018-15 will have on its consolidated financial statements.

ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350) ("ASU 2017-04")

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

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13")

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. ASU No.2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be assessed for impairment under the current expected credit loss model rather than an incurred loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 becomes effective for the Company on January 1, 2020. Early adoption is permitted. The Company is currently in the process of evaluating the impact the adoption of ASU No. 2016-13 will have on its consolidated financial statements.

NOTE 4. NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO STOCKHOLDERS

Net Income (Loss) Per Share

Basic net income (loss) per common share attributable to Altice USA stockholders is computed by dividing net income (loss) attributable to Altice USA stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share attributable to Altice USA stockholders reflects the dilutive effects of stock options and restricted stock. 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 income per share attributable to Altice USA stockholders for the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
	(in thousands)	
Basic weighted average shares outstanding	668,031	681,703
Effect of dilution:		
Stock options	566	285
Restricted stock	51	26
Diluted weighted average shares outstanding	668,648	682,014

For the three and six months ended June 30, 2019, the weighted average of anti-dilutive shares of approximately 1,292,000 and 6,350,000 shares have been excluded from diluted weighted average shares outstanding.

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Diluted net loss per common share attributable to Altice USA stockholders for the three and six months ended June 30, 2018 excludes the effects of the weighted average common stock equivalents of approximately 5,512,000 shares and 4,073,000 shares, respectively, as they are anti-dilutive.

NOTE 5. REVENUE AND CONTRACT ASSETS

The following table presents the composition of revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Residential:				
Video	\$ 1,018,426	\$ 1,034,404	\$ 2,035,756	\$ 2,068,112
Broadband	806,250	712,202	1,581,823	1,413,823
Telephony	150,232	163,499	304,696	329,537
Business services and wholesale	357,806	337,388	708,495	670,478
Advertising	112,953	109,898	206,498	197,480
Other	5,414	6,762	10,380	14,437
Total revenue	<u>\$ 2,451,081</u>	<u>\$ 2,364,153</u>	<u>\$ 4,847,648</u>	<u>\$ 4,693,867</u>

The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. For the three and six months ended June 30, 2019 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,920 and \$128,156, respectively. For the three and six months ended June 30, 2018 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,362 and \$127,192, respectively.

Contract Assets

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

	June 30, 2019	December 31, 2018
Contract assets (a)	\$ 28,236	\$ 26,405
Deferred revenue (b)	204,440	190,056

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

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

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

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NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
	2019	2018
<u>Non-Cash Investing and Financing Activities:</u>		
Property and equipment accrued but unpaid	\$ 245,692	\$ 120,958
Leasehold improvements paid by landlord	—	350
Notes payable issued to vendor for the purchase of equipment	16,204	44,466
Right-of-use assets acquired in exchange for finance lease obligations	6,501	1,349
Deferred financing costs accrued but unpaid	853	—
<u>Supplemental Data:</u>		
Cash interest paid	763,819	732,231
Income taxes paid (refunded), net	6,247	8,940

NOTE 7. RESTRUCTURING AND OTHER EXPENSE

Restructuring

Beginning in the first quarter of 2016, the Company commenced restructuring initiatives that were intended to simplify the Company's organizational structure ("2016 Restructuring Plan").

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, 2018	\$ 21,454	\$ 13,615	\$ 35,069
Restructuring charges	6,363	5,140	11,503
Payments and other	(20,749)	(1,734)	(22,483)
Impact of the adoption of ASC 842 (a)	—	(13,849)	(13,849)
Accrual balance at June 30, 2019	\$ 7,068	\$ 3,172	\$ 10,240

(a) Certain accrued restructuring liabilities were netted against right-of-use operating assets on the Company's consolidated balance sheet as of January 1, 2019 in connection with the Company's adoption of ASC 842 (see Note 8).

Cumulative costs to date relating to the 2016 Restructuring Plan amounted to \$427,725.

In May 2019, the Company commenced another restructuring initiative to further simplify the Company's organization structure ("2019 Restructuring Plan"). Costs incurred relating to the 2019 Restructuring Plan amounted to \$5,540 for the three and six months ended June 30, 2019.

In addition, for the three and six months ended June 30, 2019, the Company recorded restructuring charges of \$147 and \$8,696, respectively, related to the impairment of right-of-use operating lease assets, included in the Company's restructuring initiatives, as their carrying amount was not recoverable and exceeded their fair value.

Transaction Costs

The Company recorded costs of \$574 and \$970 during the three and six months ended June 30, 2019, respectively, primarily related to costs incurred in connection with the Company's acquisition of Cheddar Inc. (see Note 9). The Company incurred transaction costs of \$3,496 and \$5,762 for the three and six months ended June 30, 2018 relating to the Distribution discussed in Note 1.

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NOTE 8. LEASES

On January 1, 2019, the Company adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases ("ASC 842"), 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 requires the recognition of the right-of-use ("ROU") assets and related operating and finance lease liabilities on the balance sheet. The Company adopted the new guidance using the modified retrospective approach with a cumulative-effect adjustment recorded on January 1, 2019. As a result, the consolidated balance sheet as of December 31, 2018 was not restated and is not comparative.

The adoption of ASC 842 resulted in the recognition of ROU assets of \$274,292 and lease liabilities for operating leases of \$299,900 on the Company's consolidated balance sheet as of January 1, 2019, with no material impact to its consolidated statements of operations. The difference between the ROU assets and the operating lease liability represents the reclassification of (i) deferred rent balances, resulting from the historical operating leases, and (ii) certain accrued restructuring liabilities (See Note 7). The Company's accounting for finance leases remained substantially unchanged from its accounting for capital leases in prior periods.

The Company elected the package of practical expedients permitted within the standard, which allow an entity to forgo reassessing (i) whether a contract contains a lease, (ii) classification of leases, and (iii) whether capitalized costs associated with a lease meet the definition of initial direct costs. Also, the Company elected the expedient allowing an entity to use hindsight to determine the lease term and impairment of ROU assets and the expedient related to land easements which allows the Company not to retrospectively treat land easements as leases; however, the Company must apply lease accounting prospectively to land easements if they meet the definition of a lease.

For contracts entered into on or after the effective date, at the inception of a contract the Company will assess whether the contract is, or contains, a lease. The Company's assessment is based on: (i) whether the contract involves the use of a distinct identified asset, (ii) whether the Company obtained the right to substantially all the economic benefit from the use of the asset throughout the period, and (iii) whether the Company has the right to direct the use of the asset. Leases entered into prior to January 1, 2019, are accounted for under ASC 840 and were not reassessed for classification.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases, and is subsequently measured at amortized cost using the effective interest method. The Company generally uses its incremental borrowing rate as the discount rate for leases, unless an interest rate is implicitly stated in the lease. The lease term for all of the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. All ROU assets are reviewed for impairment.

Lease expense for operating leases consists of the lease payments plus any initial direct costs and is recognized on a straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the asset on a straight-line basis over the earlier of the lease term or its useful life and interest expense determined on an amortized cost basis. The lease payments are allocated between a reduction of the lease liability and interest expense.

The Company's operating leases are comprised primarily of facility leases and finance leases are comprised primarily of vehicle leases.

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Balance sheet information related to our leases is presented below:

Balance Sheet location	June 30, 2019	January 1, 2019	December 31, 2018
Operating leases:			
Right-of-use lease assets	\$ 289,932	\$ 274,292	\$ —
Right-of-use lease liability, current	39,123	48,033	—
Right-of-use lease liability, long-term	277,744	251,867	—
Finance leases:			
Right-of-use lease assets	28,460	30,891	30,891
Right-of-use lease liability, current	6,464	5,928	5,928
Right-of-use lease liability, long-term	20,632	19,262	19,262

The following provides details of the Company's lease expense:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease expense, net	\$ 14,948	\$ 30,226
Finance lease expense:		
Amortization of assets	1,630	3,192
Interest on lease liabilities	388	746
Total finance lease expense	2,018	3,938
	<u>\$ 16,966</u>	<u>\$ 34,164</u>

Other information related to leases is presented below:

	As of June 30, 2019
Right-of-use assets acquired in exchange for operating lease obligations	\$ 43,441
Cash Paid For Amounts Included In Measurement of Liabilities:	
Operating cash flows from finance leases	746
Operating cash flows from operating leases	32,481
Weighted Average Remaining Lease Term:	
Operating leases	9.6 years
Finance leases	4.6 years
Weighted Average Discount Rate:	
Operating leases	6.06 %
Finance leases	5.86 %

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The minimum future annual payments under non-cancellable leases during the next five years and thereafter, at rates now in force, are as follows:

	Financing leases	Operating leases
2019 (excluding the six months ended June 30, 2019)	\$ 3,874	\$ 27,832
2020	7,173	50,248
2021	5,853	45,440
2022	5,824	47,024
2023	5,282	36,869
Thereafter	2,884	218,129
Total future minimum lease payments, undiscounted	30,890	425,542
Less: Imputed interest	(3,794)	(108,675)
Present value of future minimum lease payments	<u>\$ 27,096</u>	<u>\$ 316,867</u>

The following table presents the Company's unadjusted lease commitments as of December 31, 2018 as a required disclosure for companies adopting the lease standard prospectively without revising comparative period information.

	Financing leases	Operating leases
2019	\$ 5,928	\$ 47,905
2020	5,087	50,356
2021	3,969	43,362
2022	4,146	34,882
2023	3,828	25,234
Thereafter	2,232	167,941

NOTE 9. INTANGIBLE ASSETS

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

	As of June 30, 2019			As of December 31, 2018			Estimated Useful Lives
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 6,017,994	\$ (2,512,269)	\$ 3,505,725	\$ 5,970,884	\$ (2,162,110)	\$ 3,808,774	8 to 18 years
Trade names	1,081,083	(749,615)	331,468	1,067,083	(701,998)	365,085	2 to 5 years
Other amortizable intangibles	50,611	(22,801)	27,810	37,644	(18,679)	18,965	1 to 15 years
	<u>\$ 7,149,688</u>	<u>\$ (3,284,685)</u>	<u>\$ 3,865,003</u>	<u>\$ 7,075,611</u>	<u>\$ (2,882,787)</u>	<u>\$ 4,192,824</u>	

Amortization expense for the three and six months ended June 30, 2019 aggregated to \$201,279 and \$401,898, respectively, and for the three and six months ended June 30, 2018 aggregated \$226,052 and \$457,869, respectively.

The carrying amount of goodwill is presented below:

Goodwill as of December 31, 2018	\$ 8,012,416
Goodwill recorded in connection with the acquisition of Cheddar Inc.	125,651
Adjustments to purchase accounting	19
Goodwill as of June 30, 2019	<u>\$ 8,138,086</u>

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company, for approximately \$200,000 in cash and stock, subject to certain closing adjustments as set forth in the merger agreement. The acquisition

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was accounted for as a business combination in accordance with ASC Topic 805. The preliminary purchase price of approximately \$198,588 was allocated to the identifiable tangible and intangible assets and liabilities of Cheddar 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). Based on the preliminary purchase price, the Company recorded goodwill of \$125,651, customer relationships of \$47,110, trade names of \$14,000 and other amortizable intangible assets of \$11,900.

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NOTE 10. DEBT

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

Date Issued	Maturity Date	Interest Rate at June 30, 2019	June 30, 2019		December 31, 2018	
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Senior Notes:						
February 12, 2009	February 15, 2019	8.625%	\$ —	\$ —	\$ 526,000	\$ 527,749
November 15, 2011	November 15, 2021	6.750%	1,000,000	974,093	1,000,000	969,285
May 23, 2014	June 1, 2024	5.250%	750,000	677,720	750,000	671,829
October 9, 2015	January 15, 2023	10.125%	—	—	1,800,000	1,781,424
October 9, 2015	October 15, 2025	10.875%	1,684,221	1,664,092	1,684,221	1,663,027
November 27, 2018	December 15, 2021	5.125%	1,240,762	1,168,267	1,240,762	1,155,264
November 27, 2018	July 15, 2025	7.750%	617,881	604,712	617,881	603,889
November 27, 2018	April 1, 2028	7.500%	1,045,882	1,044,209	1,045,882	1,044,143
CSC Holdings Senior Guaranteed Notes:						
October 9, 2015	October 15, 2025	6.625%	1,000,000	988,750	1,000,000	988,052
September 23, 2016	April 15, 2027	5.500%	1,310,000	1,305,177	1,310,000	1,304,936
January 29, 2018	February 1, 2028	5.375%	1,000,000	992,403	1,000,000	992,064
November 27, 2018	July 15, 2023	5.375%	1,095,825	1,080,114	1,095,825	1,078,428
November 27, 2018	May 15, 2026	5.500%	1,498,806	1,485,076	1,498,806	1,484,278
January 24, 2019	February 1, 2029	6.500%	1,750,000	1,746,881	—	—
Cablevision Senior Notes (b):						
April 15, 2010	April 15, 2020	8.000%	500,000	497,045	500,000	495,302
September 27, 2012	September 15, 2022	5.875%	649,024	593,104	649,024	585,817
October 19, 2018	December 15, 2021 (e)	5.125%	8,886	8,367	8,886	8,274
October 19, 2018	July 15, 2025	7.750%	1,740	1,692	1,740	1,690
October 19, 2018	April 1, 2028	7.500%	4,118	4,111	4,118	4,110
			15,157,145	14,835,813	15,733,145	15,359,561
CSC Holdings Credit Facility Debt (Restricted Group):						
Revolving Credit Facility (c) (d)		4.730%	622,857	609,754	250,000	231,425
Term Loan B	July 17, 2025	4.644%	2,940,000	2,925,564	2,955,000	2,939,425
Incremental Term Loan B-2	January 25, 2026	4.894%	1,485,000	1,469,340	1,492,500	1,475,778
Incremental Term Loan B-3	January 15, 2026	4.644%	1,271,813	1,266,155	1,275,000	1,268,931
Incremental Term Loan B-4	April 15, 2027	5.394%	1,000,000	986,518	—	—
			7,319,670	7,257,331	5,972,500	5,915,559
Collateralized indebtedness (see Note 11)			1,459,638	1,417,647	1,459,638	1,406,182
Finance lease obligations (see Note 8)			27,096	27,096	25,190	25,190
Notes payable and supply chain financing (f)			102,622	102,622	106,108	106,108
			24,066,171	23,640,509	23,296,581	22,812,600
Less: current portion of senior notes debt			(508,886)	(505,412)	—	—
Less: current portion of credit facility debt			(67,750)	(67,750)	(54,563)	(54,563)
Less: current portion of notes payable and supply chain financing			(80,597)	(80,597)	(98,134)	(98,134)
Less: current portion of finance lease obligations			(6,464)	(6,464)	(5,928)	(5,928)
			(663,697)	(660,223)	(158,625)	(158,625)
Long-term debt			\$ 23,402,474	\$ 22,980,286	\$ 23,137,956	\$ 22,653,975

ALTICE USA, INC. AND SUBSIDIARIES
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-
- (a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums and with respect to certain notes, a fair value adjustment resulting from the Cequel and Cablevision acquisitions.
 - (b) The issuers of these notes have no ability to service interest or principal on the notes, other than through any dividends or distributions received from CSC Holdings. CSC Holdings is restricted, in certain circumstances, from paying dividends or distributions to the issuers by the terms of the CSC Holdings credit facilities agreement.
 - (c) At June 30, 2019, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$1,674,129 of the facility was undrawn and available, subject to covenant limitations.
 - (d) The revolving credit facility matures on January 31, 2024, however \$200,000 is due on November 30, 2021. As discussed in Note 17, the balance of the revolving credit facility was repaid in July 2019 with proceeds from the issuance of \$1,000,000 principal amount of senior notes due January 2030.
 - (e) In July 2019, the Company redeemed \$8,886 principal amount of these senior notes. As a result of the early redemption, the principal amount of these senior notes was reclassified from long-term debt to current debt.
 - (f) Includes \$39,856 related to supply chain financing agreements entered into in the second quarter of 2019 that is required to be repaid within one year from the date of the respective agreement.

In January 2019, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes due 2029 ("CSC Holdings 2029 Guaranteed Notes"). The notes bear interest at a rate of 6.5% and will mature on February 1, 2029. The net proceeds from the sale of the notes were used to repay certain indebtedness, including to repay at maturity \$526,000 aggregate principal amount of CSC Holdings' 8.625% senior notes due February 2019 plus accrued interest, redeem approximately \$905,300 of the aggregate outstanding amount of CSC Holdings' 10.125% senior notes due 2023 at a redemption price of 107.594% plus accrued interest, and paid fees and expenses associated with the transactions. In connection with this refinancing, \$526,000 of short-term senior notes were reclassified to long-term debt as of December 31, 2018.

In February 2019, CSC Holdings issued an additional \$250,000 CSC Holdings 2029 Guaranteed Notes at a price of 101.75% of the principal value. The proceeds of these notes were used to repay amounts outstanding under the CSC Holdings Revolving Credit Facility.

During the six months ended June 30, 2019, CSC Holdings borrowed \$950,000 under its revolving credit facility and repaid \$577,143 of amounts outstanding under the revolving credit facility, a portion of which was funded from the proceeds of the issuance of an additional \$250,000 principal amount of CSC Holdings 2029 Guaranteed Notes (see discussion above).

In January and May 2019, CSC Holdings amended its existing revolving credit facility. After the amendments, the total size of the revolving credit facility that the Company can draw upon as of June 30, 2019 amounted to \$2,475,000, including \$2,275,000 maturing in January 2024 and priced at LIBOR plus 2.25%. The remaining \$200,000 matures in November 2021 and is priced at LIBOR plus 3.25%. In connection with the amendment entered into in May 2019, the Company recorded a write-off of deferred financing costs of \$1,195.

In February 2019, CSC Holdings entered into a \$1,000,000 senior secured Term Loan B ("Incremental Term Loan B-4") maturing on April 15, 2027, the proceeds of which were used to redeem \$894,700 in aggregate principal amount of CSC Holdings' 10.125% Senior Notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 bears interest at a rate per annum equal to LIBOR plus 3.0% and was issued with an original issue discount of 1.0%.

The CSC 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 CSC Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the CSC Credit Facilities and all actions permitted to be taken by a secured creditor.

As of June 30, 2019, the Company was in compliance with all of its financial covenants under the CSC Holdings Credit Facilities and with all of its financial covenants under the indentures under which the senior and senior guaranteed notes were issued.

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The following table provides a summary of the loss on extinguishment of debt and the write-off of deferred financing costs recorded by the Company upon the redemption of senior notes and the refinancing of credit facilities:

	Three Months Ended	Six Months Ended
	June 30, 2019	
CSC Holdings 10.125% Senior Notes due 2023	\$ —	\$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	<u>\$ 1,194</u>	<u>\$ 159,096</u>

	Three Months Ended	Six Months Ended
	June 30, 2018	
Cablevision 7.75% Senior Notes due 2018	\$ 1	\$ 4,706
Cequel 6.375% Senior Notes due 2020	36,910	36,910
	<u>\$ 36,911</u>	<u>\$ 41,616</u>

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of June 30, 2019, including notes payable and collateralized indebtedness (see Note 11), but excluding finance lease obligations (see Note 8), are as follows:

2019 (excluding the six months ended June 30, 2019)	\$ 74,124
2020	623,128
2021	3,776,104
2022	723,807
2023	1,164,330
Thereafter	17,677,582

NOTE 11. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

Prepaid Forward Contracts

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

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

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts were terminated prior to its scheduled maturity date, the Company would be obligated to

ALTICE USA, INC. AND SUBSIDIARIES
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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 June 30, 2019, the Company did not have an early termination shortfall relating to any of these contracts.

The Company monitors the financial institutions that are counterparties to its equity derivative contracts. All of the counterparties to such transactions carry investment grade credit ratings as of June 30, 2019.

Interest Rate Swap Contracts

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. 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. All such contracts are carried at their fair market values on our consolidated balance sheets, with changes in fair value reflected in the consolidated statements of operations. As of June 30, 2019, the Company did not hold and has not issued derivative instruments for trading or speculative purposes.

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at	
		June 30, 2019	December 31, 2018
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, current	\$ —	\$ 1,975
Prepaid forward contracts	Derivative contracts, long-term	—	109,344
		—	111,319
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities	(478)	(70)
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(117,309)	—
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(171,847)	(132,908)
		\$ (289,634)	\$ (132,978)

The following table presents certain statement of operations data related to our derivative contracts and the underlying common stock:

	Three Months Ended		Six Months Ended	
	June 30, 2019		June 30, 2018	
Gain (loss) on derivative contracts (related to change in the value of equity derivative contracts related to Comcast common stock)	\$ (49,624)	\$ (226,653)	\$ 42,159	\$ 210,511
Change in fair value of Comcast common stock included in gain (loss) on investments	98,794	353,519	(58,420)	(310,996)
Loss on interest rate swap contracts	(26,900)	(50,572)	(12,929)	(44,851)

NOTE 12. FAIR VALUE MEASUREMENT

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I - Quoted prices for identical instruments in active markets.

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- Level II - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III - Instruments whose significant value drivers are unobservable.

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

	Fair Value Hierarchy	June 30, 2019	December 31, 2018
Assets:			
Money market funds	Level I	\$ 26,280	\$ 91,852
Investment securities pledged as collateral	Level I	1,816,147	1,462,626
Prepaid forward contracts	Level II	—	109,344
Interest rate swap contracts	Level II	—	1,975
Liabilities:			
Prepaid forward contracts	Level II	117,309	—
Interest rate swap contracts	Level II	172,325	132,978
Contingent consideration related to 2017 and 2018 acquisitions	Level III	5,139	6,195

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

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

The fair value of the contingent consideration as of June 30, 2019 is equal to the contractual obligation expected to be paid based on a probability assessment of attaining the targets as of such date. The maximum amount that could be paid if all targets are achieved is approximately \$11,000.

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, Notes Payable and Supply Chain Financing

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 value of outstanding amounts related to supply chain financing agreements approximates the fair value due to the short-term nature of their maturity (less than one year).

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:

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	Fair Value Hierarchy	June 30, 2019		December 31, 2018	
		Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
CSC Holdings debt instruments:					
Credit facility debt	Level II	\$ 7,257,331	\$ 7,319,670	\$ 5,915,559	\$ 5,972,500
Collateralized indebtedness	Level II	1,417,647	1,413,259	1,406,182	1,374,203
Senior guaranteed notes	Level II	7,598,401	8,038,302	5,847,758	5,646,468
Senior notes and debentures	Level II	6,133,093	6,824,137	8,416,610	8,972,722
Notes payable and supply chain financing	Level II	102,622	103,341	106,108	105,836
Cablevision debt instruments:					
Senior notes and debentures	Level II	1,104,319	1,213,355	1,095,193	1,163,843
		<u>\$ 23,613,413</u>	<u>\$ 24,912,064</u>	<u>\$ 22,787,410</u>	<u>\$ 23,235,572</u>

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

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 13. INCOME TAXES

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

For the three and six months ended June 30, 2019, the Company recorded income tax expense of \$41,160 and \$18,574 on pre-tax income of \$127,570 and \$79,786, respectively, resulting in an effective tax rate of 32% and 23%, respectively, which are higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

The Company recorded an income tax benefit of \$5,590 and \$66,293 for the three and six months ended June 30, 2018, reflecting an effective tax rate of approximately 5% and 23%, respectively. The tax benefit was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

NOTE 14. SHARE-BASED COMPENSATION

Carry Unit Plan

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in the Company. The following table summarizes activity relating to these carry units:

	Number of Time Vesting Awards	Number of Performance Based Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2018	83,575,000	10,000,000	\$ 1.14
Vested	(21,918,750)	—	0.79
Forfeited	(3,000,000)	—	0.91
Balance, June 30, 2019	<u>58,656,250</u>	<u>10,000,000</u>	\$ 1.31

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The weighted average fair value per unit was \$3.17 and \$1.95 as of June 30, 2019 and December 31, 2018, respectively. For the three and six months ended June 30, 2019 the Company recognized an expense of \$7,861 and \$14,334, respectively, related to the push down of share-based compensation related to the carry unit plan. For the three and six months ended June 30, 2018, the Company recognized an expense of \$7,993 and \$25,494 related to the push down of share-based compensation expense related to the carry unit plan.

Stock Option Plan

The following table summarizes activity related to the Company's employee stock options issued pursuant to the Altice USA 2017 Long Term Incentive Plan (the "2017 LTIP"):

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
	Time Vesting	Performance Based Vesting			
Balance at December 31, 2018	11,230,168	73,639	\$ 17.50	9.47	\$ —
Granted	2,489,542	—	22.45		
Forfeited	(288,734)	(16,736)	17.63		
Balance at June 30, 2019	13,430,976	56,903	18.41	9.11	80,126
Options exercisable at June 30, 2019	—	—	—	—	—

(a) The aggregate intrinsic value is calculated as the difference between the exercise price and the closing price of the Company's Class A common stock at the respective date.

The Company recognized share-based compensation expense related to employee stock options for the three and six months ended June 30, 2019 of \$7,817 and \$15,134, respectively. The Company recognized share based compensation expense related to employee stock options for the three and six months ended June 30, 2018 of \$4,233 and \$8,355, respectively.

In June 2019, the Company granted restricted stock awards to certain employees pursuant to the 2017 LTIP. In connection with these awards, the Company recorded share based compensation expense of \$857.

NOTE 15. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

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

The Company's equity in the net losses of i24NEWS, prior to April 1, 2018, for the six months ended June 30, 2018 of \$1,130 were recorded using the equity method and reflected in other expense, net in the Company's consolidated statements of operations. In April 2018, Altice Europe transferred its ownership of i24 US and I24 Europe to the Company for minimal consideration.

In April 2018, the Company redeemed a 24% interest in Newsday LLC ("Newsday") and recognized a gain of \$13,298, reflected in gain (loss) on investments and sale of affiliate interests in the Company's statements of operations. For the three and six months ended June 30, 2018, the Company recorded equity in the net loss of Newsday of \$407 and \$9,719, respectively, reflected in other expense, net in the Company's consolidated statements of operations. From July 7, 2016 through April 2018, the Company held a 25% ownership interest in Newsday and prior to July 7, 2016, Newsday was a wholly-owned subsidiary of Cablevision.

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Affiliate and Related Party Transactions

Altice USA is controlled by Patrick Drahi who is also the controlling stockholder of Altice Europe and its subsidiaries.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 496	\$ 727	\$ 1,088	\$ 852
Operating expenses:				
Programming and other direct costs	\$ (2,087)	\$ (3,865)	\$ (3,774)	\$ (5,019)
Other operating expenses, net	(2,020)	(6,255)	(4,266)	(14,249)
Operating expenses, net	(4,107)	(10,120)	(8,040)	(19,268)
Other income, net	—	149	—	149
Net charges	\$ (3,611)	\$ (9,244)	\$ (6,952)	\$ (18,267)
Capital Expenditures	\$ 2,536	\$ 1,108	\$ 5,890	\$ 2,734

Revenue

The Company recognized revenue primarily from the sale of advertising to a subsidiary of Altice Europe.

Programming and other direct costs

Programming and other direct costs include costs incurred by the Company for advertising services provided by a subsidiary of Altice Europe.

Other operating expenses, net

Altice Europe provided certain executive services, as well as consulting, advisory and other services, including, prior to the Company's initial public offering ("IPO") in June 2017, CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement was an annual fee of \$30,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately \$5,750 and \$13,250 for the three and six months ended June 30, 2018, respectively. This agreement was terminated upon the completion of the Distribution discussed in Note 1.

Other operating expenses also include charges for services provided by other subsidiaries of Altice Europe aggregating \$2,020 and \$4,266, for the three and six months ended June 30, 2019 and \$505 and \$999 for the three and six months ended June 30, 2018, respectively.

Capital Expenditures

Capital expenditures include \$2,536 and \$5,890 for the three and six months ended June 30, 2019 and \$1,108 and \$2,734, for the three and six months ended June 30, 2018, respectively, for equipment purchases and software development services provided by subsidiaries of Altice Europe.

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

	June 30, 2019	December 31, 2018
Due from:		
CVC 3 (a)	\$ —	\$ 13,100
Newsday (b)	476	490
Altice Europe (b)	332	1,271
Altice Dominican Republic (b)	—	2,550
Other Altice Europe subsidiaries (b)	414	146
	<u>\$ 1,222</u>	<u>\$ 17,557</u>
Due to:		
Newsday (b)	\$ —	\$ 22
Altice Europe (c)	—	15,235
Altice Labs S.A. (d)	1,935	4,864
Other Altice Europe subsidiaries (d)	4,544	5,975
	<u>\$ 6,479</u>	<u>\$ 26,096</u>

- (a) Represents interest on senior notes paid by the Company on behalf of Altice US Finance S.A., which merged into CVC 3 in 2018.
- (b) Represents amounts paid by the Company on behalf of or for services provided to the respective related party and for Newsday, the net amounts due from the related party also include charges for certain transition services provided.
- (c) Includes \$13,250 at December 31, 2018 related to the agreement discussed above.
- (d) Represents amounts due to affiliates for the purchase of equipment and advertising services, as well as reimbursement for payments made on our behalf.

Pursuant to our share repurchase program, the Company purchased approximately 13.2 million Altice USA Class A shares for total consideration of approximately \$300,000 during the six months ended June 30, 2019 from Suddenvision S.A.R.L., an entity controlled by BC Partners LLP.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Company common stock in the Company's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants the Company, Altice Europe, and the Company's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the '34 Act against the Company, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June of 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which the Company moved to dismiss in July of 2019.

The Company intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

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On November 6, 2018, Sprint Communications Company L.P (“Sprint”) filed a complaint in the U.S. District Court for the District of Delaware alleging that the Company infringes Sprint’s patents purportedly relating to Voice over Internet Protocol (“VoIP”) services. On December 3, 2018, Sprint filed a second complaint alleging that the Company infringes Sprint’s patents purportedly relating to VOD services. The lawsuits are part of a pattern of litigation that was initiated as far back as 2007 by Sprint against numerous broadband and telecommunications providers. The Company is investigating the allegations, and will vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company’s results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due, but it could be material to the Company’s consolidated results of operations or cash flows for any one period.

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

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

NOTE 17. SUBSEQUENT EVENTS

In July 2019, CSC Holdings issued \$1,000,000 in aggregate principal amount of senior notes which bear interest at a rate of 5.75% and will mature on January 15, 2030. The net proceeds from the sale of the notes were used to repay outstanding borrowings under CSC Holdings’ revolving credit facility, along with accrued interest and pay fees associated with the transactions. The remaining proceeds will be used for general corporate purposes.

On July 30, 2019, the Altice USA Board of Directors authorized a new incremental three-year share repurchase program of \$5 billion, to take effect following the completion of the current repurchase program. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

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

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

The preparation of our consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. For a complete discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2018.

Overview

Our Business

We deliver broadband, video, telephony services, proprietary content and advertising services to approximately 4.9 million residential and business customers in and around the New York metropolitan area and in the south-central United States, with the majority of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio. Our footprint extends across 21 states through a fiber-rich broadband network with approximately 8.8 million homes passed as of June 30, 2019.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information see "Risk Factors" and "Business-Competition" included in our Annual Report on Form 10-K for the year ended December 31, 2018.

We derive revenue principally through monthly charges to residential customers of our video, broadband, and telephony services. We also derive revenue from DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential video, broadband, and telephony services accounted for approximately 42%, 33% and 6%, respectively, of our consolidated revenue for the six months ended June 30, 2019. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and SMB customers, including broadband, telephony, networking and video services. For the six months ended June 30, 2019, 15% 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, digital advertising and data analytics, which accounted for approximately 4% of our consolidated revenue for the six months ended June 30, 2019. Our other revenue for the six months ended June 30, 2019 accounted for less than 1% of our consolidated revenue.

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

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

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, video 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, CenturyLink, DISH, 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" and "Business-Competition" included in our Annual Report on Form 10-K for the year ended December 31, 2018.

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 are constructing a FTTH network, which will enable us to deliver more than 10 Gbps broadband speeds across our entire Optimum footprint and part of our Suddenlink footprint. In addition, the launch of Altice Mobile, a full service mobile voice and data offering, to consumers and businesses across our footprint is on track for the summer of 2019. We may incur greater than anticipated capital expenditures in connection with these initiatives, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing them as planned. See “-Liquidity and Capital Resources-Capital Expenditures” for additional information regarding our capital expenditures.

Non-GAAP Financial Measures

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

Results of Operations - Altice USA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Residential:				
Video	\$ 1,018,426	\$ 1,034,404	\$ 2,035,756	\$ 2,068,112
Broadband	806,250	712,202	1,581,823	1,413,823
Telephony	150,232	163,499	304,696	329,537
Business services and wholesale	357,806	337,388	708,495	670,478
Advertising	112,953	109,898	206,498	197,480
Other	5,414	6,762	10,380	14,437
Total revenue	2,451,081	2,364,153	4,847,648	4,693,867
Operating expenses:				
Programming and other direct costs	818,994	795,127	1,631,979	1,582,488
Other operating expenses	569,459	575,749	1,133,891	1,158,772
Restructuring and other expense	11,465	9,691	26,709	13,278
Depreciation and amortization (including impairments)	568,620	648,527	1,130,048	1,291,232
Operating income	482,543	335,059	925,021	648,097
Other income (expense):				
Interest expense, net	(380,613)	(385,230)	(767,077)	(759,385)
Gain (loss) on investments and sale of affiliate interests, net	103,146	(45,113)	357,871	(293,715)
Gain (loss) on derivative contracts, net	(49,624)	42,159	(226,653)	210,511
Loss on interest rate swap contracts	(26,900)	(12,929)	(50,572)	(44,851)
Loss on extinguishment of debt and write-off of deferred financing costs	(1,194)	(36,911)	(159,096)	(41,616)
Other income (expense), net	212	(629)	292	(12,287)
Income (loss) before income taxes	127,570	(103,594)	79,786	(293,246)
Income tax benefit (expense)	(41,160)	5,590	(18,574)	66,293
Net income (loss)	86,410	(98,004)	61,212	(226,953)
Net loss (income) attributable to noncontrolling interests	(43)	149	156	147
Net income (loss) attributable to Altice USA, Inc. stockholders	\$ 86,367	\$ (97,855)	\$ 61,368	\$ (226,806)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 86,410	\$ (98,004)	\$ 61,212	\$ (226,953)
Income tax expense (benefit)	41,160	(5,590)	18,574	(66,293)
Other expense (income), net (a)	(212)	629	(292)	12,287
Loss on interest rate swap contracts	26,900	12,929	50,572	44,851
Loss (gain) on derivative contracts, net	49,624	(42,159)	226,653	(210,511)
Loss (gain) on investments and sales of affiliate interests, net	(103,146)	45,113	(357,871)	293,715
Loss on extinguishment of debt and write-off of deferred financing costs	1,194	36,911	159,096	41,616
Interest expense, net	380,613	385,230	767,077	759,385
Depreciation and amortization	568,620	648,527	1,130,048	1,291,232
Restructuring and other expense	11,465	9,691	26,709	13,278
Share-based compensation	16,535	12,226	30,325	33,849
Adjusted EBITDA	<u>\$ 1,079,163</u>	<u>\$ 1,005,503</u>	<u>\$ 2,112,103</u>	<u>\$ 1,986,456</u>

(a) Includes the non-service cost components of the Company's pension expense, net of dividends received on Comcast common stock owned by the Company.

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

	As of June 30, 2019	As of March 31, 2019	As of June 30, 2018
Homes passed (a)	8,788.6	8,761.9	8,671.0
Total customer relationships (b)(c)	4,942.2	4,942.1	4,915.1
Residential	4,562.6	4,563.7	4,539.8
SMB	379.6	378.4	375.3
Residential customers:			
Video	3,276.5	3,297.3	3,350.9
Broadband	4,168.1	4,155.0	4,082.1
Telephony	2,486.8	2,511.1	2,545.6
Residential triple product customer penetration (d)	48.4%	48.9%	49.8%
Penetration of homes passed (e)	56.2%	56.4%	56.7%
ARPU(f)	\$ 144.27	\$ 142.57	\$ 140.19

(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. Broadband services were not available to approximately 100 homes passed and telephony services were not available to approximately 600 homes passed.

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

(c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. In calculating the number of customers, we count all customers other than inactive/disconnected customers. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment

fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

- (d) Represents the number of customers that subscribe to three of our services divided by total residential customer relationships.
- (e) Represents the number of total customer relationships divided by homes passed.
- (f) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) derived from the sale of broadband, video and telephony services to residential customers for the respective quarter by the average number of total residential customers for the same period.

Altice USA - Comparison of Results for the Three and Six Months Ended June 30, 2019 compared to the Three and Six Months Ended June 30, 2018

Video Revenue

Video revenue for the three and six months ended June 30, 2019 was \$1,018,426 and \$2,035,756, respectively. Video revenue for the three and six months ended June 30, 2018 was \$1,034,404 and \$2,068,112, respectively. Video revenue is derived principally through monthly charges to residential customers of our video services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing customers, and changes in programming packages.

Video revenue decreased \$15,978 (2%) and \$32,356 (2%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The decreases were due primarily to a decline in video customers, partially offset by higher average revenue per video customer primarily due to rate increases.

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

Broadband Revenue

Broadband revenue for the three and six months ended June 30, 2019 was \$806,250 and \$1,581,823, respectively. Broadband revenue for the three and six months ended June 30, 2018 was \$712,202 and \$1,413,823, respectively. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers.

Broadband revenue increased \$94,048 (13%) and \$168,000 (12%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The increases were due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Telephony Revenue

Telephony revenue for the three and six months ended June 30, 2019 was \$150,232 and \$304,696, respectively. Telephony revenue for the three and six months ended June 30, 2018 was \$163,499 and \$329,537, respectively. Telephony revenue is derived principally through monthly charges to residential customers of our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers.

Telephony revenue decreased \$13,267 (8%) and \$24,841 (8%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The decreases were due to lower average revenue per telephony customer and a decline in telephony customers.

Business Services and Wholesale Revenue

Business services and wholesale revenue for the three and six months ended June 30, 2019 was \$357,806 and \$708,495, respectively. Business services and wholesale revenue for the three and six months ended June 30, 2018 was \$337,388 and \$670,478, respectively. Business services and wholesale revenue is derived primarily from the sale of fiber based

telecommunications services to the business market, and the sale of broadband, video and telephony services to SMB customers.

Business services and wholesale revenue increased \$20,418 (6%) and \$38,017 (6%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The increases were primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes, and an increase in the revenue from the backhaul of carrier data.

Advertising Revenue

Advertising revenue for the three and six months ended June 30, 2019 was \$112,953 and \$206,498, respectively. Advertising revenue for the three and six months ended June 30, 2018 was \$109,898 and \$197,480, respectively. Advertising revenue is primarily derived from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics revenue.

Advertising revenue increased \$3,055 (3%) and \$9,018 (5%) for the three and six months ended June 30, 2019, respectively, compared to the three and six months ended June 30, 2018. The increases were primarily due to an increase in digital and linear advertising.

Other Revenue

Other revenue for the three and six months ended June 30, 2019 was \$5,414 and \$10,380, respectively. Other revenue for the three and six months ended June 30, 2018 was \$6,762 and \$14,437, respectively. Other revenue includes other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three and six months ended June 30, 2019 amounted to \$818,994 and \$1,631,979, respectively. Programming and other direct costs for the three and six months ended June 30, 2018 amounted to \$795,127 and \$1,582,488, respectively. Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of VOD and pay-per-view) and are generally paid on a per-customer basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of video 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.

The increases of \$23,867 (3%) and \$49,491 (3%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are primarily attributable to the following:

	Three Months	Six Months
Increase in programming costs due primarily to contractual rate increases, partially offset by lower video customers	\$ 22,338	\$ 52,319
Increase primarily in costs of digital media and linear advertising spots for resale	2,877	4,984
Decrease in call completion and transport costs primarily due to lower level of activity	(3,484)	(7,085)
Other net increases (decreases) (net of an increase in costs related to i24NEWS of \$1,493 during the six-month period)	2,136	(727)
	<u>\$ 23,867</u>	<u>\$ 49,491</u>

Programming costs

Programming costs aggregated \$682,956 and \$1,365,365 for the three and six months ended June 30, 2019 and \$660,618 and \$1,313,046 for the three and six months ended June 30, 2018, respectively. Our programming costs in 2019 will continue to be impacted by changes in programming rates, which we expect to increase by high single digits, and by changes in the number of video customers.

Other Operating Expenses

Other operating expenses for the three and six months ended June 30, 2019 amounted to \$569,459 and \$1,133,891, respectively. Other operating expenses for the three and six months ended June 30, 2018 amounted to \$575,749, and \$1,158,772, respectively. Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third-party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

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

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

The decreases in other operating expenses of \$6,290 (1%) and \$24,881 (2%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are attributable to the following:

	Three Months	Six Months
Decrease in management fee relating to certain executive, administrative and managerial services provided to the Company from Altice Europe prior to separation in June 2018	\$ (5,750)	\$ (13,250)
Increase (decrease) in share-based compensation	4,308	(3,525)
Decrease in marketing costs	(7,216)	(12,447)
Decrease in repairs and maintenance costs relating to our operations	(6,186)	(7,493)
Increase in labor costs and benefits (includes an increase in costs related to i24NEWS of \$6,425 during the six-month period), net of an increase in capitalizable activity	5,136	3,197
Increase in bad debt	3,760	5,352
Other net increases (decreases) (includes an increase in costs related to i24NEWS of \$3,027 during the six-month period)	(342)	3,285
	<u>\$ (6,290)</u>	<u>\$ (24,881)</u>

Restructuring and Other Expense

Restructuring and other expense for the three and six months ended June 30, 2019 amounted to \$11,465 and \$26,709, respectively. Restructuring and other expense for the three and six months ended June 30, 2018 amounted to \$9,691 and \$13,278, respectively. These amounts primarily relate to facility realignment costs and impairments of certain ROU assets, severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in 2016 and 2019 that are intended to simplify the Company's organizational structure. We currently anticipate that additional restructuring expenses will be recognized as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the three and six months ended June 30, 2019 amounted to \$568,620 and \$1,130,048, respectively. Depreciation and amortization for the three and six months ended June 30, 2018 amounted to \$648,527 and \$1,291,232, respectively. The decreases in depreciation and amortization of \$79,907 (12%) and \$161,184 (12%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are due primarily to certain fixed assets and intangible assets becoming fully depreciated or amortized. These decreases were partially offset by depreciation of new asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to \$1,079,163 and \$2,112,103 for the three and six months ended June 30, 2019, respectively. Adjusted EBITDA amounted to \$1,005,503 and \$1,986,456 for the three and six months ended June 30, 2018, respectively. Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, income (loss) from discontinued operations, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, net, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net income (loss) to adjusted EBITDA above.

The increases in adjusted EBITDA for the three and six months ended June 30, 2019 as compared to the three and six months ended June 30, 2018 were due to the increases in revenue which more than offset the increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

Interest Expense, net

Interest expense, net was \$380,613 and \$767,077, for the three and six months ended June 30, 2019, respectively, and \$385,230 and \$759,385 for the three and six months ended June 30, 2018, respectively. The increase (decrease) of \$(4,617) and \$7,692 for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are attributable to the following:

	Three Months	Six Months
Decrease due to changes in average debt balances and interest rates on our indebtedness and collateralized debt	\$ (17,892)	\$ (17,940)
Lower interest income	4,708	5,992
Other net increases, primarily amortization of deferred financing costs and original issue discounts	8,567	19,640
	<u>\$ (4,617)</u>	<u>\$ 7,692</u>

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

Gain (loss) on investments, net for the three and six months ended June 30, 2019, of \$103,146 and \$357,871, respectively and \$(45,113) and \$(293,715) for the three and six months ended June 30, 2018 consists primarily of the increase (decrease) in the fair value of Comcast common stock owned by the Company for the periods. The effects of these gains (losses) are partially offset by the losses (gains) on the related equity derivative contracts, net described below.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and six months ended June 30, 2019 amounted to \$(49,624) and \$(226,653), respectively and for the three and six months ended June 30, 2018 amounted to \$42,159 and \$210,511, respectively, and includes realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by losses (gains) on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Loss on Interest Rate Swap Contracts

Loss on interest rate swap contracts was \$26,900 and \$50,572 for the three and six months ended June 30, 2019, respectively, and \$12,929 and \$44,851 for the three and six months ended June 30, 2018, respectively. These amounts represent primarily the decrease in fair value of interest rate swap contracts. These swap contracts are not designated as hedges for accounting purposes.

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

Loss on extinguishment of debt and write-off of deferred financing costs amounted to \$1,194 and \$159,096 for the three and six months ended June 30, 2019, respectively and \$36,911 and \$41,616 for the three and six months ended June 30, 2018.

The following table provides a summary of the loss on extinguishment of debt and the write-off of deferred financing costs recorded by the Company upon the redemption of senior notes and the refinancing of credit facilities:

	Three Months Ended	Six Months Ended
	June 30, 2019	
CSC Holdings 10.125% Senior Notes due 2023	\$ —	\$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	<u>\$ 1,194</u>	<u>\$ 159,096</u>
	June 30, 2018	
Cablevision 7.75% Senior Notes due 2018	\$ 1	\$ 4,706
Cequel 6.375% Senior Notes due 2020	36,910	36,910
	<u>\$ 36,911</u>	<u>\$ 41,616</u>

Other Income (Expense), Net

Other income, net amounted to \$212 and \$292, for the three and six months ended June 30, 2019, respectively, compared to other expense, net of \$629 and \$12,287, for the three and six months ended June 30, 2018, respectively. These amounts include the non-service cost components of the Company's pension expense, net of dividends received on Comcast common stock owned by the Company. The 2018 amounts also include the equity in the net losses of Newsday through April 2018 and i24NEWS through March 31, 2018.

Income Tax Expense (Benefit)

For the three and six months ended June 30, 2019, the Company recorded income tax expense of \$41,160 and \$18,574 on pre-tax income of \$127,570 and \$79,786, respectively, resulting in an effective tax rate of 32% and 23%, respectively, which are higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

The Company recorded an income tax benefit of \$5,590 and \$66,293 for the three and six months ended June 30, 2018, reflecting an effective tax rate of approximately 5% and 23%, respectively. The tax benefit was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

LIQUIDITY AND CAPITAL RESOURCES

Altice USA has no operations independent of its subsidiaries. Funding for our subsidiaries has generally been provided by cash flow from their respective operations, cash on hand and borrowings under their revolving credit facilities 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 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 manage our business to a year-end leverage target of 4.5x

to 5.0x. We calculate our consolidated net leverage ratio as net debt to L2QA EBITDA (Adjusted EBITDA for the two most recent consecutive fiscal quarters multiplied by 2.0).

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

We believe existing cash balances, operating cash flows and availability under our revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. However, competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe that amounts available under the 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 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 may not 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 could be dependent upon our continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt obligations. We intend to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating stock repurchases and discretionary uses of cash.

Debt Outstanding

The following tables summarize the carrying value of our outstanding debt, net of unamortized deferred financing costs, discounts and premiums (excluding accrued interest), as well as interest expense.

	As of June 30, 2019		
	CSC Holdings	Cablevision	Total
Debt outstanding:			
Credit facility debt	\$ 7,257,331	\$ —	\$ 7,257,331
Senior guaranteed notes	7,598,401	—	7,598,401
Senior notes and debentures	6,133,093	1,104,319	7,237,412
Subtotal	20,988,825	1,104,319	22,093,144
Finance lease obligations	27,096	—	27,096
Notes payable and supply chain financing	102,622	—	102,622
Subtotal	21,118,543	1,104,319	22,222,862
Collateralized indebtedness relating to stock monetizations (a)	1,417,647	—	1,417,647
Total debt	\$ 22,536,190	\$ 1,104,319	\$ 23,640,509
Interest expense:			
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing	\$ 689,966	\$ 48,645	\$ 738,611
Collateralized indebtedness relating to stock monetizations (a)	30,890	—	30,890
Total interest expense	\$ 720,856	\$ 48,645	\$ 769,501

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

The following table provides details of our outstanding credit facility debt, net of unamortized discounts and deferred financing costs as of June 30, 2019:

	Maturity Date	Interest Rate	Principal	Carrying Value
CSC Holdings Revolving Credit Facility (a)	\$200,000 on November 30, 2021, remaining balance of \$2,275,000 on January 31, 2024	4.730%	\$ 622,857	\$ 609,754
CSC Holdings Term Loan B	July 17, 2025	4.644%	2,940,000	2,925,564
CSC Holdings Incremental Term Loan B-2	January 25, 2026	4.894%	1,485,000	1,469,340
CSC Holdings Incremental Term Loan B-3	January 15, 2026	4.644%	1,271,813	1,266,155
CSC Holdings Incremental Term Loan B-4	April 15, 2027	5.394%	1,000,000	986,518
			\$ 7,319,670	\$ 7,257,331

(a) At June 30, 2019, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$1,674,129 of the facility was undrawn and available, subject to covenant limitations.

Payment Obligations Related to Debt

As of June 30, 2019, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as notes payable and supply chain financing, and the value deliverable at maturity under monetization contracts, but excluding finance lease obligations (see Note 8) are as follows:

	Total
2019	\$ 785,404
2020	2,023,344
2021 (a)	5,132,583
2022	1,923,029
2023	2,330,861
Thereafter (b)	20,850,393
Total	<u>\$ 33,045,614</u>

- (a) Includes \$1,459,638 related to the Company's collateralized indebtedness (including related interest). This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts or (ii) delivering cash from the net proceeds on new monetization contracts.
- (b) Includes \$622,857 of borrowings outstanding under the revolving credit facility that were repaid in July 2019.

CSC Holdings Restricted Group

CSC Holdings and those of its subsidiaries which conduct our broadband, video and telephony services operations, as well as Lightpath, which provides Ethernet-based data, Internet, voice and video transport and managed services to the business market, comprise the "Restricted Group" as they are subject to the covenants and restrictions of the credit facility and indentures governing the notes and debentures issued by CSC Holdings. In addition, the Restricted Group is also subject to the covenants of the debt issued by Cablevision.

Sources of cash for the Restricted Group include primarily cash flow from the operations of the businesses in the Restricted Group, borrowings under its credit facility and issuance of securities in the capital markets, contributions from its parent, and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital broadband, video and telephony services, including costs to build a FTTH network and enhancements to its service offerings such as Wi-Fi; 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.

CSC Holdings Credit Facility

On October 9, 2015, Finco, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which provides U.S. dollar term loans currently in an aggregate principal amount of \$3,000,000 (\$2,940,000 outstanding at June 30, 2019) (the "CSC Term Loan Facility", and the term loans extended under the CSC Term Loan Facility, the "CSC Term Loans") and U.S. dollar revolving loan commitments currently in an aggregate principal amount of \$2,475,000 (the "CSC Revolving Credit Facility" and, together with the CSC Term Loan Facility, the "CSC Credit Facilities"), which are governed by a credit facilities agreement entered into by, *inter alios*, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017, January 12, 2018, October 15, 2018, January 24, 2019, February 7, 2019 and May 14, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement"). The maturity date of \$2,275,000 of the revolving credit facility matures in January 2024 and is priced at LIBOR plus 2.25%. The remaining \$200,000 matures in November 2021 and is priced at LIBOR plus 3.25%.

In January 2018, CSC Holdings entered into a \$1,500,000 incremental term loan facility (the "Incremental Term Loan B-2") under its existing credit facilities agreement. The Incremental Term Loan B-2 was priced at 99.5% and will mature on January 25, 2026. The Incremental Term Loan B-2 is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Company is required to make scheduled

quarterly payments equal to 0.25% (or \$3,750) of the principal amount of the Incremental Term Loan B-2, beginning with the fiscal quarter ended September 30, 2018, with the remaining balance scheduled to be paid on January 26, 2026.

In November 2018, CSC Holdings entered into a \$1,275,000 7-year incremental term loan maturing January 2026 (the "Incremental Term Loan B-3"). The proceeds from the Incremental Term Loan B-3 were used to repay the entire principal amount of loans under Cequel's then existing Term Loan Facility and certain transaction costs. The Incremental Term Loan B-3 has a margin of 2.25% over LIBOR and was issued with an original issue discount of 25 basis points. The Company is required to make scheduled quarterly payments equal to 0.25% (or \$3,188) of the principal amount of the Incremental Term Loan B-3, beginning with the fiscal quarter ended June 30, 2019, with the remaining balance scheduled to be paid on January 15, 2026.

In February 2019, CSC Holdings entered into a \$1,000,000 senior secured Term Loan B ("Incremental Term Loan B-4") maturing on April 15, 2027, the proceeds of which were used to redeem \$894,700 in aggregate principal amount of CSC Holdings' 10.125% senior notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 bears interest at a rate per annum equal to LIBOR plus 3.0% and was issued with an original issue discount of 1.0%. The Company is required to make scheduled quarterly payments equal to 0.25% (or \$2,500) of the principal amount of the Incremental Term Loan B-4, beginning with the fiscal quarter ended September 30, 2019, with the remaining balance scheduled to be paid on April 15, 2027.

During the six months ended June 30, 2019, CSC Holdings borrowed \$950,000 under its revolving credit facility and repaid \$577,143 of amounts outstanding under the revolving credit facility, a portion of which was funded from the proceeds of the issuance of an additional \$250,000 principal amount of CSC Holdings 2029 Guaranteed Notes.

In July 2019, outstanding borrowings under CSC Holdings' revolving credit facility were repaid with the proceeds from the issuance of \$1,000,000 in aggregate principal amount of senior notes (see discussion below).

The Company was in compliance with all of its financial covenants under the CSC Credit Facilities Agreement as of June 30, 2019.

See Note 10 to our consolidated financial statements for further information regarding the CSC Credit Facilities Agreement.

Senior Guaranteed Notes and Senior Notes

In January 2019, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes due 2029 ("CSC Holdings 2029 Guaranteed Notes"). The notes bear interest at a rate of 6.5% and will mature on February 1, 2029. The net proceeds from the sale of the notes was used to repay certain indebtedness, including to repay at maturity \$526,000 aggregate principal amount of CSC Holdings' 8.625% senior notes due February 2019, redeem approximately \$905,300 of the aggregate outstanding amount of CSC Holdings' 10.125% senior notes due 2023 at a redemption price of 107.594% plus accrued interest, and paid fees and expenses associated with the transactions.

In February 2019, CSC Holdings issued an additional \$250,000 CSC Holdings 2029 Guaranteed Notes at a price of 101.75% of the principal value. The proceeds of these notes were to repay the outstanding balance on the CSC Revolving Credit Facility.

In July 2019, CSC Holdings issued \$1,000,000 in aggregate principal amount of senior notes which bear interest at a rate of 5.75% and will mature on January 15, 2030. The net proceeds from the sale of the notes were used to repay outstanding borrowings under CSC Holdings' revolving credit facility, along with accrued interest and pay fees associated with the transactions. The remaining proceeds will be used for general corporate purposes.

Also, in July 2019, the Company redeemed \$8,886 principal amount of Cablevision 2021 senior notes.

As of June 30, 2019, the Company was in compliance with all of its financial covenants under the indentures under which our senior guaranteed notes and senior notes were issued.

See Note 10 of our consolidated financial statements for further details of the Company's outstanding senior guaranteed notes and senior notes.

Other Event

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company, for approximately \$200,000 in cash and stock, subject to certain closing adjustments as set forth in the merger agreement. See Note 9 to the consolidated financial statements for further details.

Capital Expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Customer premise equipment	\$ 102,890	\$ 80,675	\$ 177,827	\$ 161,402
Network infrastructure	138,548	82,042	278,526	154,883
Support and other	29,256	36,671	123,033	99,513
Business services	46,173	41,294	77,867	82,499
Capital purchases (cash basis)	\$ 316,867	\$ 240,682	\$ 657,253	\$ 498,297
Capital purchases (including accrued not paid and financed capital)	\$ 406,065	\$ 277,042	\$ 711,715	\$ 493,707

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

Cash Flow Discussion

Operating Activities

Net cash provided by operating activities amounted to \$1,292,964 for the six months ended June 30, 2019 compared to \$1,159,243 for the six months ended June 30, 2018. The 2019 cash provided by operating activities resulted from \$1,357,837 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap and derivative contracts of \$41,322, an increase in deferred revenue of \$12,022, a decrease in accounts receivable of \$1,804, partially offset by a decrease in accounts payable and accrued expenses of \$80,002, an increase in prepaid expenses and other assets of \$36,737, and a net decrease in amounts due from and due to affiliates of \$3,282.

The 2018 cash provided by operating activities resulted from \$1,220,814 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap and derivative contracts of \$45,199, an increase in deferred revenue of \$20,536, and an increase in amounts due to and due from affiliates of \$8,573, partially offset by a net decrease in accounts payable and accrued liabilities of \$60,778, an increase in accounts receivable of \$37,224 and an increase in prepaid expenses and other assets of \$37,877.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was \$829,881 compared to \$502,784 for the six months ended June 30, 2018. The 2019 investing activities consisted primarily of capital expenditures of \$657,253, payment for acquisitions, net of cash acquired of \$172,659, partially offset by other net cash receipts of \$31.

The 2018 investing activities consisted primarily of capital expenditures of \$498,297, and other net cash payments of \$4,487.

Financing Activities

Net cash used in financing activities amounted to \$622,566 for the six months ended June 30, 2019, compared to \$605,062 for the six months ended June 30, 2018. In 2019, the Company's financing activities consisted primarily of redemption and repurchase of senior notes, including premiums and fees of \$2,462,692, the repurchase of common stock pursuant

to a share repurchase program of \$1,199,953, repayments of credit facility debt of \$602,830, repayment of notes payable of \$74,061, additions to deferred financing costs of \$12,488, principal payments on finance lease obligations of \$3,273 and other net cash payments of \$1,500, partially offset by proceeds from credit facility debt of \$1,940,000, proceeds from the issuance of senior notes, including premiums of \$1,754,375, and proceeds from notes payable of \$39,856.

In 2018, the Company's financing activities consisted primarily of the redemption and repurchase of senior notes, including premiums and fees of \$2,123,756, dividends to stockholders of \$1,499,935, the repayment of credit facility debt of \$621,325, payments of collateralized indebtedness and related derivatives of \$337,124, contingent payment for acquisition of \$28,940, additions to deferred financing costs of \$22,277, and other net cash payments of \$7,324, partially offset by proceeds from the issuance of senior notes of \$2,050,000, proceeds from credit facility debt of \$1,642,500, proceeds from collateralized indebtedness of \$337,124, and contributions from noncontrolling interests of \$5,995.

Commitments and Contingencies

As of June 30, 2019, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately \$8,178,000 as compared to approximately \$9,460,000 at December 31, 2018. This decrease relates primarily to payments made pursuant to programming commitments and the adoption of ASC 842, partially offset by renewed multi-year programming agreements entered into during the six months ended June 30, 2019.

Stock Repurchase Plan

On June 8, 2018, the Company's Board of Directors authorized the repurchase of up to \$2.0 billion of Altice USA Class A common stock. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors. Funding for the repurchase program will be met with cash on hand and/or borrowings under the Company's revolving credit facilities. During the six months ended June 30, 2019, the Company repurchased 54,254,675 shares for a total purchase price of approximately \$1,199,953. From the inception of the repurchase program, the Company acquired 82,283,355 for a total purchase price of approximately \$1,699,953. These acquired shares have been retired and the associated cost was recorded in paid-in capital in the Company's consolidated balance sheet.

On July 30, 2019, the Altice USA Board of Directors authorized a new incremental three-year share repurchase program of \$5 billion, to take effect following the completion of the current repurchase program. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

Recently Issued But Not Yet Adopted Accounting Pronouncements

See Note 3 to the accompanying consolidated financial statements contained in "Part I" for a discussion of recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Equity Price Risk

We are exposed to market risks from changes in certain equity security prices. Our exposure to changes in equity security prices stems primarily from the shares of Comcast common stock we hold. We have entered into equity derivative contracts consisting of a collateralized loan and an equity collar to hedge our equity price risk and to monetize the value of these securities. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. The contracts' actual hedge prices per share vary depending on average stock prices in effect at the time the contracts were executed. The contracts' actual cap prices vary depending on the maturity and terms of each contract, among other factors. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness.

less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of June 30, 2019, 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 sheet and the collateralized indebtedness is carried at its principal value, net of discounts. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,417,647 at June 30, 2019. 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 June 30, 2019, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$1,816,147. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$181,615. As of June 30, 2019, 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 \$117,309, a net liability position. For the six months ended June 30, 2019, we recorded a net loss of \$226,653 related to our outstanding equity derivative contracts and recorded an unrealized gain of \$353,519 related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2018, net asset position	\$ 109,344
Change in fair value, net	(226,653)
Fair value as of June 30, 2019, net liability position	<u>\$ (117,309)</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:

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

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

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

Fair Value of Debt

At June 30, 2019, the fair value of our fixed rate debt of \$17,592,394 was higher than its carrying value of \$16,356,082 by \$1,236,312. 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 June 30, 2019 would increase the estimated fair value of our fixed rate debt by \$516,656 to \$18,109,050. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. 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. All such contracts are

carried at their fair market values on our consolidated balance sheet, with changes in fair value reflected in the consolidated statement of operations.

The following is a summary of interest rate swap contracts outstanding at June 30, 2019:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
May 2016	May 2026	\$ 750,000	Six- month LIBOR	Fixed rate of 1.665%
June 2016	May 2026	750,000	Six- month LIBOR	Fixed rate of 1.68%
April 2019	April 2020	1,255,513	Three- month LIBOR minus 0.1075%	One-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.7177%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.722%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9155%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9025%	Three-month LIBOR

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded in the statement of operations. For the three and six months ended June 30, 2019, the Company recorded a loss on interest rate swap contracts of \$26,900 and \$50,572, respectively.

As of June 30, 2019, our outstanding interest rate swap contracts in a liability position had an aggregate fair value and carrying value of \$171,847 reflected in "Liabilities under derivative contracts, long-term" and \$478 reflected in "Other current liabilities" on our consolidated balance sheet.

As of June 30, 2019, we did not hold and have not issued derivative instruments for trading or speculative purposes.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of Altice USA's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined under SEC rules). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Control

During the six months ended June 30, 2019, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company plans to migrate certain Cequel customers to the Cablevision billing system platform in 2019 and plans to upgrade a billing system for certain advertising customers in a phased approach beginning in 2019.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 16 to our consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of our legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**(a) Sales of Unregistered Securities**

Set forth below is information related to transactions under the Company's share repurchase program for the quarter ended June 30, 2019.

	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)(2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
April 1 - April 30	5,347,302	\$ 23.05	62,631,656	\$ 776,721,702
May 1 - May 31	9,276,181	24.21	71,907,837	552,136,601
June 1 - June 30	10,375,518	24.30	82,283,355	300,046,502

- (1) On June 8, 2018, the Company's Board of Directors authorized the repurchase of up to \$2.0 billion of Altice USA Class A common stock. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market. The program does not have an expiration date and may be suspended at any time at the discretion of the Board of Directors.
- (2) This column reflects the cumulative number of shares acquired pursuant to the repurchase program at the end of the respective period.

On July 30, 2019, the Altice USA Board of Directors authorized a new incremental three-year share repurchase program of \$5 billion, to take effect following the completion of the current repurchase program. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

Item 6. Exhibits

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10.1	Transition Agreement and Separation Agreement with David Connolly.
31.1	Section 302 Certification of the CEO.
31.2	Section 302 Certification of the CFO.
32	Section 906 Certifications of the CEO and CFO.
101	The following financial statements from Altice USA's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 filed with the Securities and Exchange Commission on July 31, 2019, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statement of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: July 31, 2019

ALTICE USA, INC.

/s/ Charles Stewart

By: Charles Stewart as Co-President and Chief Financial Officer



April 8, 2019

David Connolly
c/o Altice USA, Inc. Court Square West
Long Island City, NY 11101

Dear David:

This letter (this "**Agreement** ") confirms the changes to your relationship

with Altice USA, Inc., a Delaware corporation (the "**Company**") and its subsidiaries and affiliates (together with the Company, the "**Company Group**") and the terms of your separation from employment with the Company. You and the Company agree that this Agreement represents the full and complete understanding concerning your continuing relationship with, and separation of employment from, the Company.

1. Transition Period and Separation.

(a) As of the date hereof, you and the Company agree that you will cease to be employed as the Company's Executive Vice President, General Counsel and Secretary and immediately become employed as Senior Advisor to the Company's Chief Executive Officer (the "**CEO**") through March 31, 2020 (the "**Separation Date**"). Accordingly, as of the date hereof, you will no longer serve as an executive officer or Section 16 reporting person of the Company. During the period beginning on the date hereof and ending on the Separation Date, or such earlier date as your employment with the Company terminates (the "**Transition Period**"), you shall cooperate with the Company to transition the duties from your prior position to your successor, and, in your capacity as Senior Advisor to the CEO, you shall advise on, and continue to provide legal advice to the Company with respect to, select M&A, litigation and regulatory matters and perform such other duties in all cases consistent with your experience as the Company may from time to time reasonably request.

(b) During the Transition Period, the Company will continue to pay your base salary at the rate in effect as of the date hereof, and you will continue to participate in the Company's benefit plans, subject to the terms thereof, in a manner consistent with an employee with the title of Executive Vice President. In addition, you will receive a bonus of \$240,000 for calendar year 2019, which shall be paid no later than March 15, 2020.

(c) If, prior to the Separation Date, the Company terminates your employment for Cause (as defined in the letter agreement dated August 2, 2016 between you and the Company), you voluntarily resign for any reason other than pursuant to an Approved Early Resignation (defined below), or your employment is terminated due to death or Disability (as defined in the Altice USA 2017 Long Term Incentive Plan (the "**Plan**")), you will be entitled to receive only the base salary and earned or accrued, but unpaid, benefits up to the final date

of your employment. For purposes hereof, an "**Approved Early Resignation**" means any resignation prior to March 15, 2020 that has been agreed to in writing by the CEO.

(d) You hereby provide notice of your resignation, effective as of the date of this Agreement, from any and all titles, positions and appointments you hold with the Company or any member of the Company Group, whether as an officer, director, trustee, committee member, agent or otherwise, other than your employment as Senior Advisor to the CEO, which employment shall terminate on the Separation Date. Effective as of the date of this Agreement, without the prior approval of the CEO, you shall have no authority to act on behalf of any member of the Company Group and shall not hold yourself out as having such authority to enter into any agreement or incur any obligations on behalf of any member of the Company Group, commit any member of the Company Group in any manner or otherwise act in an executive or other decision-making capacity with respect to any member of the Company Group. You agree to promptly execute such documents as reasonably necessary to effect such resignations.

2. Equity.

(a) You and the Company acknowledge and agree that you were granted 77,055 options to purchase Class A common stock of the Company (the "**Options**") pursuant to the Plan and that certain Nonqualified Stock Option Award Agreement, dated as of August 29, 2018 (the "**Option Award Agreement**"). The parties hereto acknowledge and agree that the Options shall remain outstanding and shall be subject to the terms and conditions of the Plan and the Option Award Agreement. For the avoidance of doubt, you shall not be entitled to any additional grants of options to purchase Class A common stock of the Company.

(b) You and the Company acknowledge and agree that you were granted 4,250,000 units (the "**Units**") pursuant to the Neptune Management Limited Partnership Carry Unit Plan (the "**Carry Unit Plan**") and that certain Carry Unit Award Agreement (the "**Carry Unit Award Agreement**"). Notwithstanding anything in the Carry Unit Plan or the Carry Unit Award Agreement to the contrary, the parties hereto acknowledge and agree that (i) 2,125,000 Units previously vested and were converted into ATUS shares and delivered to your stock plan administrator brokerage account, (ii) 1,062,500 Units will vest on the date hereof and be converted into ATUS shares and delivered to your stock plan administrator brokerage account as soon as administratively practicable, and (iii) 1,062,500 Units (the "**Unvested Units**") will vest on the Separation Date, subject to your (or your representative's) execution and non-revocation of the Separation Agreement attached hereto as Exhibit A (the "**Separation Agreement**"), and will be converted into

ATUS shares and delivered to your stock plan administrator brokerage account as soon as administratively practicable following the last day of your employment. If, prior to the Separation Date, the Company terminates your employment for Cause or you voluntarily resign for any reason (including an Approved Early Resignation), the Unvested Units shall be cancelled and forfeited on the date your employment is terminated, without any payment. If, prior to the Separation Date, (A) the Company terminates your employment without Cause, then 100% of the Unvested Units will immediately vest, or (B) the Company terminates your employment due to death or Disability, you will vest in a pro rated portion of the Unvested Units equal to the product of (i) the Unvested Units, *multiplied by*, (ii) a fraction, the numerator of which is the number of completed months between March 31, 2019 and the date of such termination, and the denominator of which is 12, and any Units that vest in accordance with clauses (A) or (B) will be converted into ATUS shares and delivered to your stock plan administrator brokerage account as soon as administratively practicable following the last day of your employment, subject in each case to your execution and non-revocation of the Separation Agreement.

3. **Severance Benefits.** Upon the Separation Date or, if earlier, the date your employment is terminated by the Company without Cause or you voluntarily terminate your employment pursuant to an Approved Early Resignation, you will be entitled to the severance payments and benefits described in the Separation Agreement; provided, that (i) you execute and do not revoke the Separation Agreement prior to the applicable revocation period stated therein, and (ii) you continue to comply with any confidentiality, non-disparagement and any other restrictive covenants applicable to you. For the avoidance of doubt, if your employment is terminated for Cause or due to death or Disability, or you voluntarily terminate your employment for any reason prior to the Separation Date (other than pursuant to an Approved Early Resignation), you shall not be entitled to the severance payments and benefits described in the Separation Agreement, other than the accelerated vesting of the Unvested Units upon a termination due to death or Disability described in Section 2(b) above.

4. **Non-Disparagement.** You represent, warrant and agree, for yourself and any other representatives while they are acting on your behalf, that you (and they) will not engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to the good will of, or the business or personal reputations of, any of the Company and its subsidiaries and affiliates and their officers, employees, directors or shareholders, past, present and future, provided that nothing in this Agreement shall prohibit or restrict you from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the Company, or any Company matter, if requested by a director, or if required to do so by court order or legal or administrative process to the extent set forth in Section 7 of the Separation Agreement as if set forth in its entirety herein. The Company shall direct its senior executive officers and directors not to engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to your good will, or your business or personal reputation, provided that nothing in this Agreement shall prohibit or restrict the Company from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the

Company, or any Company matter, if required to do so by court order or legal or administrative process. This provision applies not only to verbal communications but also to all written communications, including but not limited to communications through social media/social networking sites such as Facebook, Twitter and the like.

5. **Indemnification.** During your employment and at all times thereafter, you shall be indemnified as provided in the Company's Certificate of Incorporation for current officers of the Company to the maximum extent allowed under the laws of the State of Delaware, and you shall be entitled to the advancement of expenses (including attorneys' fees) as provided in the Company's Certificate of Incorporation for current officers of the Company. No amendment to the Certificate of Incorporation of the Company after the date of this Agreement shall reduce the foregoing indemnification or advancement of expenses obligations. In addition, you shall be entitled to the protection afforded an officer of the Company under any insurance policies the Company may elect to maintain generally for the benefit of its directors and officers against all costs, charges and expenses incurred or sustained by you in connection with any action, suit or proceeding to which you may be made a party by reason of your being or having been a director, officer or employee of the Company or any of its subsidiaries (other than any dispute, claim or controversy arising under or relating to this Agreement).

6. **Executive Release**

(a) You, on behalf of yourself, your heirs, executors, administrators and/or assigns, do hereby release and discharge the Company, its subsidiaries, predecessors, successors and assigns and their officers, directors, employees, consultants, agents, insurers,

reinsurers, shareholders, representatives and assigns, past, present and future, (collectively with the Company, the "Releasees"), of and from any and all legally waivable suits, debts, complaints, claims, liabilities, demands or causes of action, or any right to any other monetary recovery or personal relief, known or unknown, of whatever nature, which you, or any of your heirs, executors, administrators, and assigns ever had or now have against each or any of the Releasees, based upon or arising from any fact or set of facts, whether known or unknown to you, from the beginning of time to the date of execution of this Agreement, including, without limitation, any and all claims arising out of or relating to your employment by the Company or the separation of your employment. Without limiting the generality of the foregoing, this release includes any claim or right based upon or arising under any federal, state or local law regarding fair employment practices, equal opportunity in employment, employment discrimination, retaliation, harassment, leaves of absence, payment of wages or benefits, working conditions, separation of employment, whistleblowing, or otherwise regulating employment, including, but not limited to, any and all claims under Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1870, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act, the Genetic Information Nondiscrimination Act, the Fair Labor Standards Act, each as amended, and any and all other federal, state or local statutory or common law claims, now or hereafter recognized, including but not

limited to, any claims for economic loss, compensatory damages, punitive damages, liquidated damages, attorneys' fees, expenses and costs.

(b) The release set forth in Section 6(a) above excludes: claims arising after you sign this Agreement; claims for breach of this Agreement or the Separation Agreement (as defined below); claims for indemnification under Section 5 of this Agreement, the governing documents of the Company or its subsidiaries or affiliates, the laws of the State of Delaware or any related insurance policy; claims to any vested benefits to which you are entitled under any of the Company's employee benefit plans, in accordance with the terms of the applicable plan documents; and claims that cannot be waived, such as claims for unemployment or workers' compensation, claims arising under the Federal Fair Labor Standards Act or applicable state wage and hour laws, and any claims that cannot be waived as a matter of law. Neither the release set forth in Section 6(a) above nor anything else in this Agreement limits your rights to file a charge with any administrative agency (such as the U.S. Equal Employment Opportunity Commission or a state fair employment practices agency) or to participate in an agency investigation or other administrative proceeding. However, you give up all rights to any money or other personal benefit from any administrative charge, investigation, or other administrative proceeding.

(c) You further agree and covenant that should any person, organization, or other entity file, charge, claim, sue, or cause or permit to be filed any civil action, suit or legal proceeding, or if any person, organization, or other entity has filed, charged, claimed, sued, or caused or permitted to be filed any civil action, suit or legal proceeding, against any of the Releasees involving any matter encompassed by the release of claims in subsection 6(a) above, you are not entitled to and will not seek or accept personal equitable or monetary relief in such civil action, suit or legal proceeding.

(d) You affirm that you have reported to the Company in writing any work-related physical or mental injury, illness or impairment, which you may have experienced.

7. Company Release.

(a) The Company, on behalf of itself, and its subsidiaries, directors, officers, predecessors, successors and assigns and shareholders (the "**Company Release Parties**"), does hereby release and discharge you from any and all legally waivable suits, debts,

complaints, claims, liabilities, demands or causes of action, or any right to any other monetary recovery or personal relief, known or unknown, of whatever nature, which the Company Release Parties ever had or now have against you, based upon or arising from any fact or set of facts, whether known or unknown to the Company Release Parties, from the beginning of time to the date of execution of this Agreement, including, without limitation, any and all claims arising out of or relating to your employment by the Company or the separation of your employment.

(b) The release set forth in Section 7(a) above excludes: claims arising after the date the Company signs this Agreement; claims for breach of this

Agreement; claims relating to your fraud, willful misconduct or misappropriation; and any claims that cannot be waived as a matter of law.

8. Choice of Law; Forum; Waiver of Jury Trial; Contract

Interpretation.

(a) This Agreement shall be deemed to be made under, and in all respects shall be interpreted, construed and governed by and in accordance with, the laws of the State of New York without reference to its conflict of law principles.

(b) The parties hereto hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State of New York with respect to the interpretation and enforcement of the provisions of this Agreement, and each of the parties hereby waives, and agrees not to assert as a defense, that he or it is not subject thereto or that the venue thereof may not be appropriate. Each of the parties hereby agrees that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by law shall be valid and sufficient service thereof.

(c) Each of the parties hereby waives any right to a jury trial on any issue in any controversy relating to, arising out of, pertaining to or affecting this Agreement, your employment by the Company and/or the separation of your employment, including, but not limited to, any federal or state statutory or common law claims, including, but not limited to, any right to a jury trial provided by statute, the Seventh Amendment to the United States Constitution, or any other authority.

(d) Any court hearing any dispute between the parties shall have the authority to award attorneys' fees and costs to the prevailing party.

(e) Each of the parties hereby agrees that the language of all parts of this Agreement shall be construed as a whole, and according to their fair meaning and not strictly for or against you or the Company.

9. Public Statements. The Company agrees to provide you with the opportunity to review and consent to all of its public written disclosures (internal and external) about this Agreement; provided such consent will not be unreasonably withheld, conditioned, or delayed, and that nothing herein shall prevent the Company from providing any truthful information concerning your separation as may be necessary to comply with the law.

10. Miscellaneous.

(a) The Company may withhold from any payment due hereunder any taxes that are required to be withheld under any law, rule or regulation.

(b) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that you may not assign this Agreement without the express written consent of the Company.

(c) In the event any paragraph, section, sentence, provision, or clause of this Agreement, or portion thereof, shall be determined to be illegal, invalid, or unenforceable, the remainder of this Agreement, and the remainder of any such paragraph, section, sentence, provision, or clause shall not be affected and shall be given full effect without regard to the illegal, invalid or unenforceable portion.

[Remainder of Page Left Intentionally Blank]

Very truly yours,

ALTICE USA, INC.

By:



Dexter
Goei
Chief
Executive
Officer

Acknowledged and Agreed:



EXHIBIT A

«Term Date»

David Connolly
c/o Altice USA, Inc. Court Square West
Long Island City, NY 11101

Dear David:

As you know, your employment with Altice USA, Inc. (the "**Company**" as defined below) ceased as of «**Term Date**» (the "**Separation Date**"). We are prepared to provide you with certain Severance Benefits (as defined in Section 2 below) as set forth in this Agreement (the "**Agreement**") in exchange for your executing, delivering and performing all of the terms, conditions and obligations applicable to you under this Agreement. To receive the Severance Benefits set forth in Section 2 below, you must return one originally signed copy of this Agreement to Altice USA, Inc., Attention: Colleen Schmidt, EVP, Human Resources, One Court Square - 48th Floor, Long Island City, New York, 11101, no later than «**Return Agreement Date**». This Agreement shall become automatically null and void after «**Return Agreement Date**» unless it is executed by you and returned to Colleen Schmidt no later than «**Return Agreement Date**». For purposes of this Agreement, the "Company" shall be defined as Altice USA, Inc., together with its direct and indirect parent corporations, subsidiaries, affiliates, joint ventures, partners, and related entities, past, present and future, and its or their predecessors, successors and assigns.

You acknowledge and agree that the Severance Benefits provided to you herein are in exchange for your promises, representations, releases, agreements and obligations contained herein and are valuable and sufficient consideration to which you would not otherwise be entitled. Now, therefore, you and the Company agree as follows:

1. Separation of Employment/Effect on Benefits

(a) **Separation of Employment.** Your employment terminated as of the Separation Date. As of that date, you ceased to accrue credit toward vacation, 401 (k) vesting or any other benefits.

(b) **Return of Company Property.** You acknowledge and agree that you have returned to the Company all of the Company's property, including, without limitation, Confidential and Proprietary Information (as defined in Section 5(b) below), keys, Company identification cards, access, press and other passes, and all documents, files, equipment, computers, laptops, printers, cell phones, monitors, telephones, pagers, iPads, iPhones, VPN fobs, cameras, wireless cards, Live U backpacks, BlackBerry or similar devices, fax machines, credit cards, computer software, diskettes and access materials and other property prepared by, for or belonging to the Company (all of such property being referred to herein as "**Company**

Property"). Notwithstanding the foregoing, in certain circumstances and solely in the Company's discretion, you may be eligible to retain your Company cellular phone or smart phone and/or tablet, which will be remotely wiped of all Confidential and Proprietary Information. You acknowledge and agree that other than for Company business prior to the Separation Date: (i) you have not utilized the Company Property or made or retained any copies, duplicates, reproductions or excerpts of the Company Property, and (ii) you have not accessed, utilized or affected in any manner, any of the Company Property, including, without limitation, its electronic communications systems or any information contained therein.

(c) Life, Disability and AD&D Insurance. Your Company-sponsored life, short- and long-term disability and accidental death and dismemberment ("**AD&D**") insurance coverage, if any, ceased as of the Separation Date. There is a thirty-one (31) day grace period after the Separation Date during which you may elect to continue your Company-sponsored life insurance coverage, if applicable. You may continue to receive such coverage by contacting Securian Life Insurance Company at 1-866-365-2374 within the 31-day period.

(d) Retirement Plans. Any vested benefits that you may have accrued under the Company-sponsored 401 (k) Savings Plan or any other Company-sponsored benefit plan (the "**Plans**") will be payable after the Separation Date in accordance with the terms of those Plans, as explained in the summary plan descriptions you have previously received. As a result of the separation of your employment on the Separation Date, pursuant to the terms and conditions of the Plans, you forfeited all benefits that were not vested as of the Separation Date. You may obtain additional copies of the summary plan descriptions from the HR Service Center, which can be reached at 1-866-356-3315.

(e) Vacation. You will be paid for all accrued and unused vacation days through the Separation Date in accordance with Company policies as soon as reasonably practicable following the Separation Date or in accordance with applicable state law.

2. Severance Benefits

Subject to the terms and conditions contained in this Agreement, if you: (i) execute and deliver this Agreement to the Colleen Schmidt by the date set forth above, and (ii) have complied with all of the terms, conditions and obligations applicable to you under this Agreement, and (iii) do not revoke this Agreement during the Revocation Period, as defined in Section 10(a) below:

(a) Severance. The Company will continue to pay you \$400,000 subject to reduction for applicable withholding taxes and deductions (the "**Severance**"). The Severance will be paid to you in biweekly installments for the twelve (12) month period following March 31, 2020 until it is paid in full in accordance with the Company's prevailing payroll practices following the "Effective Date" of this Agreement (as defined in Section 10(b) below).

(b) Altice USA Bonus. If your Separation Date before payments are made pursuant to the Company's Altice USA Program (the "**Altice USA Bonus**") for calendar year 2019, and payments are made to active participating employees, you will be eligible to receive an Altice USA Bonus with respect to calendar year 2019, in accordance with that certain Letter

Agreement, by and between, you and the Company dated as of [DATE], 2019 (the "**Letter Agreement**"), despite your no longer being employed by the Company on the date on which any such bonus would typically be paid. For the avoidance of doubt, the amount of the Altice USA Bonus shall not be pro-rated for any partial service during calendar year 2019 but shall be paid as if you were employed for the entire calendar year. This amount, subject to reduction for applicable withholding taxes and deductions, will be payable to you if and when such bonuses are generally paid to similarly situated active employees.

(c) Equity. Any unvested units granted pursuant to the Neptune Management Limited Partnership Carry Unit Plan shall be treated in accordance with Section 2(b) of the Letter Agreement.

(d) Health Coverage. Your Company-sponsored medical, dental and vision coverage will continue through the last day of the month in which the Separation Date occurs. Thereafter, you, and your eligible dependents, may be eligible to obtain continuation coverage for a period of time thereafter pursuant to the federal COBRA statute, and/or its New York State counterpart, by returning an election form and paying the required premiums on a timely basis. If you elect COBRA coverage, the Company will subsidize your COBRA payments for a period of three (3) months from the first day of the month following the month in which the Separation Date occurs so that you will continue to receive such benefits at your active employee rate. Further details regarding COBRA coverage and any necessary forms will be sent to you under separate cover.

(e) Employee Assistance Program. You will be able to participate in the Company's Employee Assistance Program at no cost to you for a period of three (3) months following your Separation Date. Further details regarding this benefit will be sent to you under separate cover.

(f) Outplacement. The Company will assist you in your transition by providing you with an outplacement services package, as set forth in the additional information provided to you regarding this benefit. You may commence outplacement services immediately and in no event later than the date that is four (4) months after the Separation Date. You further acknowledge and agree that if you do not sign this Agreement, or if you sign and subsequently revoke this Agreement, you will no longer be entitled to outplacement services and if you have begun such services, you will cease them immediately.

(g) Continued Compliance. Without waiver of the Company's remedies for any breach of this Agreement, all amounts and other benefits due to you hereunder are expressly conditioned on your not, at any time, being in breach of this Agreement.

(h) No Other Severance Benefits. Payment. Consideration or Separation Benefits. For purposes of this Agreement, the consideration set forth in this Section 2 shall be referred to as the "**Severance Benefits**." The Severance Benefits represent a complete settlement, release and waiver of any claims for allegedly lost wages, benefits, bonuses, or other compensation, mental, physical or other personal injuries, pain and suffering, and costs in connection with any other relief you may seek or claim you may have against the Company. You hereby confirm that all monies or remuneration of any kind or nature due to you previously have been paid. You agree that no other monies or relief are due to you, other than the payments provided for in this

Agreement in consideration of your general release of all claims that you have or may have had against the Releasees (as defined in Section 3(a) below).

3. Executive Release

(a) You, on behalf of yourself, your heirs, executors, administrators and/or assigns, do hereby release and discharge the Company, its subsidiaries, predecessors, successors and assigns and their officers, directors, employees, consultants, agents, insurers, reinsurers, shareholders, representatives and assigns, past, present and future, (collectively with the Company, the "**Releasees**"), of and from any and all legally waivable suits, debts, complaints, claims, liabilities, demands or causes of action, or any right to any other monetary recovery or personal relief, known or unknown, of whatever nature, which you, or any of your heirs, executors, administrators, and assigns ever had or now have against each or any of the Releasees, based upon or arising from any fact or set of facts, whether known or unknown to you, from the beginning of time to the date of execution of this Agreement, including, without limitation, any and all claims arising out of or relating to your employment by the Company or the separation of your employment. Without limiting the generality of the foregoing, this release includes any claim or right based upon or arising under any federal, state or local law regarding fair employment practices, equal opportunity in employment, employment discrimination, retaliation, harassment, leaves of absence, payment of wages or benefits, working conditions, separation of employment, whistle-blowing, or otherwise regulating employment, including, but not limited to, any and all claims under the Age Discrimination in Employment Act of 1967 ("**ADEA**"), the Older Workers Benefit Protection Act, Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1870, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, the Family and Medical Leave Act, the Genetic Information Nondiscrimination Act, the Fair Labor Standards Act, each as amended, and any and all other federal, state or local statutory or common law claims, now or hereafter recognized, including but not limited to, any claims for economic loss, compensatory damages, punitive damages, liquidated damages, attorneys' fees, expenses and costs.

(b) The release set forth in Section 3(a) above excludes: claims arising after you sign this Agreement; claims for breach of this Agreement or the Letter Agreement; claims for indemnification under Section 5 of the Letter Agreement, the governing documents of the Company or its subsidiaries or

affiliates, the laws of the State of Delaware or any related insurance policy; claims to any vested benefits to which you are entitled under any of the Company's employee benefit plans, in accordance with the terms of the applicable plan documents; and claims that cannot be waived, such as claims for unemployment or workers' compensation, claims arising under the Federal Fair Labor Standards Act or applicable state wage and hour laws, and any claims that cannot be waived as a matter of law. Neither the release set forth in Section 3(a) above nor anything else in this Agreement limits your rights to file a charge with any administrative agency (such as the U.S. Equal Employment Opportunity Commission or a state fair employment practices agency) or to participate in an agency investigation or other administrative proceeding. However, you give up all rights to any money or other personal benefit from any administrative charge, investigation, or other administrative proceeding.

(c) You further agree and covenant that should any person, organization, or other entity file, charge, claim, sue, or cause or permit to be filed any civil action, suit or legal proceeding, or if any person, organization, or other entity has filed, charged, claimed, sued, or caused or permitted to be filed any civil action, suit or legal proceeding, against any of the Releasees involving any matter encompassed by the release of claims in subsection 3(a) above, you are not entitled to and will not seek or accept personal equitable or monetary relief in such civil action, suit or legal proceeding, except as provided in Section 7.

(d) You affirm that you have reported to the Company in writing any work-related physical or mental injury, illness or impairment, which you may have experienced.

4. Company Release

(a) The Company, on behalf of itself, and its subsidiaries, directors, officers, predecessors, shareholders, successors and assigns, (the "**Company Release Parties**"), does hereby release and discharge you from any and all legally waivable suits, debts, complaints, claims, liabilities, demands or causes of action, or any right to any other monetary recovery or personal relief, known or unknown, of whatever nature, which the Company Release Parties ever had or now have against you, based upon or arising from any fact or set of facts, whether known or unknown to the Company Release Parties, from the beginning of time to the date of execution of this Agreement, including, without limitation, any and all claims arising out of or relating to your employment by the Company or the separation of your employment.

(b) The release set forth in Section 4(a) above excludes: claims arising after the Effective Date; claims for breach of this Agreement; claims relating to your fraud, willful misconduct or misappropriation; and any claims that cannot be waived as a matter of law.

5. Confidentiality

(a) Agreement. Except as set forth in Section 7, you hereby agree to keep the existence and terms of this Agreement confidential and not to disclose them to any persons other than to your legal, financial and/or tax advisors or to members of your immediate family (all of whom shall also be bound by the foregoing confidentiality covenant) or as required by law, rule, regulation or judicial process.

(b) Confidential and Proprietary Information. You hereby represent, warrant and agree that: (i) during the course of your employment, you were provided and/or have had access to Confidential and Proprietary Information (as defined below), (ii) you have not removed, nor shall you at any time (including after the Separation Date) remove from any Company facility any Confidential and Proprietary Information and/or documents, materials, or copies thereof containing any Confidential and Proprietary Information (including, without limitation, electronic data in any form) other than as necessary to perform your responsibilities to and on behalf of the Company, and (iii) you shall retain in strict confidence and shall not use for any purpose whatsoever or divulge, disseminate, copy, disclose to any third party, or otherwise use any Confidential and Proprietary Information. You further understand and agree that all Confidential and Proprietary Information has been divulged or made available to you in confidence and that it would be damaging to the Company if any such Confidential and

Proprietary Information were disclosed to any competitor of the Company or any third party or person. Further, except as provided in Section 7, you agree not to discuss any information that you have obtained through your employment about the Company or any of its present or former officers, directors, executives, employees, representatives, or shareholders, or any aspects of your tenure as an employee or separation from employment (whether or not such information constitutes Confidential and Proprietary Information) with any reporter, author, producer or similar person or entity, or take any other action seeking to publicize or disclose any such information in any way likely to result in such information being made available to the general public in any form, including books, articles, or writings of any kind, film, videotape, audiotape, Internet websites or any other medium. As used in this Agreement, "**Confidential and Proprietary Information**" means any non-public information of a confidential or proprietary nature of any of the Releasees, including, without limitation: (i) information of a commercially sensitive, proprietary or personal nature or that, if disclosed, could have an adverse effect on any of the Releasees' standing in the community, its or their business reputations, operations or competitive positions, (ii) information and documents that have been designated or treated as confidential, (iii) financial data; customer, guest, vendor or shareholder lists or data; advertising, business, sales or marketing plans, tactics and strategies; projects; technical or strategic information about any of the Company's businesses; plans or strategies to market or distribute the services or products of such businesses; plans, tactics, or strategies for third-party negotiations, including but not limited to planned or actual collective bargaining negotiations; economic or commercially sensitive information, policies, practices, procedures or techniques; trade secrets and other intellectual property; merchandising, advertising, marketing or sales strategies or plans; litigation theories or strategies; terms of agreements with third parties and third party trade secrets; information about any of the Releasees' (to the extent applicable) employees, guests, agents, compensation (including, but not limited to, bonuses, incentives and commissions), or other human resources policies, plans and procedures, or any other non-public material or information relating to any of the Releasees, and (iv) any information (personal, proprietary or otherwise) you learned about any officer, director or member of management of the Company, whether prior, during or subsequent to your employment by the Company.

6. Physical and Intellectual Property

You agree that the Company is the owner of all rights, title and interest in and to all documents, tapes, videos, designs, plans, formulas, models, processes, computer programs, inventions (whether patentable or not), schematics, music, lyrics and other technical, business, financial, advertising, sales, marketing, customer or product development plans, forecasts, strategies, information and materials (in any media whatsoever) developed or prepared by you or with your cooperation during the course of your employment by the Company (the "**Materials**"). The Company will have the sole and exclusive authority to use the Materials in any manner that it deems appropriate, in perpetuity, without payment to you.

7. Exception for Disclosure Pursuant to Law

Nothing in this Agreement shall prohibit or restrict you from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the Company, or any Company matter, if required to do so by court order or legal or administrative process, provided however, that you give the Company

written notice of such court order or legal or administrative process within five (5) business days of your receipt of the court order or legal or administrative process notification, or earlier if the return date is less than five (5) business days from your receipt of the court order or legal or administrative process notification, sent by facsimile and overnight mail to the General Counsel, facsimile number (929-418-4699), unless to do so would place you in violation of any court order or legal or administrative process. In the event you receive a subpoena or other judicial process or request of a governmental authority to provide information subject to the attorney client and/or work product privileges, you shall immediately inform the General Counsel at the facsimile number above and shall take all reasonable steps necessary to maintain the privileged nature of such information. In addition, nothing in this Agreement shall prohibit or restrict you from: (i) cooperating, participating or assisting in any investigation

or proceeding brought by any federal, state or local regulatory or law enforcement agency or legislative body, or any self regulatory organization, or the Company's legal, compliance or human resources officers; or (ii) reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. If you make a report or disclosure pursuant to the foregoing subsection (ii), you are not required to obtain prior authorization from the Company to make such report or disclosure and you are not required to notify the Company that you have done so. Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

8. Further Cooperation

You agree to reasonably cooperate with and assist the Company in connection with any matter with which you were involved prior to the Separation Date, and/or in any litigations, investigations, regulatory matters, arbitrations, negotiations (including, without limitation, collective bargaining negotiations), disputes, claims, charges filed with any federal, state, or local governmental agency, or administrative proceedings or appeals (including any preparation therefor) that (i) relate to your employment with the Company, services performed or required by you, or any act or omission by you; (ii) as to which you may have pertinent information; and/or (iii) where the Company believes that your personal knowledge, attendance and participation could be necessary. Such cooperation shall include, but is not limited to, your providing truthful testimony by affidavit, deposition, testimony or otherwise in connection with a trial, arbitration or similar proceeding, upon the Company's request. You further agree to make yourself reasonably available for preparation for hearings, proceedings or litigation and for attendance at any pre-trial discovery and trial sessions. You further agree to perform all acts and execute any and all documents reasonably necessary to carry out the provisions of this paragraph. Any cooperation pursuant to this Section 8 occurring after your termination of employment shall be scheduled to the extent reasonably practicable so as not to unreasonably interfere with your business or personal affairs.

9. Right to Counsel/Voluntary Waiver

The Company advises you to consult with a lawyer before executing this Agreement and you acknowledge that you: (i) have been provided with a period of at least twenty-one (21) days to do so, (ii) have read this Agreement (including, but not limited to, the "Release" in Section 3(a) above), (iii) fully understand the terms of this Agreement, and (iv) have executed this Agreement knowingly and voluntarily and without coercion, whether express or implied.

10. Revocation

(a) **Right to Revoke.** You may revoke this Agreement within seven (7) days after the date on which you sign it (the "**Revocation Period**"). This Agreement will not be binding or enforceable until that seven- (7) day Revocation Period has expired. If you decide to revoke this Agreement, you must notify us of your revocation in a letter signed by you and received by Colleen Schmidt, 1 Court Square, Long Island City, NY 11101 no later than the seventh (7th) day after you signed this Agreement. A letter of revocation that is not post-marked by the seventh (7th) day after you have signed the Agreement will be invalid and will not revoke this Agreement.

(b) Effective Date of Agreement. If you have not revoked this Agreement in accordance with this Section 10, the eighth (8th) day after the date on which you sign the Agreement shall be the "**Effective Date**" of this Agreement.

11. Post-Employment Restrictions

(a) Non-Disparagement. You represent, warrant and agree, for yourself and any other representatives while they are acting on your behalf, that you (and they) have not and will not engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to the good will of, or the business or personal reputations of, any of the Company and its subsidiaries and affiliates and their officers, employees, directors or shareholders, past, present and future, provided that nothing in this Agreement shall prohibit or restrict you from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the Company, or any Company matter, if requested by a director, or if required to do so by court order or legal or administrative process to the extent set forth in Section 7 above. The Company shall direct its senior executive officers and directors not to engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to your good will, or your business or personal reputation, provided that nothing in this Agreement shall prohibit or restrict the Company from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the Company, or any Company matter, if required to do so by court order or legal or administrative process. This provision applies not only to verbal communications but also to all

written communications, including but not limited to communications through social media/social networking sites such as Facebook, Twitter and the like.

(b) Confidential Information. You acknowledge and agree that your obligation not to disclose Confidential Information as set forth in detail in Section 5 above continues in full force and effect not only for the duration of your employment with the Company, but also upon and after your employment with the Company ceases. You hereby acknowledge and agree that due to your position with the Company and your knowledge of the Company's Confidential and Proprietary Information (as that term is defined in Section 5(b) above), your employment by or affiliation with certain entities, or your solicitation of the Company's employees, customers, consultants, or vendors, would be detrimental to the Company.

(c) Non-Competition. You further hereby acknowledge and agree that the services rendered by you for the Company are special and unique and that a part of the consideration set forth in this Agreement is in exchange for your promises set forth in this Section 11. You hereby represent, warrant and confirm that, you have not and will not for the period of time during which you are receiving the Severance Benefits under this Agreement, directly or indirectly, become employed by, assist, consult to, advise in any manner or have any material interest in, any Competitive Entity, with which you would hold a role or position similar to any role or position you held with the Company, or for whom you would provide services similar to those you provided to the Company, during the twenty-four (24) months preceding the Separation Date or in which you would have responsibility for or access to confidential information similar or relevant to that which you had access to during the twenty-four (24) months preceding the Separation Date. A "Competitive Entity" shall mean any multiple system operator and any person, entity or business that competes with any of the Company's cable television, video programming distribution, advertising, voice-over internet protocol, telephone, on-line data, content and wired or wireless data businesses, or mobile phone/data and MVNO business, as well as such other businesses as the Company engages in as of the Separation Date. Your agreement not to compete is limited to within 100 miles of the office(s), whether home or business, from which you reported, primarily worked or provided substantial services on behalf of the Company during the twenty-four (24) months preceding the Separation Date. Ownership of not more than one percent (1%) of the outstanding stock of any publicly traded company shall not, by itself, constitute a violation of this provision.

(d) Non-Solicitation. You agree not to solicit, contact or persuade, directly or indirectly (whether for your own interest or any other person or entity's interest) any employee, customer (from which the Company received payment or payment-in-kind), consultant or vendor of the Company to leave the employ of the Company or to cease or to reduce working for and/or doing business with the Company for one (1) year after the Separation Date.

You acknowledge that, in your role with the Company, you had access to documents and information regarding the Company's customers, clients, services, methods of operation, sales, pricing, employees, and the specialized business needs of the Company's customers and clients, which documents and information are highly confidential. You acknowledge that this information, as well as the Company's relationships with its employees and customers, are among the Company's most important assets and business interests, and due to the nature of your employment with the Company, you have been placed in a position to

create, maintain, and build those relationships into an asset that is of significant value to the Company and for which you have been previously compensated. You recognize that because of this, and in exchange for the Severance Benefits, you agree to abide by the post-employment restrictions.

(e) Reasonableness of Restraints and Modification. You agree that you and the Company have attempted to limit your right to solicit and compete as applicable only to the extent permitted by applicable law and necessary to protect the Company from unfair competition. If a court of competent jurisdiction determines that the restrictions in this Section 11 are too long in duration or too broad in scope to be reasonable and enforceable, the court shall amend such a provision only so much as is necessary for the restrictions to be reasonable and enforceable.

12. Choice of Law/Forum/Waiver of Jury Trial/Contract Interpretation

(a) This Agreement shall be deemed to be made under, and in all respects shall be interpreted, construed and governed by and in accordance with, the laws of the State of New York without reference to its conflict of law principles.

(b) You hereby irrevocably submit to the jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in the State of New York with respect to the interpretation and enforcement of the provisions of this Agreement, and you hereby waive, and agree not to assert, as a defense that you are not subject thereto or that the venue thereof may not be appropriate. You hereby agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by law shall be valid and sufficient service thereof.

(c) You hereby waive any right to a jury trial on any issue in any controversy relating to, arising out of, pertaining to or affecting this Agreement, your employment by the Company and/or the separation of your employment, including, but not limited to, any federal or state statutory or common law claims, including, but not limited to, any right to a jury trial provided by statute, the Seventh Amendment to the United States Constitution, or any other authority.

(d) You agree that the language of all parts of this Agreement shall be construed as a whole, and according to their fair meaning and not strictly for or against you or the Company.

13. Additional Provisions

(a) Breach of Agreement. You hereby acknowledge and agree that your breach or threatened breach of Sections 5, 6, 7, 8, or 11 of this Agreement will cause irreparable harm to the Company for which monetary damages alone will not provide an adequate remedy. Accordingly, the Company, in addition to any other rights or remedies available to it under this Agreement or otherwise, will be entitled to an injunction to be issued by any court of competent jurisdiction

restraining you from committing or continuing any violation of these provisions, without the necessity of showing actual damage and without any bond or other security being required.

(b) Withholdings and Tax Consequences. The Company may withhold from any payment due hereunder any taxes that are required to be withheld under any law, rule or regulation. This Agreement, and the provision of payments hereunder, is intended to be exempt from Internal Revenue Code Section 409A both as a short term deferral and separation pay plan. The Company does not guarantee the tax treatment of any Agreement payments, including without limitation, under the Internal Revenue Code, federal, state or local laws. You agree that you have not relied on any advice from the Company, the Releasees, or their attorneys concerning the tax consequences of the payments made pursuant to this Agreement.

(c) Non-Admission of Liability. The parties agree and acknowledge that nothing in this Agreement, including the settlement and termination of any asserted or unasserted claims against any of the Releasees, shall constitute or be construed to be an admission of any liability, wrongdoing or violation of any federal, state or local statute or regulation, or of any duty owed, contractual or otherwise, by either party.

(d) Entire Agreement. This Agreement and the Letter Agreement set forth the entire agreement of the parties concerning any severance benefits which may be due to you in connection with your separation from employment, and supersede any and all prior agreements, discussions, understandings, promises and expectations with respect to the subject matter thereof. This Agreement may be modified only by a written instrument signed by you and by the Company.

(f) Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that you may not assign this Agreement without the express written consent of the Company.

(g) Severability. In the event any paragraph, section, sentence, provision, or clause of this Agreement, or portion thereof, shall be determined to be illegal, invalid, or unenforceable, the remainder of this Agreement, and the remainder of any such paragraph, section, sentence, provision, or clause shall not be affected and shall be given full effect without regard to the illegal, invalid or unenforceable portion, provided, however, if Section 3(a) above is held illegal, invalid or unenforceable, the Company shall be released from any obligations under Section 2 above.

(h) Rehire. If you are rehired by the Company during the Severance Period, you agree that the Company's obligations to provide the Severance Benefits to you in accordance with Section 2 will terminate as of the date of rehire, and you will waive any further rights to the Severance Benefits under this Agreement.

(i) Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code ("**Section 409A**") or are exempt therefrom and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered so as to be in compliance therewith. The parties hereby acknowledge and agree that (i) the Severance Benefits due to you under Section 2 of this Agreement are payable or provided to you on account of your "separation from service" within the meaning of Section

409A; and (ii) each installment of the Severance payable to you under Section 2 of this Agreement is intended to be treated as a separate payment for purposes of Section 409A that is exempt from Section 409A, to the maximum extent possible, under the "short-term deferral" exemption of Treasury Regulation Section 1.409A-1 (b)(4) and/or the "window program" exemption of Treasury Regulation Section 1.409A-1(b)(9)(iii). In no event may you, directly or indirectly, designate the calendar year of any payment under this Agreement. Notwithstanding anything in this Agreement to the contrary, in the event that you are deemed to be a "specified employee" within the meaning of Section 409A (a)(2)(B)(i), no payments

hereunder that are "deferred compensation" subject to Section 409A shall be made to you prior to the date that is six (6) months after your "separation from service" (as defined in Section 409A) or, if earlier your date of death. Following any applicable six (6) month delay, all such delayed payments shall be paid in a single lump sum on the earliest date permitted under Section 409A that is also a business day.

14. Acknowledgments and Waivers Including Express Waiver Under the ADEA

By signing below, you certify and acknowledge as follows:

(a) That you have read the terms of this Agreement, and that you understand its terms and effects, including the fact that under this Agreement you have agreed to **RELEASE AND FOREVER DISCHARGE** the Releasees from any legal action arising out of or relating to your employment by the Company or the separation of your employment, up and through the date of your execution of this Agreement, including any and all claims relating to age discrimination under the ADEA;

(b) That you have signed this Agreement voluntarily and knowingly in exchange for the Severance Benefits described herein, which you acknowledge are adequate and satisfactory to you and which you acknowledge are in addition to any other benefits to which you are otherwise entitled;

(c) That you have been and are hereby advised in writing to consult with an attorney prior to signing this Agreement, and that you have been given an adequate opportunity to do so;

(d) That under this Agreement you do not waive rights or claims that may arise after the date this Agreement is executed;

(e) That the Company has provided you with a period of at least twenty-one (21) days within which to consider this Agreement, and that you have signed on the date indicated below after concluding that this Agreement is satisfactory to you;

(f) That if you choose to execute this Agreement before the expiration of the twenty-one (21) day period, you do so freely, voluntarily and with full knowledge of your rights; and

(g) That this Agreement may be revoked by you within seven (7) calendar days after you execute this Agreement, in accordance with Section 10(a) above, and it shall not become effective until the expiration of such seven- (7) day revocation period.

We wish you luck in your future endeavors.

Sincerely yours,



Colleen R. Schmidt EVP, Human Resources

Date: «Term Date»

Accepted and Agreed to:

David Connolly

Date

CERTIFICATION

I, Dexter Goei, Chief Executive Officer and Director of Altice USA, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Altice USA, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2019

By: /s/ Dexter Goei
Dexter Goei
Chief Executive Officer and Director

CERTIFICATION

I, Charles Stewart, Co-President, Chief Financial Officer and Director of Altice USA, Inc., certify that:

1. I have reviewed this report on Form 10-Q of Altice USA, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2019

By: /s/ Charles Stewart
Charles Stewart
Co-President, Chief Financial Officer and Director

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Altice USA, Inc. ("Altice USA") hereby certifies, to such officer's knowledge, that Altice USA's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Altice USA.

Date: July 31, 2019

By: /s/ Dexter Goei
Dexter Goei
Chief Executive Officer and Director

Date: July 31, 2019

By: /s/ Charles Stewart
Charles Stewart
Co-President, Chief Financial Officer and Director