

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 March 31, 2020

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 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 Registrant was required to submit such files).

Yes No

Indicate by check mark whether the 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
(Do not check if a smaller reporting company)		Emerging growth company	<input type="checkbox"/>

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	NYSE
Number of shares of common stock outstanding as of April 24, 2020		593,521,448

ALTICE USA, INC. AND SUBSIDIARIES
FORM 10-Q
TABLE OF CONTENTS

	<u>Page</u>
PART I. FINANCIAL INFORMATION	<u>4</u>
Item 1. Financial Statements	
ALTICE USA, INC. AND SUBSIDIARIES	
Consolidated Financial Statements	
Consolidated Balance Sheets - March 31, 2020 (Unaudited) and December 31, 2019	<u>4</u>
Consolidated Statements of Operations - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>6</u>
Consolidated Statements of Comprehensive Income (Loss) - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>7</u>
Consolidated Statements of Stockholders' Equity - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>8</u>
Consolidated Statements of Cash Flows - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>10</u>
Combined Notes to Consolidated Financial Statements	<u>20</u>
Supplemental Financial Statements Furnished:	
CSC HOLDINGS, INC. AND SUBSIDIARIES	
Consolidated Financial Statements	
Consolidated Balance Sheets - March 31, 2020 (Unaudited) and December 31, 2019	<u>12</u>
Consolidated Statements of Operations - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>14</u>
Consolidated Statements of Comprehensive Income (Loss) - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>15</u>
Consolidated Statements of Member's Equity - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>16</u>
Consolidated Statements of Cash Flows - Three months ended March 31, 2020 and 2019 (Unaudited)	<u>18</u>
Combined Notes to Consolidated Financial Statements	<u>20</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>37</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	<u>51</u>
Item 4. Controls and Procedures	<u>53</u>
PART II. OTHER INFORMATION	<u>53</u>
Item 1. Legal Proceedings	<u>53</u>
Item 1A. Risk Factors	<u>53</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>54</u>
Item 6. Exhibits	<u>55</u>
SIGNATURES	<u>56</u>

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, 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 mobile voice and data services 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;
- the impact from the coronavirus ("COVID-19") pandemic;
- 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 February 14, 2020 (the "Annual Report") and in "Part II, Item 1A. Risk Factors" included herein.

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 Quarterly 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)

	March 31, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 244,491	\$ 701,898
Restricted cash	264	262
Accounts receivable, trade (less allowance for doubtful accounts of \$17,614 and \$14,683)	441,696	457,118
Prepaid expenses and other current assets	237,228	215,304
Amounts due from affiliates	3,935	6,774
Total current assets	927,614	1,381,356
Property, plant and equipment, net of accumulated depreciation of \$5,601,368 and \$5,276,921	5,781,005	5,753,401
Right-of-use operating lease assets	280,389	280,340
Investment securities pledged as collateral	1,476,801	1,931,697
Derivative contracts	378,373	25,207
Other assets	109,812	92,622
Amortizable intangibles, net of accumulated amortization of \$3,871,778 and \$3,670,679	3,280,096	3,481,109
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,142,309	8,142,309
Total assets	<u>\$ 33,396,480</u>	<u>\$ 34,108,122</u>

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	March 31, 2020 (Unaudited)	December 31, 2019
Current Liabilities:		
Accounts payable	\$ 855,053	\$ 799,618
Interest payable	252,851	385,655
Accrued employee related costs	104,742	111,337
Amounts due to affiliates	8,511	7,456
Deferred revenue	126,026	124,777
Debt	179,515	170,682
Other current liabilities	354,882	378,954
Total current liabilities	1,881,580	1,978,479
Other liabilities	220,521	204,904
Deferred tax liability	4,811,850	4,762,595
Liabilities under derivative contracts	291,439	255,666
Right-of-use operating lease liability	267,043	269,062
Long-term debt, net of current maturities	24,267,820	24,249,603
Total liabilities	31,740,253	31,720,309
Commitments and contingencies (Note 16)		
Redeemable equity	65,812	108,551
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, 426,114,516 shares issued and 416,747,217 shares outstanding as of March 31, 2020 and 457,207,079 shares issued and 446,749,307 shares outstanding as of December 31, 2019	4,261	4,572
Class B common stock: \$0.01 par value, 1,000,000,000 shares authorized, 490,086,674 issued, 186,238,733 shares outstanding as of March 31, 2020 and 186,245,832 shares outstanding as of December 31, 2019	1,862	1,862
Class C common stock: \$0.01 par value, 4,000,000,000 shares authorized, no shares issued and outstanding	—	—
Paid-in capital	1,362,836	2,039,918
Retained earnings	389,908	390,766
	1,758,867	2,437,118
Treasury stock, at cost (9,367,299 and 10,457,772 Class A common shares at March 31, 2020 and December 31, 2019, respectively)	(163,893)	(163,904)
Accumulated other comprehensive loss	(13,177)	(3,250)
Total stockholders' equity	1,581,797	2,269,964
Noncontrolling interest	8,618	9,298
Total stockholders' equity	1,590,415	2,279,262
	<u>\$ 33,396,480</u>	<u>\$ 34,108,122</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 March 31,	
	2020	2019
Revenue (including revenue from affiliates of \$3,488 and \$592 respectively) (See Note 15)	\$ 2,450,256	\$ 2,396,567
Operating expenses:		
Programming and other direct costs (including charges from affiliates of \$2,189 and \$1,687 respectively) (See Note 15)	864,514	812,985
Other operating expenses (including charges from affiliates of \$3,941 and \$2,246 respectively) (See Note 15)	582,309	564,432
Restructuring and other expense	7,294	15,244
Depreciation and amortization (including impairments)	547,569	561,428
	<u>2,001,686</u>	<u>1,954,089</u>
Operating income	448,570	442,478
Other income (expense):		
Interest expense	(365,211)	(388,283)
Interest income	1,659	1,819
Gain (loss) on investments and sale of affiliate interests, net	(455,473)	254,725
Gain (loss) on derivative contracts, net	439,861	(177,029)
Loss on interest rate swap contracts, net	(54,832)	(23,672)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(157,902)
Other income, net	923	80
	<u>(433,073)</u>	<u>(490,262)</u>
Income (loss) before income taxes	15,497	(47,784)
Income tax benefit (expense)	(17,035)	22,586
Net loss	(1,538)	(25,198)
Net loss attributable to noncontrolling interests	680	199
Net loss attributable to Altice USA, Inc. stockholders	<u>\$ (858)</u>	<u>\$ (24,999)</u>
Loss per share:		
Basic and diluted loss per share	<u>\$ —</u>	<u>\$ (0.04)</u>
Basic and diluted weighted average common shares (in thousands)	<u>621,414</u>	<u>695,528</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
Net loss	\$ (1,538)	\$ (25,198)
Other comprehensive income (loss):		
Defined benefit pension plans:		
Unrecognized actuarial gain (loss)	(13,469)	4,918
Applicable income taxes	3,598	(1,292)
Unrecognized gain (loss) arising during period, net of income taxes	(9,871)	3,626
Settlement loss included in other expense, net	502	171
Applicable income taxes	(134)	(45)
Settlement loss included in other expense, net, net of income taxes	368	126
Foreign currency translation adjustment	(424)	(245)
Applicable income taxes	—	64
Foreign currency translation adjustment, net	(424)	(181)
Other comprehensive income (loss)	(9,927)	3,571
Comprehensive loss	(11,465)	(21,627)
Comprehensive loss attributable to noncontrolling interests	680	199
Comprehensive loss attributable to Altice USA, Inc. stockholders	\$ (10,785)	\$ (21,428)

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS 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, 2020	\$ 4,572	\$ 1,862	\$ 2,039,918	\$ 390,766	\$ (163,904)	\$ (3,250)	\$ 2,269,964	\$ 9,298	\$ 2,279,262
Net loss attributable to stockholders	—	—	—	(858)	—	—	(858)	—	(858)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	(680)	(680)
Pension liability adjustments, net of income taxes	—	—	—	—	—	(9,503)	(9,503)	—	(9,503)
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(424)	(424)	—	(424)
Share-based compensation expense	—	—	27,370	—	—	—	27,370	—	27,370
Redeemable equity vested	—	—	29,479	—	—	—	29,479	—	29,479
Change in redeemable equity	—	—	13,260	—	—	—	13,260	—	13,260
Class A shares acquired through share repurchase program and retired	(312)	—	(749,686)	—	—	—	(749,998)	—	(749,998)
Issuance of common shares pursuant to employee long term incentive plan	1	—	2,495	—	11	—	2,507	—	2,507
Balance at March 31, 2020	<u>\$ 4,261</u>	<u>\$ 1,862</u>	<u>\$ 1,362,836</u>	<u>\$ 389,908</u>	<u>\$ (163,893)</u>	<u>\$ (13,177)</u>	<u>\$ 1,581,797</u>	<u>\$ 8,618</u>	<u>\$ 1,590,415</u>

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (continued)
(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 to 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 (equity classified)	—	—	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	<u>\$ 4,909</u>	<u>\$ 1,888</u>	<u>\$ 2,777,554</u>	<u>\$ 226,831</u>	<u>\$ —</u>	<u>\$ (8,212)</u>	<u>\$ 3,002,970</u>	<u>\$ 8,096</u>	<u>\$ 3,011,066</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (1,538)	\$ (25,198)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	547,569	561,428
Non-cash restructuring charges	1,347	8,583
Loss (gain) on investments and sale of affiliate interests, net	455,473	(254,725)
Loss (gain) on derivative contracts, net	(439,861)	177,029
Loss on extinguishment of debt and write-off of deferred financing costs	—	157,902
Amortization of deferred financing costs and discounts (premiums) on indebtedness	23,944	26,066
Settlement loss related to pension plan	502	171
Share-based compensation expense related to equity classified awards	27,370	13,790
Deferred income taxes	30,225	(19,918)
Decrease in right-of-use assets	11,474	11,705
Provision for doubtful accounts	19,880	15,091
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(4,458)	28,278
Other receivables	(2,958)	(707)
Prepaid expenses and other assets	(31,842)	(19,840)
Amounts due from and due to affiliates	3,894	(4,023)
Accounts payable	23,613	33,889
Accrued liabilities	(188,765)	(239,562)
Deferred revenue	(5,153)	8,915
Liabilities related to interest rate swap contracts	122,849	25,120
Net cash provided by operating activities	<u>593,565</u>	<u>503,994</u>
Cash flows from investing activities:		
Capital expenditures	(299,082)	(340,386)
Proceeds related to sale of equipment and costs of disposal	(2,580)	479
Decrease in other investments	4,008	—
Additions to other intangible assets	(89)	—
Net cash used in investing activities	<u>(297,743)</u>	<u>(339,907)</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2020	2019
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	—	1,390,000
Repayment of credit facility debt	(10,688)	(361,250)
Issuance of senior notes, including premiums	—	1,754,375
Redemption of senior notes, including premiums and fees	—	(2,462,692)
Repayment of notes payable	(7,495)	(58,500)
Principal payments on finance lease obligations	(5,700)	(1,611)
Purchase of shares of Altice USA Class A common stock, pursuant to a share repurchase program	(726,005)	(586,759)
Additions to deferred financing costs	—	(11,678)
Contingent payment for acquisition	(4,947)	(500)
Proceeds from stock option exercises	2,032	—
Distributions to noncontrolling interests, net	—	(1,000)
Net cash used in financing activities	(752,803)	(339,615)
Net decrease in cash and cash equivalents	(456,981)	(175,528)
Effect of exchange rate changes on cash and cash equivalents	(424)	(245)
Net decrease in cash and cash equivalents	(457,405)	(175,773)
Cash, cash equivalents and restricted cash at beginning of year	702,160	299,038
Cash, cash equivalents and restricted cash at end of period	\$ 244,755	\$ 123,265

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 31, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 243,493	\$ 697,741
Restricted cash	264	262
Accounts receivable, trade (less allowance for doubtful accounts of \$17,614 and \$14,683)	441,696	457,118
Prepaid expenses and other current assets	237,228	211,642
Amounts due from affiliates	3,935	6,774
Total current assets	926,616	1,373,537
Property, plant and equipment, net of accumulated depreciation of \$5,601,368 and \$5,276,921	5,781,005	5,753,401
Right-of-use operating lease assets	280,389	280,340
Investment securities pledged as collateral	1,476,801	1,931,697
Derivative contracts	378,373	25,207
Other assets	109,812	92,622
Amortizable intangibles, net of accumulated amortization of \$3,871,778 and \$3,670,679	3,280,096	3,481,109
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,142,309	8,142,309
Total assets	\$ 33,395,482	\$ 34,100,303

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
(In thousands, except per membership unit amounts)

LIABILITIES AND MEMBER'S EQUITY	March 31, 2020 (Unaudited)	December 31, 2019
Current Liabilities:		
Accounts payable	\$ 855,053	\$ 799,618
Interest payable	252,851	385,655
Accrued employee related costs	104,742	111,337
Amounts due to affiliates	8,511	7,456
Deferred revenue	126,026	124,777
Debt	179,515	170,682
Other current liabilities	330,887	378,948
Total current liabilities	1,857,585	1,978,473
Other liabilities	220,521	204,904
Deferred tax liability	5,172,465	4,980,599
Liabilities under derivative contracts	291,439	255,666
Right-of-use operating lease liability	267,043	269,062
Long-term debt, net of current maturities	24,267,820	24,249,603
Total liabilities	32,076,873	31,938,307
Commitments and contingencies (Note 16)		
Redeemable equity	65,812	108,551
Member's Equity:		
Retained earnings	—	13,515
Other member's equity (100 membership units issued and outstanding)	1,257,356	2,033,882
	1,257,356	2,047,397
Accumulated other comprehensive loss	(13,177)	(3,250)
Total member's equity	1,244,179	2,044,147
Noncontrolling interest	8,618	9,298
Total member's equity	1,252,797	2,053,445
	\$ 33,395,482	\$ 34,100,303

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Revenue (including revenue from affiliates of \$3,488 and \$592 respectively) (See Note 15)	\$ 2,450,256	\$ 2,396,567
Operating expenses:		
Programming and other direct costs (including charges from affiliates of \$2,189 and \$1,687 respectively) (See Note 15)	864,514	812,985
Other operating expenses (including charges from affiliates of \$3,941 and \$2,246 respectively) (See Note 15)	582,309	564,432
Restructuring and other expense	7,294	15,244
Depreciation and amortization (including impairments)	547,569	561,428
	<u>2,001,686</u>	<u>1,954,089</u>
Operating income	448,570	442,478
Other income (expense):		
Interest expense	(365,211)	(364,039)
Interest income	1,659	1,819
Gain (loss) on investments and sale of affiliate interests, net	(455,819)	254,725
Gain (loss) on derivative contracts, net	439,861	(177,029)
Loss on interest rate swap contracts, net	(54,832)	(23,672)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(157,902)
Other income, net	923	80
	<u>(433,419)</u>	<u>(466,018)</u>
Income (loss) before income taxes	15,151	(23,540)
Income tax benefit (expense)	(5,029)	15,676
Net income (loss)	10,122	(7,864)
Net loss attributable to noncontrolling interests	680	199
Net income (loss) attributable to CSC Holdings, LLC sole member	<u>\$ 10,802</u>	<u>\$ (7,665)</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Net income (loss)	\$ 10,122	\$ (7,864)
Other comprehensive income:		
Defined benefit pension plans:		
Unrecognized actuarial gain (loss)	(13,469)	4,918
Applicable income taxes	3,598	(1,292)
Unrecognized gain (loss) arising during period, net of income taxes	(9,871)	3,626
Settlement loss included in other expense, net	502	171
Applicable income taxes	(134)	(45)
Settlement loss included in other expense, net, net of income taxes	368	126
Foreign currency translation adjustment	(424)	(245)
Applicable income taxes	—	64
Foreign currency translation adjustment, net	(424)	(181)
Other comprehensive income (loss)	(9,927)	3,571
Comprehensive loss	195	(4,293)
Comprehensive loss attributable to noncontrolling interests	680	199
Comprehensive loss attributable to CSC Holdings, LLC's sole member	\$ 875	\$ (4,094)

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY
(In thousands)
(Unaudited)

	Retained Earnings	Other Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity	Noncontrolling Interest	Total Equity
Balance at January 1, 2020	\$ 13,515	\$ 2,033,882	\$ (3,250)	\$ 2,044,147	\$ 9,298	\$ 2,053,445
Net income attributable to CSC Holdings' sole member	10,802	—	—	10,802	—	10,802
Net loss attributable to noncontrolling interests	—	—	—	—	(680)	(680)
Pension liability adjustments, net of income taxes	—	—	(9,503)	(9,503)	—	(9,503)
Foreign currency translation adjustment, net of income taxes	—	—	(424)	(424)	—	(424)
Share-based compensation expense	—	27,370	—	27,370	—	27,370
Redeemable equity vested	—	29,479	—	29,479	—	29,479
Change in redeemable equity	—	13,260	—	13,260	—	13,260
Cash distributions to parent	(24,317)	(696,033)	—	(720,350)	—	(720,350)
Non-cash distributions to parent	—	(150,602)	—	(150,602)	—	(150,602)
Balance at March 31, 2020	<u>\$ —</u>	<u>\$ 1,257,356</u>	<u>\$ (13,177)</u>	<u>\$ 1,244,179</u>	<u>\$ 8,618</u>	<u>\$ 1,252,797</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY (continued)
(In thousands)
(Unaudited)

	Retained Earnings	Other Member's Equity	Accumulated Other Comprehensive Loss	Total Member's Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	\$ 549,691	\$ 3,451,937	\$ (11,783)	\$ 3,989,845	\$ 9,295	\$ 3,999,140
Net loss attributable to CSC Holdings' sole member	(7,665)	—	—	(7,665)	—	(7,665)
Net loss attributable to noncontrolling interests	—	—	—	—	(199)	(199)
Distributions to 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)
Cash distributions to parent	(543,217)	(51,245)	—	(594,462)	—	(594,462)
Other	—	(276)	—	(276)	—	(276)
Balance at March 31, 2019	<u>\$ (1,191)</u>	<u>\$ 3,353,874</u>	<u>\$ (8,212)</u>	<u>\$ 3,344,471</u>	<u>\$ 8,096</u>	<u>\$ 3,352,567</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ 10,122	\$ (7,864)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	547,569	561,428
Non-cash restructuring charges	1,347	8,583
Loss (gain) on investments and sale of affiliate interests, net	455,819	(254,725)
Loss (gain) on derivative contracts, net	(439,861)	177,029
Loss on extinguishment of debt and write-off of deferred financing costs	—	157,902
Amortization of deferred financing costs and discounts (premiums) on indebtedness	23,944	21,579
Settlement loss related to pension plan	502	171
Share-based compensation expense related to equity classified awards	27,370	13,790
Deferred income taxes	172,835	(13,007)
Decrease in right-of-use assets	11,474	11,705
Provision for doubtful accounts	19,880	15,091
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(4,458)	28,278
Other receivables	(2,958)	(708)
Prepaid expenses and other assets	(31,842)	(19,839)
Amounts due from and due to affiliates	(147,183)	(14,712)
Accounts payable	23,613	33,889
Accrued liabilities	(188,760)	(240,722)
Deferred revenue	(5,153)	8,915
Liabilities related to interest rate swap contracts	122,849	25,120
Net cash provided by operating activities	<u>597,109</u>	<u>511,903</u>
Cash flows from investing activities:		
Capital expenditures	(299,082)	(340,386)
Proceeds related to sale of equipment and costs of disposal	(2,580)	479
Additions to other intangible assets	(89)	—
Net cash used in investing activities	<u>(301,751)</u>	<u>(339,907)</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	\$ —	\$ 1,390,000
Repayment of credit facility debt	(10,688)	(361,250)
Issuance of senior notes, including premiums	—	1,754,375
Redemption of senior notes, including premiums and fees	—	(2,462,692)
Distributions to parent	(720,350)	(594,462)
Repayment of notes payable	(7,495)	(58,500)
Principal payments on finance lease obligations	(5,700)	(1,611)
Additions to deferred financing costs	—	(11,678)
Contingent payment for acquisition	(4,947)	(500)
Distributions to noncontrolling interests, net	—	(1,000)
Net cash used in financing activities	(749,180)	(347,318)
Net decrease in cash and cash equivalents	(453,822)	(175,322)
Effect of exchange rate changes on cash and cash equivalents	(424)	(245)
Net decrease in cash and cash equivalents	(454,246)	(175,567)
Cash, cash equivalents and restricted cash at beginning of year	698,003	298,784
Cash, cash equivalents and restricted cash at end of period	\$ 243,757	\$ 123,217

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts)
(Unaudited)

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Altice USA, Inc. ("Altice USA") was incorporated in Delaware on September 14, 2015. Through June 8, 2018, Altice USA 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"). Altice USA is now majority-owned by Patrick Drahi through Next Alt. S.a.r.l. ("Next Alt").

Altice USA is a holding company that does not conduct any business operations of its own. Altice Europe, through a subsidiary, acquired Cequel Corporation ("Cequel" or "Suddenlink") on December 21, 2015 and Cequel was contributed to Altice USA on June 9, 2016. Altice USA acquired Cablevision Systems Corporation ("Cablevision" or "Optimum") on June 21, 2016.

Altice USA, through CSC Holdings, LLC (a wholly-owned subsidiary of Cablevision) and its consolidated subsidiaries ("CSC Holdings," and collectively with Altice USA, the "Company"), principally provides broadband communications and video services in the United States. It markets its residential services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. It operates enterprise services under the brands Lightpath and Altice Business. It delivers broadband, video, telephony services, proprietary content and advertising services to residential and business customers. In September 2019, the Company launched Altice Mobile, a full service voice and data offering, to consumers across its footprint. As these brands are managed on a consolidated basis, the Company classifies its operations in one segment.

The accompanying consolidated financial statements of Altice USA include the accounts of Altice USA and its majority-owned subsidiaries and the accompanying consolidated financial statements of CSC Holdings include the accounts of CSC Holdings and its majority-owned subsidiaries and gives effect to the ATS Acquisition and the i24 Acquisition discussed below. Altice USA has no business operations independent of its CSC Holdings subsidiary, whose operating results and financial position are consolidated into Altice USA. The consolidated balance sheets and statements of operations of Altice USA are essentially identical to the consolidated balance sheets and statements of operations of CSC Holdings, with the following exceptions: Altice USA has additional cash and deferred taxes on its consolidated balance sheet. In addition, CSC Holdings and its subsidiaries have certain intercompany receivables from and payables to Altice USA. Differences between Altice USA's results of operations and those of CSC Holdings primarily include incremental interest expense for periods prior to the assumption of Cablevision senior notes by CSC Holdings in November 2019, interest income, loss (gain) on investments and sale of affiliate interests, net, loss on extinguishment of debt, the write-off of deferred financing costs, and income tax benefit (expense).

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

The financial statements of CSC Holdings are included herein as supplemental information as CSC Holdings is not an SEC registrant.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

Stock Repurchase Plan

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of \$2.0 billion, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of \$5.0 billion that took effect following the completion in August 2019 of the \$2.0 billion repurchase program. Under these repurchase programs, 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.

For the three months ended March 31, 2020, Altice USA repurchased an aggregate of 31,216,259 shares for a total purchase price of approximately \$749,998. From inception through March 31, 2020, Altice USA repurchased an aggregate of 131,913,651 shares for a total purchase price of approximately \$2,936,872. These acquired shares were retired and the cost of these shares was recorded in paid in capital in Altice USA's consolidated balance sheet. As of March 31, 2020, Altice USA had approximately \$ 4,063,128 of availability remaining under the incremental share repurchase program and had 602,985,950 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, 2019.

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, 2020.

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. See Note 13 for a discussion of fair value estimates.

Common Stock of Altice USA

The following table provides details of Altice USA's shares of common stock outstanding:

	Shares of Common Stock Outstanding	
	Class A Common Stock	Class B Common Stock
Balance at December 31, 2019	446,749,307	186,245,832
Conversion of Class B common stock to Class A common stock	7,099	(7,099)
Shares issued in connection with stock option exercises	116,597	—
Retirement of Class A common shares in connection with the Company's stock repurchase plan (see Note 1)	(31,216,259)	—
Shares issued from treasury upon vesting of redeemable equity	1,090,473	—
Balance at March 31, 2020	416,747,217	186,238,733

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

ALTICE USA, INC. AND SUBSIDIARIES
COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

NOTE 3. ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

ASU No. 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04")

In March 2020, the Financial Accounting Standards Board ("FASB") issued new accounting guidance related to the effects of reference rate reform on financial reporting. The guidance, effective for reporting periods through December 31, 2022, provides accounting relief for contract modifications that replace an interest rate impacted by reference rate reform (e.g., LIBOR) with a new alternative reference rate. The Company adopted the guidance as of March 31, 2020. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

ASU No. 2019-12, Simplifying the Accounting for Income Taxes ("ASU 2019-12")

In December 2019, FASB issued ASU 2019-12, Income Taxes (Topic 740). ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions for investments, intraperiod allocations and interim calculations. The new guidance also simplifies aspects of the accounting for franchise taxes, enacted changes in tax laws or rates, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The amendments did not create new accounting requirements. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have a significant impact on the Company's 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")

In August 2018, the FASB issued ASU 2018-15 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. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

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

In January 2017, the FASB issued ASU 2017-04 which 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. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

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

In June 2016, the FASB issued ASU 2016-13 which requires a financial asset (or a group of financial assets) measured at amortized cost 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 became effective for the Company on January 1, 2020 and the adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

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 FASB issued ASU 2018-14 which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for the Company on January 1, 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.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

NOTE 4. REVENUE

The following table presents the composition of revenue:

	Three Months Ended March 31,	
	2020	2019
Residential:		
Broadband	\$ 885,529	\$ 775,573
Video	947,061	1,017,330
Telephony	125,030	154,464
Business services and wholesale	364,530	350,689
News and advertising	105,540	94,738
Mobile	18,356	—
Other	4,210	3,773
Total revenue	\$ 2,450,256	\$ 2,396,567

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 months ended March 31, 2020, and 2019, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$64,910, and \$64,236, respectively.

The following table provides information about customer contract costs and deferred revenue related to contracts with customers:

	March 31, 2020	December 31, 2019
Customer contract costs (a)	\$ 29,981	\$ 30,758
Deferred revenue (b)	176,881	182,034

(a) Customer contract costs 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 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 and the remaining portion is recognized over the contract period.

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 years to five years, and services may only be terminated in accordance with the contractual terms.

NOTE 5. NET LOSS PER SHARE

Net Loss Per Share

Basic net loss per common share attributable to Altice USA stockholders is computed by dividing net loss attributable to Altice USA stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share attributable to Altice USA stockholders excludes the effects of weighted average common stock equivalents of 22,525,412 and 11,480,467 for the three months ended March 31, 2020 and 2019, respectively, as they were anti-dilutive. It also excludes performance stock units and restricted stock aggregating 8,981,483 as the performance metrics have not been achieved.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

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

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended March 31,	
	2020	2019
<u>Non-Cash Investing and Financing Activities:</u>		
<i>Altice USA and CSC Holdings:</i>		
Property and equipment accrued but unpaid	\$ 219,889	\$ 158,025
Notes payable issued to vendor for the purchase of equipment and other assets	—	16,266
Unsettled purchases of shares of Altice USA, Inc. Class A common stock, pursuant to a share repurchase program	23,993	13,242
Right-of-use assets acquired in exchange for finance lease obligations	27,674	4,970
Deferred financing costs accrued but unpaid	—	1,663
<i>CSC Holdings:</i>		
Distributions to parent	150,602	—
<u>Supplemental Data:</u>		
<i>Altice USA:</i>		
Cash interest paid	474,268	475,109
Income taxes paid, net	1,195	110
<i>CSC Holdings:</i>		
Cash interest paid	474,268	455,974
Income taxes paid, net	1,195	110

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, 2019	\$ 1,676	2,332	\$ 4,008
Restructuring charges	—	1,979	1,979
Payments and other	(1,438)	(914)	(2,352)
Accrual balance at March 31, 2020	\$ 238	\$ 3,397	\$ 3,635

Cumulative costs to date relating to 2016 Restructuring Plan amounted to \$436,293.

In May 2019, the Company commenced another restructuring initiative to further simplify the Company's organization structure ("2019 Restructuring Plan").

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

The following table summarizes the activity for the 2019 Restructuring Plan:

	Severance and Other Employee Related Costs
Accrual balance at December 31, 2019	\$ 37,946
Restructuring charges	3,121
Payments and other	(8,808)
Accrual balance at March 31, 2020	\$ 32,259

Cumulative costs to date relating to the 2019 Restructuring Plan amounted to \$45,836.

In addition, for the three months ended March 31, 2020, the Company recorded restructuring charges of \$1,705 related primarily 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

For the three months ended March 31, 2020, the Company incurred transaction costs of \$489 primarily related to certain transactions not related to the Company's operations. The Company recorded a net credit of \$396 during the three months ended March 31, 2019 resulting from an adjustment to the contingent liability initially recorded for a business acquired in fourth quarter of 2017.

NOTE 8. LEASES

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

Balance sheet information related to our leases is presented below:

	Balance Sheet location	March 31, 2020	December 31, 2019
<i>Operating leases:</i>			
Right-of-use lease assets	Right-of-use operating lease assets	\$ 280,389	\$ 280,340
Right-of-use lease liability, current	Other current liabilities	41,571	38,836
Right-of-use lease liability, long-term	Right-of-use operating lease liability	267,043	269,062
<i>Finance leases:</i>			
Right-of-use lease assets	Property, plant and equipment	93,552	70,339
Right-of-use lease liability, current	Current portion of long-term debt	30,845	22,017
Right-of-use lease liability, long-term	Long-term debt	60,549	47,403

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

	Three Months Ended March 31,	
	2020	2019
Operating lease expense, net	\$ 15,004	\$ 15,278
<i>Finance lease expense:</i>		
Amortization of assets	4,460	1,562
Interest on lease liabilities	1,027	358
Total finance lease expense	5,487	1,920
	\$ 20,491	\$ 17,198

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

Other information related to leases is presented below:

	As of March 31,	
	2020	2019
Right-of-use assets acquired in exchange for operating lease obligations	\$ 12,875	\$ 4,193
Cash Paid For Amounts Included In Measurement of Liabilities:		
Operating cash flows related to finance leases	1,027	358
Operating cash flows related to operating leases	16,659	16,482
Weighted Average Remaining Lease Term:		
Operating leases	9.3 years	8.9 years
Finance leases	3.1 years	4.8 years
Weighted Average Discount Rate:		
Operating leases	5.90 %	6.25 %
Finance leases	5.50 %	5.82 %

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

	Finance leases	Operating leases
2020 (excluding the three months ended March 31, 2020)	\$ 27,180	\$ 36,823
2021	32,226	49,142
2022	27,980	49,631
2023	7,902	39,638
2024	3,343	35,205
Thereafter	283	199,632
Total future minimum lease payments, undiscounted	98,914	410,071
Less: Imputed interest	(7,520)	(101,457)
Present value of future minimum lease payments	\$ 91,394	\$ 308,614

NOTE 9. INTANGIBLE ASSETS

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

	As of March 31, 2020			As of December 31, 2019			Estimated Useful Lives
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 6,017,524	\$ (3,017,592)	\$ 2,999,932	\$ 6,017,524	\$ (2,843,561)	\$ 3,173,963	8 to 18 years
Trade names	1,081,083	(822,871)	258,212	1,081,083	(798,484)	282,599	2 to 5 years
Other amortizable intangibles	53,267	(31,315)	21,952	53,181	(28,634)	24,547	1 to 15 years
	<u>\$ 7,151,874</u>	<u>\$ (3,871,778)</u>	<u>\$ 3,280,096</u>	<u>\$ 7,151,788</u>	<u>\$ (3,670,679)</u>	<u>\$ 3,481,109</u>	

Amortization expense for the three months ended March 31, 2020 and 2019 aggregated \$201,099 and \$200,619, respectively.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

NOTE 10. DEBT

The following details the Company's outstanding debt:

Date Issued	Maturity Date	Interest Rate	March 31, 2020		December 31, 2019		
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)	
Senior Notes:							
November 15, 2011	November 15, 2021	6.750 %	\$ 1,000,000	\$ 981,769	\$ 1,000,000	\$ 979,178	
September 27, 2012	September 15, 2022	5.875 %	649,024	604,810	649,024	600,849	
May 23, 2014	June 1, 2024	5.250 %	750,000	687,105	750,000	683,940	
October 18, 2018	July 15, 2025	7.750 %	1,740	1,698	1,740	1,695	
October 9, 2015	October 15, 2025	10.875 %	1,684,221	1,665,828	1,684,221	1,665,237	
October 18, 2018	April 1, 2028	7.500 %	4,118	4,112	4,118	4,112	
November 27, 2018	July 15, 2025	7.750 %	617,881	606,026	617,881	605,583	
November 27, 2018	April 1, 2028	7.500 %	1,045,882	1,044,313	1,045,882	1,044,278	
July 10 and October 7, 2019	January 15, 2030	5.750 %	2,250,000	2,288,419	2,250,000	2,289,168	
Senior Guaranteed Notes:							
October 9, 2015	October 15, 2025	6.625 %	1,000,000	989,855	1,000,000	989,483	
September 23, 2016	April 15, 2027	5.500 %	1,310,000	1,305,558	1,310,000	1,305,430	
January 29, 2018	February 1, 2028	5.375 %	1,000,000	992,935	1,000,000	992,757	
November 27, 2018	July 15, 2023	5.375 %	1,095,825	1,082,771	1,095,825	1,081,879	
November 27, 2018	May 15, 2026	5.500 %	1,498,806	1,486,333	1,498,806	1,485,911	
January 24, 2019	February 1, 2029	6.500 %	1,750,000	1,747,057	1,750,000	1,746,996	
			<u>15,657,497</u>	<u>15,488,589</u>	<u>15,657,497</u>	<u>15,476,496</u>	
CSC Holdings Restricted Group:							
Revolving Credit Facility	(c)	(c)	(b)	—	—	—	—
Term Loan B	July 17, 2025	2.86%					
Incremental Term Loan B-3	January 15, 2026	2.86%					
Incremental Term Loan B-5	April 15, 2027	3.11%					
				<u>7,179,750</u>	<u>7,139,133</u>	<u>7,190,438</u>	<u>7,148,287</u>
Collateralized indebtedness (see Note 12)				<u>1,759,017</u>	<u>1,593,073</u>	<u>1,759,017</u>	<u>1,585,088</u>
Finance lease obligations (see Note 9)				<u>91,394</u>	<u>91,394</u>	<u>69,420</u>	<u>69,420</u>
Notes payable and supply chain financing (d)				<u>135,146</u>	<u>135,146</u>	<u>140,994</u>	<u>140,994</u>
				<u>24,822,804</u>	<u>24,447,335</u>	<u>24,817,366</u>	<u>24,420,285</u>
Less: current portion of credit facility debt				<u>(72,750)</u>	<u>(72,750)</u>	<u>(65,250)</u>	<u>(65,250)</u>
Less: current portion of finance lease obligations				<u>(30,845)</u>	<u>(30,845)</u>	<u>(22,017)</u>	<u>(22,017)</u>
Less: current portion of notes payable and supply chain financing				<u>(75,920)</u>	<u>(75,920)</u>	<u>(83,415)</u>	<u>(83,415)</u>
				<u>(179,515)</u>	<u>(179,515)</u>	<u>(170,682)</u>	<u>(170,682)</u>
Long-term debt				<u>\$ 24,643,289</u>	<u>\$ 24,267,820</u>	<u>\$ 24,646,684</u>	<u>\$ 24,249,603</u>

- (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) At March 31, 2020, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$2,296,986 of the facility was undrawn and available, subject to covenant limitations.
- (c) The revolving credit facility of an aggregate principal amount of \$2,275,000 matures in January 2024 and priced at LIBOR plus 2.25%. The remaining revolving credit facility of an aggregate principal amount of \$200,000 matures in November 2021 and priced at LIBOR plus 3.25%.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

- (d) Includes \$65,854 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.

For financing purposes, the Company is structured as a restricted group (the "Restricted Group") and an unrestricted group, which includes certain designated subsidiaries and investments (the "Unrestricted Group"). The Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries. These subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings.

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

As of March 31, 2020, CSC Holdings was in compliance with all of its financial covenants under its credit facilities and with all of its financial covenants under the indentures under which the senior and senior guaranteed notes were issued.

The following table provides a summary of the loss (gain) 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:

For the Three Months Ended March 31, 2019:

CSC Holdings 10.125% Senior Notes due 2023	\$	154,666
Refinancing and subsequent amendment to CSC Holdings credit facility		3,236
	\$	<u>157,902</u>

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of March 31, 2020, including notes payable and collateralized indebtedness (see Note 11), but excluding finance lease obligations (see Note 8), are as follows:

2020	\$	128,964
2021		1,080,017
2022		728,785
2023		2,928,347
2024		822,888
Thereafter		18,996,836

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

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

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 was terminated prior to its scheduled maturity date, the Company would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of March 31, 2020, 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 March 31, 2020.

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 sheet, with changes in fair value reflected in the consolidated statement of operations. As of March 31, 2020, 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	
		March 31, 2020	December 31, 2019
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, long-term	\$ 372	\$ —
Prepaid forward contracts	Derivative contracts, long-term	378,001	25,207
		<u>378,373</u>	<u>25,207</u>
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities	(850)	(469)
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(7,728)	(94,795)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(283,711)	(160,871)
		<u>\$ (292,289)</u>	<u>\$ (256,135)</u>

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

	Three Months Ended March 31,	
	2020	2019
Gain (loss) on derivative contracts related to change in the value of equity derivative contracts related to Comcast common stock	\$ 439,861	\$ (177,029)
Change in the fair value of Comcast common stock included in gain (loss) on investments	(454,896)	254,725
Loss on interest rate swap contracts, net of a gain of \$74,835 recorded in the 2020 period in connection with the early termination of the swap agreements discussed below	(54,832)	(23,672)

In March 2020, the Company terminated two swap agreements whereby the Company was paying a floating rate of interest and receiving a fixed rate of interest on an aggregate notional value of \$1,500,000. These contracts were due to mature in May 2026. In connection with the early termination, the Company received cash of \$74,835 which has

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

been recorded in loss on interest swap contracts, net in our consolidated statement of operations and presented in operating activities in our consolidated statement of cash flows.

In addition, in March 2020, the Company executed amendments to two interest swap contracts that reduced the fixed rate of interest that the Company was paying on an aggregate notional value of \$1,000,000 and extended the maturity date of the contracts to January 15, 2025 from January 15, 2022. The difference in the fair value of the amended contracts and the original contracts on the date of the transaction of \$5,689 (an increase in the liability) will be amortized to loss on derivative contracts over the remaining term of the contracts.

Also, the Company entered into two new interest rate swap contracts on an aggregate notional value of \$1,000,000. See table below.

The following is a summary of interest rate swap contracts outstanding at March 31, 2020:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
December 2018	January 2025	\$ 500,000	Fixed rate of 1.53%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2025	500,000	Fixed rate of 1.625%	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
April 2019	April 2020	1,255,513	Three-month LIBOR minus 0.1075%	One-month LIBOR
March 2020	January 2025	500,000	Fixed rate of 1.458%	Three-month LIBOR
March 2020	January 2022	500,000	Three-month LIBOR	Fixed rate of 2.733%

NOTE 12. FAIR VALUE MEASUREMENT

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

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

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

	Fair Value Hierarchy	March 31, 2020	December 31, 2019
Assets:			
Money market funds	Level I	\$ 148,922	\$ 563,704
Investment securities pledged as collateral	Level I	1,476,801	1,931,697
Prepaid forward contracts	Level II	378,001	25,207
Interest rate swap contracts	Level II	372	—
Liabilities:			
Prepaid forward contracts	Level II	7,728	94,795
Interest rate swap contracts	Level II	284,561	161,340
Contingent consideration related to 2017 and 2018 acquisitions	Level III	2,250	7,250

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

The Company's cash equivalents (money market funds) 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.

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, 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:

	Fair Value Hierarchy	March 31, 2020		December 31, 2019	
		Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility debt	Level II	\$ 7,139,133	\$ 7,179,750	\$ 7,148,287	\$ 7,190,438
Collateralized indebtedness	Level II	1,593,073	1,689,819	1,585,088	1,611,095
Senior guaranteed notes	Level II	7,604,509	7,943,752	7,602,456	8,220,518
Senior notes	Level II	7,884,080	8,253,080	7,874,040	8,728,870
Notes payable and supply chain financing	Level II	135,146	136,072	140,994	141,713
		<u>\$ 24,355,941</u>	<u>\$ 25,202,473</u>	<u>\$ 24,350,865</u>	<u>\$ 25,892,634</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.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES Act") was enacted and signed into law. Certain provisions of the CARES Act impacted the 2019 income tax provision computations of the Company and have been reflected in the consolidated financial statements for the three months ended March 31, 2020. The CARES Act modified the interest limitation under section 163(j) of the Internal Revenue Code ("163(j)") for 2019

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

and 2020, increasing the allowable business interest deduction from 30% to 50% of adjusted taxable income. This modification significantly increased the allowable interest deduction for the Company in 2019, resulting in less utilization of net operating loss carryforwards. For state tax purposes, an estimated net benefit of approximately \$10,500 was recognized for the three months ended March 31, 2020 driven by a decrease in federal taxable income for 2019 due to the 163(j) law change under the CARES Act. As states enact new tax legislation in response to the federal CARES Act, this benefit may change. In addition, the CARES Act accelerated the ability of companies to receive refunds of Alternative Minimum Tax credits. For the Company, the remaining approximately \$12,000 in tax credits will be refunded as part of the 2019 tax filing.

Altice USA

For the three months ended March 31, 2020, Altice USA recorded a tax expense of \$17,035 on pre-tax income of \$15,497, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the recently enacted CARES Act.

For the three months ended March 31, 2019, Altice USA recorded a tax benefit of \$22,586 on pre-tax loss of \$47,784, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to 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.

CSC Holdings

For the three months ended March 31, 2020, CSC Holdings recorded a tax expense of \$5,029 on pre-tax income of \$15,151, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the recently enacted CARES Act.

For the three months ended March 31, 2019, CSC Holdings recorded a tax benefit of \$15,676 on pre-tax loss of \$23,540, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure CSC Holdings' deferred tax liabilities, partially offset by certain non-deductible expenses.

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 Neptune Holding US Limited Partnership ("Neptune LP").

The following table summarizes activity relating to these carry units:

	Number of Time Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2019	37,518,750	\$ 2.35
Vested	(10,975,000)	3.80
Forfeited	(212,500)	0.56
Balance, March 31, 2020	<u>26,331,250</u>	<u>\$ 1.76</u>

The weighted average fair value per unit was \$2.71 and \$3.25, as of March 31, 2020 and December 31, 2019, respectively. For the three months ended March 31, 2020 and 2019, the Company recognized share-based compensation expense of \$3,120 and \$6,473, respectively, related to the carry unit plan.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

Stock Options

The following table summarizes activity related to the Company's employee stock options:

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
Balance at December 31, 2019	14,083,741	\$ 19.12	8.74	\$ 112,915
Granted (b)	25,761,736	28.36		
Exercised	(116,597)	17.42		
Forfeited	(1,022,960)	20.21		
Balance at March 31, 2020	<u>38,705,920</u>	<u>25.25</u>	<u>9.38</u>	<u>48,549</u>
Options exercisable at March 31, 2020	<u>831,596</u>	<u>\$ 17.73</u>	<u>7.59</u>	<u>\$ 3,834</u>

(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.

(b) Grants of options aggregating 24,305,000 shares are subject to shareholder approval.

The Company recognized share-based compensation expense related to employee stock options for the three months ended March 31, 2020 and 2019 of \$0,349 and \$7,317, respectively. As of March 31, 2020 there was \$229,690 of total unrecognized compensation cost related to stock options which is expected to be recognized over a weighted-average period of approximately 3.40 years.

The following weighted-average assumptions were used to calculate the fair values of stock option awards granted during the three months ended March 31, 2020:

Risk-free interest rate	1.46%
Expected life (in years)	6.38
Dividend yield	—%
Volatility	28.39%
Grant date fair value	\$7.74

Performance Stock Unit Awards

In January 2020, certain employees of the Company were granted performance stock units ("PSUs"). Each PSU gives the employee the right to receive one share of Altice USA class A common stock, upon achievement of a specified stock price hurdle. The PSUs will be forfeited if the applicable performance measure is not achieved prior to January 29, 2024 (January 29, 2026 in the event of a recession or market disruption event prior to achievement of the performance measure) or if the employee does not continue to provide services to the Company through the achievement date of the applicable performance measure.

As of March 31, 2020, the Company had 7,556,330 PSUs outstanding, of which 7,230,575 are subject to shareholder approval of an increase of shares under the 2017 Altice USA Long Term Incentive Plan, as amended (the "LTIP"). The PSUs have a weighted average grant date fair value of \$10.65 per unit. For the three months ended March 31, 2020, the Company recognized share based compensation expense of \$3,901 related to these PSUs. As of March 31,

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

2020 there was \$77,045 of total unrecognized compensation cost related to outstanding PSUs which is expected to be recognized over a weighted-average period of approximately 3.83 years.

The following assumptions were used to calculate the fair values of the PSUs granted during the three months ended March 31, 2020:

Risk-free interest rate	1.46%
Expected life (in years)	4.00
Dividend yield	—%
Volatility	34.22%

Restricted Awards

For the three months ended March 31, 2020, the Company recorded share based compensation expense of \$76 related to restricted awards granted to certain employees pursuant to the LTIP. In January 2020, certain restricted awards granted to employees in the prior year were cancelled. These employees received new grants of stock options and PSUs discussed above.

NOTE 15. AFFILIATE AND RELATED PARTY TRANSACTIONS

Affiliate and Related Party Transactions

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

As the transactions discussed below were conducted between entities under common control by Mr. Drahi, 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 affiliates and related parties:

	Three Months Ended March 31,	
	2020	2019
Revenue	\$ 3,488	\$ 592
Operating expenses:		
Programming and other direct costs	\$ (2,189)	\$ (1,687)
Other operating expenses, net	(3,941)	(2,246)
Operating expenses, net	(6,130)	(3,933)
Net charges - Altice USA	\$ (2,642)	\$ (3,341)
Capital Expenditures	\$ 7,225	\$ 3,354

Revenue

The Company recognized revenue primarily from the sale of advertising to a subsidiary of Altice Europe and a foundation controlled by Patrick Drahi.

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

Other operating expenses primarily include charges for services provided by other subsidiaries of Altice Europe and other related parties aggregating \$3,941, and \$2,246, for the three months ended March 31, 2020 and 2019, respectively.

ALTICE USA, INC. AND SUBSIDIARIES
 COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
 (Dollars in thousands, except share and per share amounts)
 (Unaudited)

Capital Expenditures

Capital expenditures for the three months ended March 31, 2020, and 2019 include \$7,225 and \$3,354, respectively, for equipment purchased and software development services provided by subsidiaries of Altice Europe.

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

	March 31, 2020	December 31, 2019
Due from:		
Altice Europe	\$ 631	\$ 4,076
Other affiliates and related parties	3,304	2,698
	<u>\$ 3,935</u>	<u>\$ 6,774</u>
Due to:		
Altice Europe	\$ 8,511	\$ 7,456
	<u>\$ 8,511</u>	<u>\$ 7,456</u>

Amounts due from affiliates presented in the table above represent amounts paid by the Company on behalf of or for services provided to the respective related party. Amounts due to affiliates relate to the purchase of equipment and advertising services, as well as reimbursement for payments made on our behalf.

CSC Holdings

CSC Holdings made cash equity distribution payments to its parent aggregating \$720,350, and \$594,462 during the three months ended March 31, 2020 and 2019, respectively. The distributions in 2020 and 2019 were recorded as a decrease in retained earnings of \$24,317 and \$543,217, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of \$696,033 and \$51,245, respectively.

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 Altice USA'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 Altice USA, Altice Europe, and Altice USA'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 ("34 Act"), Rule 10b-5 promulgated thereunder, and Section 20 of the 34 Act against Altice USA, 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 moved to dismiss the complaint in the Eastern District of New York in October 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.

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 by providing Voice over Internet Protocol ("VoIP") services. On December 3, 2018, Sprint filed a second complaint alleging that the Company infringes Sprint's patents purportedly by providing certain VOD related services. The lawsuits are part of a pattern of

ALTICE USA, INC. AND SUBSIDIARIES
COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
(Unaudited)

litigation that was initiated as far back as 2005 by Sprint against numerous broadband and telecommunications providers, which has resulted in judgments and settlements of significant value for Sprint. 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.

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. 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, 2019.

Overview

Our Business

We principally provide broadband communications and video services in the United States and market our services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. We deliver broadband, video, and telephony services to approximately 5.0 million residential and business customers. Our footprint extends across 21 states through a fiber-rich broadband network with more than 8.8 million homes passed as of March 31, 2020. Additionally, we offer news programming and content, and advertising services. In September 2019, the Company launched Altice Mobile, a full service mobile offering, to consumers across its footprint.

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, 2019.

In March 2020, the United States declared a national emergency concerning the outbreak of the coronavirus ("COVID-19"). There have also been extraordinary and wide-ranging actions taken by federal, state and local governmental authorities to contain and combat the outbreak and spread of the virus. We have continued to provide our telecommunications services to our customers during this pandemic and for the three months ended March 31, 2020, our results of operations have not been significantly impacted. We expect that our future results may be impacted, including if residential or business customers discontinue their service or are unable to pay for our products and services, or if advertising revenue declines. Additionally, in order to prioritize the demands of the business, we may delay certain capital investments. Due to the uncertainty surrounding the magnitude and duration of business and economic impacts relating to COVID-19, including the effort to contain and combat the spread of the virus, and business impacts of government actions, we currently cannot reasonably estimate the ultimate impact of COVID-19 on our business. See "Risk Factors - Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic."

We derive revenue principally through monthly charges to residential customers of our broadband, video, and telephony services. We also derive revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, installation and home shopping commissions. Our residential broadband, video, and telephony services accounted for approximately 36%, 39%, and 5%, respectively, of our consolidated revenue for the three months ended March 31, 2020. 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 three months ended March 31, 2020, 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, and affiliation fees for news programming, which accounted for approximately 4% of our consolidated revenue for the three months ended March 31, 2020. Our mobile and other revenue for the three months ended March 31, 2020 accounted for approximately 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 and construction 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, 2019.

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. 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 in areas where FTTH is deployed. In addition, we launched Altice Mobile to consumers across our footprint in September 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" for additional information regarding our capital expenditures.

Certain Transactions

The following transactions occurred during the periods covered by this Management's Discussion and Analysis of Financial Condition and Results of Operations:

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company and the operating results of Cheddar were consolidated as of June 1, 2019.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, 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, 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.

We also use Operating Free Cash Flow (defined as Adjusted EBITDA less cash capital expenditures), and Free Cash Flow (defined as net cash flows from operating activities less cash capital expenditures) as indicators of the Company's financial performance. We believe these measures are one of several benchmarks used by investors, analysts and peers for comparison of performance in the Company's industry, although they may not be directly comparable to similar measures reported by other companies.

Results of Operations - Altice USA

	Three Months Ended March 31,	
	2020	2019
Revenue:		
Residential:		
Broadband	\$ 885,529	\$ 775,573
Video	947,061	1,017,330
Telephony	125,030	154,464
Business services and wholesale	364,530	350,689
News and advertising	105,540	94,738
Mobile	18,356	—
Other	4,210	3,773
Total revenue	2,450,256	2,396,567
Operating expenses:		
Programming and other direct costs	864,514	812,985
Other operating expenses	582,309	564,432
Restructuring and other expense	7,294	15,244
Depreciation and amortization (including impairments)	547,569	561,428
Operating income	448,570	442,478
Other income (expense):		
Interest expense, net	(363,552)	(386,464)
Gain (loss) on investments and sale of affiliate interests, net	(455,473)	254,725
Gain (loss) on derivative contracts, net	439,861	(177,029)
Loss on interest rate swap contracts, net	(54,832)	(23,672)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(157,902)
Other income, net	923	80
Income (loss) before income taxes	15,497	(47,784)
Income tax benefit (expense)	(17,035)	22,586
Net loss	(1,538)	(25,198)
Net loss attributable to noncontrolling interests	680	199
Net loss attributable to Altice USA, Inc. stockholders	\$ (858)	\$ (24,999)

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

	Three Months Ended March 31,	
	2020	2019
Net loss	\$ (1,538)	\$ (25,198)
Income tax expense (benefit)	17,035	(22,586)
Other income, net	(923)	(80)
Loss on interest rate swap contracts, net	54,832	23,672
Loss (gain) on derivative contracts, net	(439,861)	177,029
Loss (gain) on investments and sales of affiliate interests, net	455,473	(254,725)
Loss on extinguishment of debt and write-off of deferred financing costs	—	157,902
Interest expense, net	363,552	386,464
Depreciation and amortization	547,569	561,428
Restructuring and other expense	7,294	15,244
Share-based compensation	27,946	13,790
Adjusted EBITDA	1,031,379	1,032,940
Capital expenditures (cash)	299,082	340,386
Operating Free Cash Flow	\$ 732,297	\$ 692,554
Net cash flows from operating activities	\$ 593,565	\$ 503,994
Capital expenditures (cash)	299,082	340,386
Free Cash Flow	\$ 294,483	\$ 163,608

The following table sets forth certain customer metrics, excluding Altice Mobile customers, for the Company (unaudited):

	March 31, 2020 (f)	December 31, 2019 (g)	March 31, 2019 (g)
Homes passed (a)	8,834.8	8,818.6	8,724.0
Total customer relationships (b)(c)	4,950.1	4,916.3	4,922.2
Residential	4,568.4	4,533.3	4,539.8
SMB	381.7	383.1	382.4
Residential customers:			
Broadband	4,237.4	4,187.3	4,152.3
Video	3,137.5	3,179.2	3,276.1
Telephony	2,359.8	2,398.8	2,510.1
Penetration of homes passed (d)	56.0 %	55.7 %	56.4 %
ARPU(e)	\$ 143.39	\$ 142.65	\$ 143.33

(a) Represents the estimated number of single residence homes, apartments and condominium units passed by the broadband network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our broadband network. Broadband services were not available to approximately 30 homes passed and telephony services were not available to approximately 500 homes passed.

(b) Represents number of households/businesses that receive at least one of the Company's fixed-line 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 total customer relationships divided by homes passed.
- (e) 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 quarter by the average number of total residential customers for the same period.
- (f) Customer metrics as of March 31, 2020 include approximately 6,000 customers that have not been disconnected pursuant to the Keep Americans Connected pledge that the Company made in response to the COVID-19 pandemic, however the metrics exclude approximately 9,000 new customers with students in the household that are receiving broadband services for free until the end of the 2019-20 school year.
- (g) Customer metrics for prior periods have been adjusted to conform definitions between Suddenlink and Optimum in connection with the migration of Suddenlink customers to the Optimum billing system in 2019. The following table summarizes the adjustments made to previously reported amounts.

	As of March 31, 2019	As of December 31, 2019
	increase (decrease)	
Homes passed	(37.9)	(15.1)
Total customer relationships	(19.9)	(15.1)
Residential	(23.9)	—
SMB	4.0	(15.1)
Residential customers:		
Broadband	(2.7)	—
Video	(21.3)	—
Telephony	(1.0)	—
ARPU	\$ 0.76	\$ —

Altice USA- Comparison of Results for the Three Months Ended March 31, 2020 compared to the Three Months Ended March 31, 2019

Broadband Revenue

Broadband revenue for the three months ended March 31, 2020 and 2019 was \$885,529 and \$775,573, 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. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Broadband revenue increased \$109,956 (14%) for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The increase was 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.

Video Revenue

Video revenue for the three months ended March 31, 2020 and 2019 was \$947,061 and \$1,017,330, 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. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Video revenue decreased \$70,269 (7%) for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The decrease was due primarily to a decline in video customers and lower average revenue per video customer.

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.

Telephony Revenue

Telephony revenue for the three months ended March 31, 2020 and 2019 was \$125,030 and \$154,464, 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. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Telephony revenue decreased \$29,434 (19%) for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The decrease was 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 months ended March 31, 2020 and 2019 was \$364,530 and \$350,689, 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 \$13,841 (4%) for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The increase was primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes.

News and Advertising Revenue

News and advertising revenue for the three months ended March 31, 2020 and 2019 was \$105,540 and \$94,738, respectively. News and advertising revenue is primarily derived from the sale of (i) advertising inventory available on the programming carried on our cable television systems, (ii) advertising on over the top ("OTT") platforms, (iii) digital advertising, and (iv) data analytics. News and advertising revenue also includes affiliation fees for news programming.

News and advertising revenue increased \$10,802 (11%) for the three months ended March 31, 2020 compared to the three months ended March 31, 2019. The increase was primarily due to growth in national and political sales in addition to higher affiliate revenue for News 12.

Mobile Revenue

Mobile revenue for the three months ended March 31, 2020 was \$18,356 and relates to sales of devices and mobile services. Our mobile service launched to consumers in September 2019. As of March 31, 2020, we had approximately 110,000 mobile lines.

Other Revenue

Other revenue for the three months ended March 31, 2020 and 2019 was \$4,210 and \$3,773, respectively. Other revenue includes revenue from other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three months ended March 31, 2020 and 2019 amounted to \$864,514 and \$812,985, 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. Additionally, these costs include the costs of mobile devices sold to our customers and direct costs of providing mobile services.

The increase of \$51,529 (6%) for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019 was primarily attributable to the following:

Increase in programming costs due primarily to contractual rate increases, partially offset by lower video customers	\$ 28,181
Costs of mobile devices	11,065
Increase in costs of digital media and linear advertising spots for resale	7,505
Increase in call completion and transfer costs primarily related to our mobile business (\$6,841), partially offset by a decrease in costs based on a lower level of activity related to our telephony service	5,592
Other net decreases	(814)
	<u>\$ 51,529</u>

Programming costs

Programming costs aggregated \$710,590 and \$682,409 for the three months ended March 31, 2020 and 2019, respectively. Our programming costs in 2020 will continue to be impacted by changes in programming rates, which we expect to increase, and by changes in the number of video customers.

Other Operating Expenses

Other operating expenses for the three months ended March 31, 2020 and 2019 amounted to \$582,309 and \$564,432, 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 network 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.

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 increase in other operating expenses of \$17,877, including an increase of \$12,735 relating to our mobile service, for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 was attributable to the following:

Increase in share-based compensation	\$ 14,156
Increase in bad debt expense	4,789
Increase in rent and property taxes	4,420
Net decrease in labor costs and benefits (offset by an increase in costs related to Cheddar of \$7,163 which was acquired in June 2019) and an increase in capitalizable activity	(8,702)
Decrease in billing costs, primarily due to systems integration	(5,650)
Other net increases	8,864
	<u>\$ 17,877</u>

Restructuring and Other Expense

Restructuring and other expense for the three months ended March 31, 2020 amounted to \$7,294, as compared to \$15,244 for the three months ended March 31, 2019. These amounts primarily related to severance and other employee related costs resulting from headcount reductions, facility realignment costs and impairments of certain ROU assets, 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 and make modifications to our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2020 and 2019 amounted to \$547,569 and \$561,428, respectively.

The decrease in depreciation and amortization of \$13,859 (2%) for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 is due to certain fixed assets and intangible assets becoming fully depreciated or amortized, partially offset by the acceleration of amortization expense related to certain customer relationships intangible asset and an increase in depreciation as a result of asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to \$1,031,379 and \$1,032,940 for the three months ended March 31, 2020 and 2019, 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, 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 to adjusted EBITDA above.

The decrease in adjusted EBITDA for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 was due to the net increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), partially offset by an increase in revenue, as discussed above.

Operating Free Cash Flow

Operating free cash flow was \$732,297 and \$692,554 for the three months ended March 31, 2020 and 2019, respectively. The increase in operating free cash flow in 2020 as compared to 2019 is primarily due to a decrease in capital expenditures.

Free Cash Flow

Free cash flow was \$294,483 and \$163,608 for the three months ended March 31, 2020 and 2019, respectively. The increase in free cash flow in 2020 as compared to 2019 is primarily due to an increase in cash flows from operating activities and decrease in capital expenditures.

Interest expense

Interest expense, net was \$363,552 and \$386,464 for the three months ended March 31, 2020 and 2019, respectively. The decrease of \$22,912 for the three months ended March 31, 2020 as compared to the three months ended March 31, 2019 was attributable to the following:

Decrease due to changes in average debt balances and interest rates on our indebtedness, including our collateralized debt	\$	(19,347)
Lower interest income		160
Other net decreases, primarily amortization of deferred financing costs and original issue discounts		(3,725)
	<u>\$</u>	<u>(22,912)</u>

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

Gain (loss) on investments, net for the three months ended March 31, 2020 and 2019, of \$(455,473) and \$254,725 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 months ended March 31, 2020 amounted to \$439,861 compared to \$(177,029) for the three months ended March 31, 2019, 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, net

Loss on interest rate swap contracts, net was \$54,832 and \$23,672 for the three months ended March 31, 2020 and 2019, respectively. These amounts represent the increase or decrease in the fair value of interest rate swap contracts and for the 2020 period also includes the gain recognized in connection with the early termination of two 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 \$157,902 for the three months ended March 31, 2019.

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 March 31, 2019	
CSC Holdings 10.125% Senior Notes due 2023	\$	154,666
Refinancing and subsequent amendment to CSC Holdings credit facility		3,236
	<u>\$</u>	<u>157,902</u>

Other Income (Expense), Net

Other income (expense), net amounted to \$923 and \$80 for the three months ended March 31, 2020 and 2019, 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.

Income Tax Benefit (Expense)

For the three months ended March 31, 2020, Altice USA recorded a tax expense of \$17,035 on pre-tax income of \$15,497, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the recently enacted Coronavirus Aid, Relief and Economic Security ("CARES Act").

For the three months ended March 31, 2019, the Company recorded a tax benefit of \$22,586 on pre-tax loss of \$47,784, resulting in an effective tax rate that was higher than the U.S. statutory rate. The higher tax rate was primarily due to revaluation of state 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.

CSC HOLDINGS, LLC

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

	Three months ended March 31,	
	2020	2019
	(in thousands)	
Net loss attributable to Altice USA shareholders	\$ (858)	\$ (24,999)
Less: items included in Altice USA's consolidated statements of operations:		
Income tax expense (benefit)	12,006	(6,910)
Interest expense relating to Cablevision senior notes	—	24,244
Gain on sale of affiliate interest recorded by Altice USA	(346)	—
Net income (loss) attributable to CSC Holdings' sole member	<u>\$ 10,802</u>	<u>\$ (7,665)</u>

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

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

	Three Months Ended March 31,	
	2020	2019
Net income (loss)	\$ 10,122	\$ (7,864)
Income tax expense (benefit)	5,029	(15,676)
Other expense (income), net (a)	(923)	(80)
Loss on interest rate swap contracts, net	54,832	23,672
Loss (gain) on derivative contracts, net	(439,861)	177,029
Loss (gain) on investments and sales of affiliate interests, net	455,819	(254,725)
Loss on extinguishment of debt and write-off of deferred financing costs	—	157,902
Interest expense, net	363,552	362,220
Depreciation and amortization	547,569	561,428
Restructuring and other expense	7,294	15,244
Share-based compensation	27,946	13,790
Adjusted EBITDA	1,031,379	1,032,940
Capital expenditures (cash)	299,082	340,386
Operating Free Cash Flow	\$ 732,297	\$ 692,554
Net cash flows from operating activities	\$ 597,109	\$ 511,903
Capital expenditures (cash)	299,082	340,386
Free Cash Flow	\$ 298,027	\$ 171,517

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 the revolving credit facility and the proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the 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 target a year-end leverage ratio 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 CSC Holdings revolving credit facility, as well as future refinancing transactions, to further extend the maturities of, or reduce the principal on, our debt obligations. The timing and terms of any refinancing transactions will be subject to, among other factors, market conditions. Additionally, we may, from time to time, depending on market conditions and other factors, use cash on hand and the proceeds from other borrowings to repay the outstanding debt securities through open market purchases, privately negotiated purchases, tender offers, or redemptions.

We believe existing cash balances, operating cash flows and availability under the CSC Holdings revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. 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 amounts available under the CSC Holdings 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 March 31, 2020
Debt outstanding:	
Credit facility debt	\$ 7,139,133
Senior guaranteed notes	7,604,509
Senior notes	7,884,080
Subtotal	22,627,722
Finance lease obligations	91,394
Notes payable and supply chain financing	135,146
Subtotal	22,854,262
Collateralized indebtedness relating to stock monetizations (a)	1,593,073
Total debt	\$ 24,447,335
Interest expense:	
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing	\$ 347,870
Collateralized indebtedness relating to stock monetizations (a)	17,341
Total interest expense	\$ 365,211

- (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 from new monetization contracts.

The following table provides details of our outstanding credit facility debt, net of unamortized discounts and deferred financing costs as of March 31, 2020:

	Maturity Date	Interest Rate	Principal	Carrying Value
Revolving Credit Facility (a)	(b)	—%	\$ —	\$ —
Term Loan B	July 17, 2025	2.86%	2,917,500	2,904,808
Incremental Term Loan B-3	January 15, 2026	2.86%	1,262,250	1,257,221
Incremental Term Loan B-5	April 15, 2027	3.11%	3,000,000	2,977,104
			\$ 7,179,750	\$ 7,139,133

- (a) At March 31, 2020, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$2,296,986 of the facility was undrawn and available, subject to covenant limitations.
- (b) The revolving credit facility of an aggregate principal amount of \$2,275,000 matures in January 2024 and is priced at LIBOR plus 2.25%. The remaining revolving credit facility of an aggregate principal amount of \$200,000 matures in November 2021 and is priced at LIBOR plus 3.25%.

Payment Obligations Related to Debt

As of March 31, 2020, 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 to our consolidated financial statements) are as follows:

2020	\$	991,677
2021		2,387,903
2022		1,963,779
2023 (a)		4,112,016
2024		1,906,256
Thereafter		21,735,702
Total	\$	33,097,333

(a) Includes \$1,776,378 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.

CSC Holdings Restricted Group

For financing purposes, the Company is structured as a restricted group (the "Restricted Group") and an unrestricted group, which includes certain designated subsidiaries and investments (the "Unrestricted Group"). The Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries. These subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings.

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 WiFi; debt service; distributions made to its parent to fund share repurchases; other corporate expenses and changes in working capital; and investments that it may fund from time to time.

CSC Holdings Credit Facility

In October 2015, a wholly-owned subsidiary of Altice USA, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which currently provides U.S. dollar term loans currently in an aggregate principal amount of \$3,000,000 (\$2,917,500 outstanding at March 31, 2020) (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 in an aggregate principal amount of \$2,475,000 at March 31, 2020 (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, May 14, 2019, and October 3, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement").

The Company was in compliance with all of its financial covenants under the CSC Credit Facilities Agreement as of March 31, 2020.

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

Senior Guaranteed Notes and Senior Notes

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

As of March 31, 2020, 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.

Interest Rate Swap Contracts

In March 2020, the Company terminated two swap agreements whereby the Company was paying a floating rate of interest and receiving a fixed rate of interest on an aggregate notional value of \$1,500,000. These contracts were due to mature in May 2026. In connection with the early termination, the Company received cash of \$74,835 which has been recorded in gain (loss) on interest swap contracts in our consolidated statement of operations and presented in operating activities in our consolidated statement of cash flows.

In addition, in March 2020, the Company executed amendments to two interest swap contracts that reduced the fixed rate of interest that the Company was paying on an aggregate notional value of \$1,000,000 and extended the maturity date of the contracts to January 15, 2025 from January 15, 2022. The difference in the fair value of the amended contracts and the original contracts on the date of the transaction of \$5,689 (an increase in the liability) will be amortized to loss on derivative contracts over the remaining term of the contracts.

Also, the Company entered into two new interest rate swap contracts on an aggregate notional value of \$1,000,000.

Capital Expenditures

The following table presents the Company's capital expenditures:

	Three Months Ended March 31,	
	2020	2019
Customer premise equipment	\$ 63,335	\$ 74,937
Network infrastructure	140,063	139,978
Support and other	60,626	93,777
Business services	35,058	31,694
Capital purchases (cash basis)	<u>\$ 299,082</u>	<u>\$ 340,386</u>
Capital purchases (including accrued not paid and financed capital)	<u>\$ 372,968</u>	<u>\$ 305,650</u>

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 FTTH and 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.

Pending Transaction

In February 2020, the Company entered into a definitive asset purchase agreement to acquire certain cable assets in New Jersey for approximately \$150,000 subject to certain closing adjustments as set forth in the asset purchase agreement. The transaction is expected to close upon receipt of regulatory approval.

Cash Flow Discussion

Altice USA

Operating Activities

Net cash provided by operating activities amounted to \$593,565 for the three months ended March 31, 2020 compared to \$503,994 for the three months ended March 31, 2019.

The 2020 cash provided by operating activities resulted from \$676,385 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of \$122,849, accounts payable of \$23,613, and a net increase in amounts due to affiliates of \$3,894, partially offset by a decrease in accrued

expenses of \$188,765, an increase in prepaid expenses and other assets of \$31,842, an increase in other receivables of \$2,958, an increase in accounts receivable of \$4,458, and a decrease in deferred revenue of \$5,153.

The 2019 cash provided by operating activities resulted from \$671,924 of income before depreciation and amortization and non-cash items, a decrease in accounts receivable of \$28,278, an increase in liabilities related to interest rate swap contracts of \$25,120, an increase in deferred revenue of \$8,915, partially offset by a decrease in accounts payable and accrued expenses of \$205,673, an increase in current and other assets of \$20,547, and a net decrease in amounts due to affiliates of \$4,023.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2020 was \$297,743 compared to \$339,907 for the three months ended March 31, 2019. The 2020 investing activities consisted primarily of capital expenditures of \$299,082. The 2019 investing activities consisted primarily of capital expenditures of \$340,386.

Financing Activities

Net cash used in financing activities amounted to \$752,803 for the three months ended March 31, 2020, compared to \$339,615 for the three months ended March 31, 2019. In 2020, the Company's financing activities consisted primarily of the repurchase of common stock pursuant to a share repurchase program of \$726,005, the repayment of credit facility debt of \$10,688, net repayment of notes payable of \$7,495, principal payments of finance lease obligations of \$5,700, and other net cash payments of \$4,947, partially offset by proceeds from stock option exercises of \$2,032.

In 2019, the Company's financing activities consisted primarily of the 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 \$586,759, repayments of credit facility debt of \$361,250, repayment of notes payable of \$58,500, additions to deferred financing costs of \$11,678, principal payments on finance lease obligations of \$1,611 and other net cash payments of \$1,500, partially offset by proceeds from the issuance of senior notes of \$1,754,375 and proceeds from credit facility debt of \$1,390,000.

CSC Holdings

Operating Activities

Net cash provided by operating activities amounted to \$597,109 for the three months ended March 31, 2020 compared to \$511,903 for the three months ended March 31, 2019. The 2020 cash provided by operating activities resulted from \$831,001 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of \$122,849, and accounts payable of \$23,613, partially offset by a decrease in accrued expenses of \$188,760, a net decrease in amounts due to affiliates of \$147,183, an increase in prepaid expenses and other assets of \$31,842, an increase in other receivables of \$2,958, an increase in accounts receivable of \$4,458, and a decrease in deferred revenue of \$5,153.

The 2019 cash provided by operating activities resulted from \$691,682 of income before depreciation and amortization and non-cash items, a decrease in accounts receivable of \$28,278, an increase in liabilities related to interest rate swap contracts of \$25,120, and an increase in deferred revenue of \$8,915, partially offset by a decrease in accounts payable and accrued expenses of \$206,833, an increase in current and other assets of \$20,547, and a net decrease in amounts due to affiliates of \$14,712.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2020 was \$301,751 compared to \$339,907 for the three months ended March 31, 2019. The 2020 investing activities consisted primarily of capital expenditures of \$299,082. The 2019 investing activities consisted primarily of capital expenditures of \$340,386.

Financing Activities

Net cash used in financing activities amounted to \$749,180 for the three months ended March 31, 2020 compared to \$347,318 for the three months ended March 31, 2019. In 2020, the Company's financing activities consisted primarily of distributions to its parent of \$720,350, the repayment of credit facility debt of \$10,688, repayment of notes payable of \$7,495, principal payments of finance lease obligations of \$5,700, and other net cash payments of \$4,947.

In 2019, the Company's financing activities consisted primarily of redemption of senior notes, including premiums and fees of \$2,462,692, distributions to parent of \$594,462, repayments of credit facility debt of \$361,250, repayment of notes payable of \$58,500, additions to deferred financing costs of \$11,678, principal payments on finance lease obligations of \$1,611 and other net cash payments of \$1,500, partially offset by proceeds from the issuance of senior notes of \$1,754,375 and proceeds from credit facility debt of \$1,390,000.

Commitments and Contingencies

As of March 31, 2020, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately \$7,663,000 as compared to approximately \$8,454,000 at December 31, 2019. This decrease relates primarily to payments made pursuant to programming commitments, partially offset by renewed multi-year programming agreements entered into during the three months ended March 31, 2020.

Share Repurchase Program

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of \$2.0 billion, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of \$5.0 billion that took effect following the completion in August 2019 of the \$2.0 billion repurchase program. Under these repurchase programs, 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 three months ended March 31, 2020, the Company repurchased 31,216,259 shares for a total purchase price of approximately \$749,998. From the inception of the repurchase program, the Company acquired 131,913,651 for a total purchase price of approximately \$2,936,872. These acquired shares have been retired and the associated cost was recorded in paid-in capital in the Company's consolidated balance sheet.

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 March 31, 2020, 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 in our consolidated balance sheet and the collateralized indebtedness is carried at its principal value, net of discounts. The discounts are being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,593,073 at March 31, 2020. At maturity, the contracts provide for the option to deliver cash or shares of Comcast common stock, with a value determined by reference to the applicable stock price at maturity.

As of March 31, 2020, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$1,476,801. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$147,680. As of March 31, 2020, 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 \$370,273, a net asset position. For the three months ended March 31, 2020, we recorded a net gain of \$439,861 related to our outstanding equity derivative contracts and recorded an unrealized loss of \$454,896 related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2019, net liability position	\$ (69,588)
Change in fair value, net	<u>439,861</u>
Fair value as of March 31, 2020, net asset position	<u>\$ 370,273</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	Maturity	Hedge Price per Share (a)	Cap Price (b)	
			Low	High
42,955,236	2023	\$40.95	\$ 49.55	\$ 49.55

(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 March 31, 2020, the fair value of our fixed rate debt of \$18,022,723 was higher than its carrying value of \$17,216,808 by \$805,915. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at March 31, 2020 would increase the estimated fair value of our fixed rate debt by \$491,192 to \$18,513,915. 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 March 31, 2020:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
December 2018	January 2025	500,000	Fixed rate of 1.53%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2025	500,000	Fixed rate of 1.625%	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
April 2019	April 2020	1,255,513	Three-month LIBOR minus 0.1075%	One-month LIBOR
March 2020	January 2025	500,000	Fixed rate of 1.458%	Three-month LIBOR
March 2020	January 2022	500,000	Three-month LIBOR	Fixed rate of 2.733%

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statement of operations. For the three months ended March 31, 2020, the Company recorded a loss on interest rate swap contracts of \$54,832.

As of March 31, 2020, our outstanding interest rate swap contracts in a liability position had an aggregate fair value and carrying value of \$283,711 reflected in "Liabilities under derivative contracts, long term" and \$850 reflected in "Other current liabilities" in our consolidated balance sheet. Our outstanding interest rate swap contracts in an asset position had an aggregate fair value and carrying value of \$372 reflected in "Derivative contracts" in our consolidated balance sheet. As of March 31, 2020, our outstanding prepaid forward contracts had an aggregate fair value and carrying value of \$7,728 reflected in "Liabilities under derivative contracts" on our consolidated balance sheet. Our outstanding prepaid forward contracts in an asset position had an aggregate fair value and carrying value of \$378,001 reflected in "Derivative contracts" in our consolidated balance sheet.

As of March 31, 2020, 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 March 31, 2020.

Changes in Internal Control

During the three months ended March 31, 2020, 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.

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 1A. Risk Factors

In our Annual Report on Form 10-K for the year ended December 31, 2019, we described material risk factors facing our business. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Except as set forth below, as of the date of this report, there have been no material changes to the risk factors described in our Annual Report on Form 10-K.

Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic

The coronavirus pandemic ("COVID-19"), and measures to prevent its spread, may have a material adverse impact on our business, financial condition and results of operations. The severity and timing of the impact will depend on a number of factors, including the level and rapidity of infection, duration of containment measures, changes in consumer spending patterns, measures imposed or taken by governmental authorities in response to the pandemic, macroeconomic conditions in our markets, and negative effects on the financial condition of our customers.

Under difficult economic conditions, including prolonged unemployment and employment furloughs, demand for our products and services could decline and some customers may be unable or unwilling to pay for our products and services. Additionally, in order to prioritize the demands of the business, we may delay certain capital investments, such as FTTH or in other new initiatives, products or services, which may adversely affect our business in the future. If these events occur and were to continue, our revenue may be reduced materially which could result in reduced operating margins and a reduction in cash flows.

Governmental and non-governmental initiatives to reduce the transmission of COVID-19, such as the imposition of restrictions on work and public gatherings and the promotion of social distancing, along with new government

service, collection, pricing or rebate mandates, such as New Jersey's recent executive order to maintain broadband service for non-paying customers, have impacted and could continue to impact our operations and financial results. Our suppliers and vendors also may be affected by such measures in their ability to provide products and services to us and these measures could also make it more difficult for us to serve our customers.

In addition, the impact that the COVID-19 pandemic will have on our business, financial condition and results of operations could exacerbate the risks identified in "Item 1A. Risk Factors" in our Annual Report on Form 10-K.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price of our Class A common stock to decline.

The sale of substantial amounts of shares of our Class A common stock (including shares of Class A common stock issuable upon conversion of shares of our Class B common stock), or the perception that such sales could occur, could cause the prevailing market price of shares of our Class A common stock to decline. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of March 31, 2020, we had a total of 416.7 million shares of Class A common stock outstanding and 186.2 million shares of Class B common stock outstanding.

Any shares held by our affiliates, as that term is defined under Rule 144 ("Rule 144") of the Securities Act of 1933, as amended (the "Securities Act"), including Next Alt and its affiliates, may be sold only in compliance with certain limitations.

Pursuant to a stockholders and registration rights agreement between the Company and Next Alt. S.a.r.l. ("Next Alt"), Altice Europe N.V. ("Altice Europe"), BC Partners LLP ("BCP") and entities affiliated with the Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), the other parties thereto have the right, subject to certain conditions, to require us to register the sale of their shares of our Class A common stock, or shares of Class A common stock issuable upon conversion of shares of our Class B common stock, under the Securities Act. By exercising their registration rights and selling a large number of shares, our existing owners could cause the prevailing market price of our Class A common stock to decline. Registration of any of these outstanding shares of capital stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement, except for shares received by individuals who are our affiliates.

If these stockholders exercise their registration rights and sell shares of common stock, or if the market perceives that they intend to sell such shares, the market price of our Class A common stock could drop significantly.

In addition, if Next Alt's lenders foreclose on the shares of Class A and Class B common stock it has pledged in connection with certain transactions, such lenders may have the right to acquire and sell such shares, which could cause the market price of our Class A common stock to drop significantly.

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 March 31, 2020.

	(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)
January 1- January 31	5,178,537	\$ 28.36	105,875,929	4,666,240,713
February 1- February 29	6,180,527	28.18	112,056,456	4,492,048,573
March 1 - March 31	19,857,195	21.60	131,913,651	4,063,127,919

(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. On July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase

program of \$5.0 billion, to take effect following the completion of the June 2018 repurchase program. Under these repurchase programs, 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. The programs do 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.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
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.
99.1	Altice USA 2017 Long Term Incentive Plan, Form of Nonqualified Stock Option Award Agreement
99.2	Altice USA 2017 Long Term Incentive Plan, Form of Performance Stock Unit Award Agreement
101	The following financial statements from Altice USA's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 filed with the Securities and Exchange Commission on April 30, 2020 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Loss; (iv) the Consolidated Statement of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements.
104	The cover page from this quarterly report on Form 10-Q formatted in Inline XBRL.

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: April 30, 2020

ALTICE USA, INC.

By: /s/ Michael J. Grau
Michael J. Grau
Chief Financial Officer

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: April 30, 2020

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

CERTIFICATION

I, Michael J. Grau, Chief Financial Officer 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: April 30, 2020

By: /s/ Michael J. Grau
Michael J. Grau
Chief Financial Officer

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 March 31, 2020 (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: April 30, 2020

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

Date: April 30, 2020

By: /s/ Michael J. Grau
Michael J. Grau
Chief Financial Officer

**ALTICE USA 2017 LONG TERM INCENTIVE PLAN
FORM OF NONQUALIFIED STOCK OPTION AWARD AGREEMENT**

THIS OPTION AGREEMENT (the “*Agreement*”) is made effective as of _____ (the “*Date of Grant*”) between Altice USA, Inc., a Delaware corporation (the “*Company*”), and _____ (the “*Participant*”).

This Agreement sets forth the general terms and conditions of Options.

Capitalized terms not otherwise defined herein shall have the same meanings as in the Altice USA 2017 Long Term Incentive Plan, as amended (the “*Plan*”).

1. Grant of the Award. Subject to the provisions of this Agreement and compliance with the terms of this Agreement and the Plan, the Company hereby grants to the Participant the right and option (the “*Options*”) to purchase _____ shares of Class A Common Stock of the Company (each, a “*Share*”) at an exercise price per Share of \$ _____ and a “*Vest Base Date*” of _____.

2. Accepting the Award. The Participant shall have 30 days upon receipt of this Agreement (the “*Acceptance Period*”) to accept the Options and all terms and conditions of this Agreement and the Plan. The Participant may only accept the Options and the terms of this Agreement and the Plan by executing the attached signature page, or by such other method as directed by the Company (the “*Acceptance Notice*”), and returning it to the Company within the Acceptance Period. By accepting the Options, the Participant agrees to the terms and conditions set forth in this Agreement and the Plan. If the Participant fails to return the executed Acceptance Notice within the Acceptance Period, the Company may cancel the Options and any and all rights thereto under this Agreement and the Plan.

3. Status of the Options. The Options shall be nonqualified stock options.

4. Vesting Schedule. Subject to earlier termination in accordance with the Plan or this Agreement (including, without limitation, Section 17), the Options shall vest and become exercisable as follows, unless previously vested or cancelled in accordance with the provisions of the Plan or this Agreement:

Please refer to Appendix: Vesting Schedule

5. Term. The Options shall expire and no longer be exercisable ten 10 years from the Date of Grant, subject to earlier termination in accordance with the Plan or this Agreement.

6. Termination of Service Generally. In the event that the Participant’s employment or other service with the Company or its Affiliates terminates for any reason other than death or Disability, the Options shall cease to vest, any unvested Options shall immediately be cancelled without consideration and the Participant shall have no further right or interest therein. Any vested Options shall continue to be exercisable for a period of one hundred twenty (120) days following the date of such termination. To the extent that any vested Options are not

exercised within such period following termination of employment or other service, such Options shall immediately be cancelled without consideration and the Participant shall have no further right or interest therein. Notwithstanding the foregoing, upon the Participant's termination for Cause, all Options, whether vested or unvested, shall immediately be cancelled upon termination.

7. Death; Disability. If the Participant's employment or other service with the Company or its Affiliates terminates as a result of the Participant's death or Disability, the Participant shall vest in a pro-rated portion of the Options (based on the number of completed months between the Vest Base Date and the date of such termination event divided by the total number of months between the Vest Base Date and the final Vesting Date) less the number of Options that are vested as of the date of such termination. Any vested Options (including those vesting in accordance with the immediately preceding sentence) shall be exercisable for a period of one (1) year following the date of the Participant's death or Disability (but in no event later than the expiration of the term of such Options as set forth herein). To the extent that any vested Options are not exercised within such one-year period, such Options shall immediately be cancelled without consideration and the Participant or the Participant's estate, as applicable, shall have no further right or interest therein.

8. Change in Control. In the event of a Change in Control, all vested and unvested Options shall become fully vested and exercisable. For the avoidance of doubt, and notwithstanding Section 17(n) of the Plan, only a transaction whereby Patrick Drahi, his heirs or entities or trusts directly or indirectly under his or their control or formed for his or their benefit cease to maintain majority voting control (directly or indirectly and whether by equity ownership, contract or otherwise) of the Company shall constitute a Change in Control for purposes of this Agreement.

9. Capital Adjustments. In the event of a change in capitalization, Shares covered by these Options will be adjusted in accordance with Section 14 of the Plan.

10. Method of Exercising Options.

(a) Exercise. The Participant will receive information from the service provider retained by the Company as soon as practicable after receipt of the Options with instructions for exercising such Options, but in all events prior to the first Vesting Date. Additional information regarding the Options and the exercise of the Options may be communicated to Option holders from time to time.

(b) Automatic Cashout. To the extent the Participant was precluded, due to legal restrictions or Company policy, from exercising any vested Options in the final period during which such exercise was otherwise permissible (which period may include the scheduled expiration date of the Options), the Participant's vested in-the-money Options, that is, those Options for which the exercise price per Share is less than the Fair Market Value of a Share, will be exercised automatically, with no action required on the part of a Participant, using a net share settlement or similar procedure immediately before their scheduled expiration date.

(c) Limitation on Exercise. The Options shall not be exercisable unless the offer and sale of Shares pursuant thereto has been registered under the Securities Act of 1933, as amended (the "*Act*") and qualified under applicable state "blue sky" laws or the Company has

determined that an exemption from registration under the Act and from qualification under such state “blue sky” laws is available.

11. Nontransferability of Options. Unless otherwise determined by the Committee pursuant to the terms of the Plan, the Options may not be transferred, pledged, alienated, assigned or otherwise attorned other than by last will and testament or by the laws of descent and distribution or pursuant to a domestic relations order, as the case may be.

12. Restrictive Covenants.

(a) Acknowledgement. The Participant hereby acknowledges and agrees that the services rendered by the Participant for the Company are special and unique and that this Option is granted in part in exchange for the Participant’s promises set forth in this Section 12. The restrictive covenants in this Section 12 shall be the sole restrictive covenants applicable to the Participant following a termination of the Participant’s service with the Company or any of its Affiliates, unless otherwise agreed to between the Participant and the Company (or any of its Affiliates) following the date hereof.

(b) Non-Competition. The Participant hereby acknowledges and agrees that due to the Participant’s position with the Company and its Affiliates and the Participant’s knowledge of the Confidential and Proprietary Information (as defined below), the Participant’s employment by or affiliation with certain entities would be detrimental to the Company and its Affiliates. The Participant hereby agrees that the Participant has not and will not during the Participant’s term of service to the Company and its Affiliates and for a period of 12 months, which period shall commence immediately following (i) the voluntary termination of the Participant’s service with the Company or its Affiliates for any reason, or (ii) the termination of the Participant’s employment by the Company for Cause, directly or indirectly, become employed by, assist, consult to, advise in any manner or have any material interest in, any Competitive Entity, with which the Participant would hold a role or position similar to any role or position the Participant held with the Company, or for whom the Participant would provide services similar to those the Participant provided to the Company, during the 24 months preceding the termination of the Participant’s service with the Company or in which the Participant would have responsibility for or access to confidential information similar or relevant to that which the Participant had access to during the 24 months preceding the termination of the Participant’s service with the Company or its Affiliates. A “*Competitive Entity*” shall mean any multiple system operator and any person, entity or business that competes with any of the Company’s or any of its Affiliate’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 and its Affiliates engage in as of the date of termination of the Participant’s service with the Company or its Affiliates. The Participant’s agreement not to compete shall be limited to within 100 miles of the office(s), whether home or business, from which the Participant reported, primarily worked or provided substantial services on behalf of the Company or its Affiliates during the 24 months preceding the termination of the Participant’s service with the Company. Ownership of not more than one percent of the outstanding stock of any publicly traded company shall not, by itself, constitute a violation of this provision.

(c) Confidentiality. The Participant hereby agrees to hold all Confidential and Proprietary Information in strictest confidence and further agrees not to make use of Confidential and Proprietary Information on behalf of the Participant or any other person or entity, except where such a disclosure is compelled by applicable law.

As used in this Agreement, “**Confidential and Proprietary Information**” means any non-public information of a confidential or proprietary nature of any of the Company or its Affiliates, 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 Company’s or its Affiliates’ 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 or its Affiliates’ businesses; plans or strategies to market or distribute the services or products of such businesses; plans, tactics, or strategies for third-party negotiations, including, without limitation, 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 Company’s or its Affiliates’ (to the extent applicable) employees, guests, agents, compensation (including, without limitation, 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 Company or its Affiliates, and (iv) any information (personal, proprietary or otherwise) the Participant learned about any officer, director or member of management of the Company or its Affiliates, whether prior, during or subsequent to his or her employment by the Company or its Affiliates. Notwithstanding the foregoing, the obligations of this Section 9 other than with respect to subscriber information, shall not apply to information which is: (A) already in the public domain, (B) disclosed to the Participant by a third party with the right to disclose it in good faith, or (C) specifically exempted in writing from the applicability of this Agreement.

Notwithstanding anything elsewhere in this Agreement, the Participant is authorized to make any disclosure required of him by any federal, state and local laws, after providing the Company with prior written notice and an opportunity to respond prior to such disclosure, and that the Participant shall only disclose the specific information required of him by law.

(d) U.S. Defend Trade Secrets Act Notice of Immunity. Notwithstanding any provision herein to the contrary, pursuant to the U.S. Defend Trade Secrets Act of 2016 (“**DTSA**”), the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, pursuant to the DTSA, if the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Participant may disclose the Company’s trade secret to the Participant’s attorney and use the trade secret information in the court

proceeding, if the Participant (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

(e) Non-Solicitation. The Participant hereby agrees that the Participant has not and will not during the Participant's term of service to the Company and its Affiliates and for a period of 12 months, which period shall commence immediately following the termination of the Participant's service with the Company or its Affiliates for any reason, solicit, contact or persuade, directly or indirectly (whether for the Participant's 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 or its Affiliates to leave the employ of the Company or its Affiliates or to cease or reduce working for and/or doing business with the Company.

(f) Enforcement. The Participant acknowledges and agrees that the scope and duration of the restrictions on the Participant's activities under this Agreement are reasonable and necessary to protect the legitimate business interests of the Company and its Affiliates, and that the Participant will be reasonably able to earn a living without violating the terms of this Agreement. The Participant further agrees that the restrictions set forth in this Section 12 are reasonable and necessary to protect the Confidential and Proprietary Information and other legitimate business needs. In the event that any court or tribunal of competent jurisdiction shall determine this Section 12 to be unenforceable or invalid for any reason, the Participant and the Company agree that the covenants shall be interpreted to extend only over the maximum period of time for which they may be enforceable, and/or the maximum geographical area as to which they may be enforceable, and/or to the maximum extent in any and all respects as to which they may be enforceable, all as determined by such court or tribunal. The Participant acknowledges and agrees that in the event of a breach or threatened breach of any of the covenants and promises contained in this Section 12, the Company and its Affiliates will suffer irreparable injury for which there is no adequate remedy at law. The Company will therefore be entitled to injunctive relief from the courts without the posting of a bond, enjoining the Participant from engaging in activities in breach of this Section 12. In addition, and notwithstanding the terms of Section 18(i), the Company will be entitled to avail itself of all other remedies as may now or hereafter exist in law or equity for breach by the Participant of the covenants contained in this Section 12, and resort to any remedy available shall not preclude the concurrent or subsequent obtaining of other remedies, including monetary damages and/or forfeiture of compensation.

13. Rights as a Shareholder. The Participant shall have no rights as a shareholder with respect to any Shares issuable upon exercise of the Options until the Participant becomes a holder of record thereof, and no adjustment shall be made for dividends or distributions or other rights in respect of any Shares for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.

14. No Entitlements.

(a) No Right to Continued Employment or Other Service Relationship. This Agreement does not constitute an employment or service agreement and nothing in the Plan or this Agreement shall modify the terms of the Participant's employment or other service, including, without limitation, the Participant's status as an "at will" employee of the Company or its Affiliates, if applicable. None of the Plan, the Agreement, the grant of Options, nor any

action taken or omitted to be taken shall be construed (i) to create or confer on the Participant any right to be retained in the employ of or other service to the Company or its Affiliates, (ii) to interfere with or limit in any way the right of the Company or its Affiliates to terminate the Participant's employment or other service at any time and for any reason or (iii) to give the Participant any right to be reemployed or retained by the Company or its Affiliates following a termination of employment or other service for any reason.

(b) No Right to Future Awards. The Participant acknowledges that the Options and all other equity-based Awards under the Plan are discretionary. The Options do not confer on the Participant any right or entitlement to receive another grant of Options or any other equity-based Award at any time in the future or in respect of any future period.

15. Taxes and Withholding. The Participant must satisfy any federal, state, provincial, local or foreign tax withholding requirements applicable with respect to the exercise of the Options. The Company may require or permit the Participant to satisfy such tax withholding obligations through the Company withholding of Shares (up to the maximum statutory tax rate in the relevant jurisdiction) that would otherwise be received by such individual upon the exercise of the Options. The obligations of the Company to deliver the Shares under this Agreement shall be conditioned upon the Participant's payment of all applicable taxes and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

16. Securities Laws. The Company shall not be required to issue Shares in settlement of or otherwise pursuant to the Options unless and until: (a) the Shares have been duly listed upon each stock exchange on which the Shares are then registered, (b) a registration statement under the Act with respect to such Shares is then effective, and (c) the issuance of the Shares would comply with such legal or regulatory provisions of such countries or jurisdictions outside the United States as may be applicable in respect of the Options. In connection with the grant or vesting of the Options, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

17. Clawback. Any Awards or payments made pursuant to the Plan and any gains realized upon exercise or settlement of an Option shall be subject to clawback or recoupment, as mandated by applicable law, rules, regulations, or as approved by the Board or a committee thereof, or by any policy adopted by the Company and approved by the Board as in effect from time to time, in each case which provides that: (a) such Award or payment was erroneously granted due to a financial accounting misstatement or required restatement, or (b) the Board determines the Participant engaged in fraud or material misconduct related to his or her employment or engagement with the Company.

18. Miscellaneous Provisions.

(a) Notices. Any notice necessary under this Agreement shall be addressed to the Company at the headquarters of the Company, Attention: Legal Department, and to the Participant at the address appearing in the records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Notwithstanding the foregoing, the Company may deliver notices to the Participant by means of

email or other electronic means that are generally used for employee communications. Any such notice shall be deemed effective upon receipt thereof by the addressee.

(b) Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(d) Incorporation of Plan; Entire Agreement. This Agreement and the Options shall be subject to the Plan, the terms of which are incorporated herein by reference, and in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern. This Agreement and the Plan constitute the entire agreement between the parties hereto with regard to the subject matter hereof. They supersede all other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof. The Participant acknowledges receipt of the Plan, and represents that the Participant is familiar with its terms and provisions.

(e) Amendments. Subject to all applicable laws, rules and regulations, the Committee shall have the power to amend this Agreement at any time. Any amendment, modification or termination shall, upon adoption, become and be binding on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Committee shall give written notice to the Participant in accordance with Section 18(a) of any such amendment, modification or termination as promptly as practicable after the adoption thereof. In the event changes to applicable federal, state or local tax law effective after the Date of Grant impact the treatment of the Options as intended as of the date hereof, the Committee may, in its sole discretion and without notice to the Participant, amend this Agreement in any manner that the Committee deems appropriate, which exercise of discretion shall be final, binding and conclusive on all persons having an interest therein.

(f) Section 409A of the Code. It is the intention and understanding of the parties that the Options granted under this Agreement do not provide for a deferral of compensation subject to Section 409A of the Code or the regulations and guidance promulgated thereunder ("**Section 409A**"). This Agreement shall be interpreted and administered to give effect to such intention and understanding and to avoid the imposition on the Participant of any tax, interest or penalty under Section 409A in respect of any Options. Notwithstanding any other provision of this Agreement or the Plan, if the Committee determines in good faith that any provision of the Plan or this Agreement does not satisfy Section 409A or could otherwise cause any person to recognize additional taxes, penalties or interest under Section 409A, the Committee may, in its sole discretion and without the consent of the Participant, modify such provision to the extent necessary or desirable to ensure compliance with Section 409A. Any such amendment shall maintain, to the extent practicable, the original intent of the applicable provision without contravening the provisions of Section 409A. This Section 18(f) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the Options will not be subject to interest and penalties under Section 409A.

(g) Successor. Except as otherwise provided herein, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company and to any permitted transferee pursuant to Section 11.

(h) Choice of Law. Except as to matters of federal law, this Agreement and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware (other than its conflict of law rules).

(i) Mutual Arbitration.

(i) Scope of Coverage. Except as expressly set forth in Section 18(i)(iii) below, all disputes, claims, complaints, or controversies that the Participant now has or in the future may have against the Company and/or any of its parents, subsidiaries, affiliates, current and former officers, directors, employees, and/or agents, or that the Company now has or in the future may have against the Participant (“**Claims**”), are subject to arbitration pursuant to the terms of this Section 18(i) and will be resolved by arbitration and not by a court or jury. These Claims include, but are not limited to, disputes, claims, complaints, or controversies arising out of and/or directly or indirectly relating to the relationship between the Participant and the Company (including without limitation the Participant’s employment with the Company and/or the Participant’s application for, the terms and conditions of, or the termination of that employment) including contract claims, tort claims, discrimination and/or harassment claims, retaliation claims, claims for overtime, wages, compensation, penalties or restitution, and any other claim under any federal, state, or local statute, constitution, regulation, rule, ordinance, or common law. The parties hereby forever waive and give up the right to have a judge or a jury decide any Claims as to which any party elects arbitration.

(ii) Election to Arbitrate. The parties agree that the Company or the Participant may elect to arbitrate Claims, but that if any party elects arbitration as to any Claim, all other Claims brought in conjunction with that Claim shall be subject to arbitration (except for claims not covered by this Agreement), and that: (A) no Claims may be initiated or maintained as a class action, collective action, or representative action either in court or arbitration, (B) class, collective and representative arbitrations are not permitted, (C) a court of competent jurisdiction, not an arbitrator, must resolve issues concerning the enforceability or validity of this Section 18(i), (D) if, for any reason, this Section 18(i) is held unenforceable or invalid in whole or in part, then a court of competent jurisdiction, not an arbitrator, will decide the claim as to which the waiver was held unenforceable or invalid and all other Claims will remain subject to arbitration in accordance with this Agreement, (E) nothing in this Agreement shall prohibit the Participant from filing a charge, complaint or claim or communicating or cooperating with, providing information to, or participating in an investigation by the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Department of Labor, the Occupational Safety and Health Commission, or any other federal, state, or local administrative agency, except that to the extent a claim is not resolved before the agency, it is subject to arbitration under this Agreement rather than proceeding in court, and (F) the Participant also has the right to challenge the validity of the terms and conditions of this Section 18(i) on any grounds permissible under the Federal Arbitration Act, and the Company shall not discipline, discharge, or engage in

any retaliatory actions against the Participant in the event the Participant chooses to do so. The Company, however, reserves the right to enforce the terms and conditions of this Section 18(i) in any appropriate forum.

(iii) Claims Not Covered by this Section 18(i). The following Claims shall not be covered by this Section 18(i): Claims for workers' compensation benefits filed with a state agency, claims for unemployment compensation benefits filed with a state agency, claims for benefits under a plan that is governed by the Employee Retirement Income Security Act of 1974 ("*ERISA*"), and claims that are subject to the exclusive jurisdiction of the NLRB. Notwithstanding any of the foregoing or any other provision of this Agreement, there shall be no obligation to arbitrate any Claims with respect to Section 12 of this Agreement to the extent that such Claims are not subject to binding arbitration under the laws of the State of New York. The Participant and the Company may petition a court for an injunction to maintain the status quo pending resolution of any Claim under this Section 18(i). This Section 18(i) shall not require the arbitration of an application for emergency or temporary injunctive relief by either party pending arbitration.

(iv) Arbitration Procedures. (A) A Claim will be subject to arbitration only if arbitration is elected by either the Participant or the Company; (B) except as provided below, the parties agree that JAMS Arbitration Services ("*JAMS*") will administer all arbitrations under this Section 18(i), subject to its then current employment arbitration rules and procedures and (if applicable) emergency relief procedures, available at www.adr.org, unless those rules and/or procedures conflict with any express term of this Section 18(i), in which case this Section 18(i) is controlling; (C) no arbitration under in Section 18(i) shall be subject to the JAMS Class Action Procedures; (D) the arbitration will be heard by a single arbitrator in the county of the Participant's current or most recent workplace at the time the claim arose, unless both parties agree otherwise or the arbitrator concludes that a different location would be appropriate to ensure that the Participant can readily access the arbitral forum; (E) notwithstanding the JAMS Employment Arbitration Rules & Procedures, any party shall have the right to file a motion to dismiss and/or a motion for summary judgment; and (F) the arbitrator shall issue a final and binding written award, subject to review on the grounds set forth in the FAA. The award shall have no preclusive effect as to issues or claims in any other dispute or arbitration proceeding. Arbitrators are barred from giving prior arbitration awards precedential effect. The Claims procedure in this Section 18(i) is governed by the FAA and, to the extent not inconsistent with or preempted by the FAA, by the laws of the state in which the Participant last worked for the Company without regard to principles of conflicts of law. The Company's business and the Participant's employment with the Company affect interstate commerce.

(v) Arbitration Fees and Costs. In the event the Participant files a claim in arbitration under this Section 18(i), the Company will pay all JAMS filing, administrative, and arbitrator fees. The arbitrator shall have the authority to make an award of attorneys' fees and costs to the same extent such an award could have been made to an individual claimant if the Claim had been filed in court. If there is a dispute as to whether the Company or the Participant is the prevailing party, the arbitrator will decide this issue.

(vi) Time Limitation for Commencing Arbitration. The same statute of limitations that would have applied if the Claim was made in a judicial forum will apply to any Claim subject to arbitration.

(vii) Damages and Other Relief. The arbitrator may award the full individual remedies that would be available if the Claim had been filed in court.

(viii) Termination. This Section 18(i) survives the termination of the Agreement. For the avoidance of doubt, this Section 18(i) supersedes all other agreements and drafts, oral or written, between the parties hereto with respect to the subject matter of dispute resolution, including, without limitation, any provisions regarding dispute resolution in previously executed award agreements and arbitration agreements.

(ix) Construction. Except as provided above, if any court of competent jurisdiction or arbitrator finds any part or provision of in this Section 18(i) unenforceable, such a finding will not affect the validity of the remainder of the Agreement, and all other parts and provisions remain in full force and effect.

[Remainder of page intentionally left blank]

ALTICE USA, INC.

By:

Name:

Title:

ACCEPTANCE NOTICE

The undersigned hereby acknowledges having read the Plan and this Agreement, and hereby agrees to be bound by all the provisions set forth in the Plan and this Agreement and does so voluntarily. **The undersigned is giving up the right to have any disputes that are subject to arbitration be decided by a court or jury and to bring or participate in a class action, collective action, or representative action.** The undersigned has no entitlement to or rights with respect to the Options, and the Options are not exercisable, unless and until the Participant has acknowledged this Agreement and returned such acknowledgement to the Company.

Failure to return a signed Acceptance Notice within the Acceptance Period MAY result in the Company canceling the options and any and all rights thereto under this Agreement and the Plan.

Participant Name: _____

Signature: _____

Date: _____

**ALTICE USA 2017 LONG TERM INCENTIVE PLAN
FORM OF PERFORMANCE STOCK UNIT AWARD AGREEMENT**

THIS PERFORMANCE STOCK UNIT AWARD AGREEMENT (the “*Agreement*”) is made on _____ (the “*Date of Grant*”) between Altice USA, Inc., a Delaware corporation (the “*Company*”), and _____ (the “*Participant*”) pursuant to the Altice USA 2017 Long Term Incentive Plan, as amended (the “*Plan*”), and shall become effective upon the date the Participant signs and returns the Acceptance Notice (as defined below) to the Company.

This Agreement sets forth the general terms and conditions of restricted stock units with performance-based vesting metrics (“*PSUs*”). Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

1. Grant of the Award. Subject to the Participant’s execution of this Agreement and compliance with the terms of this Agreement and the Plan, the Company hereby grants to the Participant an award of _____ PSUs. Each PSU gives the Participant an unsecured right to receive, subject to the terms and conditions of the Plan and this Agreement including achievement of the performance condition set forth in Section 2, one Share. If the performance condition is not achieved, the PSUs subject to this Agreement shall be cancelled in full for no consideration.

2. Performance Condition.

(a) Subject to Section 2(b), the PSUs subject to this Agreement will vest in full on the first day following the date on which the 30-day trailing average trading price of Share on the NYSE for the preceding 30-day period equals or exceeds \$[] calculated based on the volume weighted average trading price of a Share on the NYSE as reported on by the NYSE (or, if not so reported, as reported by a successor reporting service selected by the Company) (such date, the “*Achievement Date*” and such price, the “*Performance Target Share Price*”), provided that should the Achievement Date occur prior to July 1, 2020, the PSUs subject to this Agreement shall not vest until July 1, 2020, and provided further that the Participant is employed by or providing services to the Company or one of its Affiliates on the vesting date of the PSUs subject to this Agreement.

(b) If no Recession or a Market Disruption Event (as each term is defined below) has occurred between the Date of Grant and the fourth anniversary of the Date of Grant and the Achievement Date has not occurred on or prior to the fourth anniversary of the Date of Grant, the PSUs subject to this Agreement will be cancelled in full for no consideration immediately following the fourth anniversary of the Date of Grant. If a Recession or a Market Disruption Event has occurred between the Date of Grant and the fourth anniversary of the Date of Grant and the Achievement Date has not occurred on or prior to the sixth anniversary of the Date of Grant, the PSUs subject to this Agreement will be cancelled in full for no consideration immediately following the sixth anniversary of the Date of Grant. Notwithstanding anything to the contrary in this Agreement, the parties agree that the Board shall have sole discretion to waive or adjust the Performance Target Share Price at any time.

(c) For purposes of this Agreement, “***Recession***” means the declaration of a recession by the National Bureau of Economic Research, and “***Market Disruption Event***” means a year-over-year decline in the six-month trading average of the S&P 500 Index that is 15% or greater.

3. Accepting the Award. The Participant shall have 30 days upon receipt of this Agreement (the “***Acceptance Period***”) to accept this Agreement and all terms and conditions of this Agreement and the Plan. The Participant may only accept this Agreement and the terms of this Agreement and the Plan by executing the attached signature page, or by such other method as directed by the Company (the “***Acceptance Notice***”) and returning it to the Company within the Acceptance Period. By accepting this Agreement, the Participant agrees to the terms and conditions set forth in this Agreement and the Plan. If the Participant fails to return the executed Acceptance Notice within the Acceptance Period, the Company may cancel this Agreement and any and all rights thereto under this Agreement and the Plan.

4. Settlement. Any vested PSU shall be settled by delivery of Shares to Participant as soon as practicable following the vesting date of the PSUs subject to this Agreement.

5. Termination. In the event that the Participant’s employment or other service with the Company or its Affiliates terminates for any reason prior to the Achievement Date of the PSUs subject to this Agreement, the PSUs subject to this Agreement will be cancelled in full for no consideration immediately upon such cessation of employment or service.

6. Change in Control. In the event of a Change in Control prior to the Achievement Date, the Performance Target Share Price will be deemed to have been achieved and all unvested PSUs shall become fully vested upon the Change in Control. For the avoidance of doubt, and notwithstanding Section 17(n) of the Plan, only a transaction whereby Patrick Drahi, his heirs or entities or trusts directly or indirectly under his or their control or formed for his or their benefit cease to maintain majority voting control (directly or indirectly and whether by equity ownership, contract or otherwise) of the Company shall constitute a Change in Control for purposes of this Agreement.

7. Capital Adjustments. In the event of a change in capitalization, Shares covered by the PSUs subject to this Agreement will be adjusted in accordance with Section 14 of the Plan.

8. Nontransferability of PSUs. Unless otherwise determined by the Committee pursuant to the terms of the Plan, the PSU subject to this Agreement may not be transferred, pledged, alienated, assigned or otherwise attorned other than by last will and testament or by the laws of descent and distribution or pursuant to a domestic relations order, as the case may be.

9. Restrictive Covenants.

(a) Acknowledgement. The Participant hereby acknowledges and agrees that the services rendered by the Participant for the Company are special and unique and that the PSUs subject to this Agreement are granted in part in exchange for the Participant’s promises set forth in this Section 9. The restrictive covenants in this Section 9 shall be the sole restrictive covenants applicable to the Participant following a termination of the Participant’s service with

the Company or any of its Affiliates, unless otherwise agreed to between the Participant and the Company (or any of its Affiliates) following the date hereof.

(b) Non-Competition. The Participant hereby acknowledges and agrees that due to the Participant's position with the Company and its Affiliates and the Participant's knowledge of the Confidential and Proprietary Information (as defined below), the Participant's employment by or affiliation with certain entities would be detrimental to the Company and its Affiliates. The Participant hereby agrees that the Participant has not and will not during the Participant's term of service to the Company and its Affiliates and for a period of 12 months, which period shall commence immediately following (i) the voluntary termination of the Participant's service with the Company or its Affiliates for any reason, or (ii) the termination of the Participant's employment by the Company for Cause, directly or indirectly, become employed by, assist, consult to, advise in any manner or have any material interest in, any Competitive Entity, with which the Participant would hold a role or position similar to any role or position the Participant held with the Company, or for whom the Participant would provide services similar to those the Participant provided to the Company, during the 24 months preceding the termination of the Participant's service with the Company or in which the Participant would have responsibility for or access to confidential information similar or relevant to that which the Participant had access to during the 24 months preceding the termination of the Participant's service with the Company or its Affiliates. A "**Competitive Entity**" shall mean any multiple system operator and any person, entity or business that competes with any of the Company's or any of its Affiliate'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 and its Affiliates engage in as of the date of termination of the Participant's service with the Company or its Affiliates. The Participant's agreement not to compete shall be limited to within 100 miles of the office(s), whether home or business, from which the Participant reported, primarily worked or provided substantial services on behalf of the Company or its Affiliates during the 24 months preceding the termination of the Participant's service with the Company. Ownership of not more than one percent of the outstanding stock of any publicly traded company shall not, by itself, constitute a violation of this provision.

(c) Confidentiality. The Participant hereby agrees to hold all Confidential and Proprietary Information in strictest confidence and further agrees not to make use of Confidential and Proprietary Information on behalf of the Participant or any other person or entity, except where such a disclosure is compelled by applicable law.

As used in this Agreement, "**Confidential and Proprietary Information**" means any non-public information of a confidential or proprietary nature of any of the Company or its Affiliates, 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 Company's or its Affiliates' 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 or its Affiliates' businesses; plans or strategies to market or distribute the services or products of such businesses; plans, tactics, or strategies for third-party negotiations, including, without limitation, 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 Company's or its Affiliates' (to the extent applicable) employees, guests, agents, compensation (including, without limitation, 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 Company or its Affiliates; and (iv) any information (personal, proprietary or otherwise) the Participant learned about any officer, director or member of management of the Company or its Affiliates, whether prior, during or subsequent to his or her employment by the Company or its Affiliates. Notwithstanding the foregoing, the obligations of this Section 9 other than with respect to subscriber information, shall not apply to information which is: (A) already in the public domain; (B) disclosed to the Participant by a third party with the right to disclose it in good faith; or (C) specifically exempted in writing from the applicability of this Agreement.

Notwithstanding anything elsewhere in this Agreement, the Participant is authorized to make any disclosure required of him by any federal, state and local laws, after providing the Company with prior written notice and an opportunity to respond prior to such disclosure, and that the Participant shall only disclose the specific information required of him by law.

(d) U.S. Defend Trade Secrets Act Notice of Immunity. Notwithstanding any provision herein to the contrary, pursuant to the U.S. Defend Trade Secrets Act of 2016 ("**DTSA**"), the Participant shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, pursuant to the DTSA, if the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Participant may disclose the Company's trade secret to the Participant's attorney and use the trade secret information in the court proceeding, if the Participant (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

(e) Non-Solicitation. The Participant hereby agrees that the Participant has not and will not during the Participant's term of service to the Company and its Affiliates and for a period of 12 months, which period shall commence immediately following the termination of the Participant's service with the Company or its Affiliates for any reason, solicit, contact or persuade, directly or indirectly (whether for the Participant's 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 or its Affiliates to leave the employ of the Company or its Affiliates or to cease or reduce working for and/or doing business with the Company.

(f) Enforcement. The Participant acknowledges and agrees that the scope and duration of the restrictions on the Participant's activities under this Agreement are reasonable and necessary to protect the legitimate business interests of the Company and its Affiliates, and that the Participant will be reasonably able to earn a living without violating the terms of this Agreement. The Participant further agrees that the restrictions set forth in this Section 9 are

reasonable and necessary to protect the Confidential and Proprietary Information and other legitimate business needs. In the event that any court or tribunal of competent jurisdiction shall determine this Section 9 to be unenforceable or invalid for any reason, the Participant and the Company agree that the covenants shall be interpreted to extend only over the maximum period of time for which they may be enforceable, and/or the maximum geographical area as to which they may be enforceable, and/or to the maximum extent in any and all respects as to which they may be enforceable, all as determined by such court or tribunal. The Participant acknowledges and agrees that in the event of a breach or threatened breach of any of the covenants and promises contained in this Section 9, the Company and its Affiliates will suffer irreparable injury for which there is no adequate remedy at law. The Company will therefore be entitled to injunctive relief from the courts without the posting of a bond, enjoining the Participant from engaging in activities in breach of this Section 9. In addition, and notwithstanding the terms of Section 15(i), the Company will be entitled to avail itself of all other remedies as may now or hereafter exist in law or equity for breach by the Participant of the covenants contained in this Section 9, and resort to any remedy available shall not preclude the concurrent or subsequent obtaining of other remedies, including monetary damages and/or forfeiture of compensation.

10. Rights as a Shareholder. Prior to the distribution of Shares with respect to the vesting of the PSUs subject to this Agreement, the Participant shall not have any rights of a shareholder of the Company with respect to the PSUs subject to this Agreement. Upon distribution of Shares after the Achievement Date, the Participant shall have, with respect to the Shares, all the rights of a shareholder of the Company, including, if applicable, the right to vote the Shares and to receive any dividends or other distributions, subject to the restrictions set forth in this Agreement and the Plan.

11. No Entitlements.

(a) No Right to Continued Employment or Other Service Relationship. This Agreement does not constitute an employment or service agreement and nothing in the Plan or this Agreement shall modify the terms of the Participant's employment or other service, including, without limitation, the Participant's status as an "at will" employee of the Company or its Affiliates, if applicable. None of the Plan, the Agreement, the grant of PSUs, nor any action taken or omitted to be taken shall be construed (i) to create or confer on the Participant any right to be retained in the employ of or other service to the Company or its Affiliates; (ii) to interfere with or limit in any way the right of the Company or its Affiliates to terminate the Participant's employment or other service at any time and for any reason; or (iii) to give the Participant any right to be reemployed or retained by the Company or its Affiliates following a termination of employment or other service for any reason.

(b) No Right to Future Awards. The Participant acknowledges that the PSUs and all other equity-based Awards under the Plan are discretionary. The PSUs do not confer on the Participant any right or entitlement to receive another grant of PSUs or any other equity-based Award at any time in the future or in respect of any future period.

12. Taxes and Withholding. The Participant must satisfy any federal, state, provincial, local or foreign tax withholding requirements applicable with respect to the settlement of the PSUs subject to this Agreement. The Company may require or permit the Participant to satisfy such tax withholding obligations through the Company withholding of Shares (up to the maximum statutory tax rate in the relevant jurisdiction) that would otherwise be received by such individual upon the settlement of the PSUs subject to this Agreement. The

obligations of the Company to deliver the Shares under this Agreement shall be conditioned upon the Participant's payment of all applicable taxes and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

13. Securities Laws. The Company shall not be required to issue Shares in settlement of or otherwise pursuant to the PSUs unless and until (a) the Shares have been duly listed upon each stock exchange on which the Shares are then registered; (b) a registration statement under the Act with respect to such Shares is then effective and (c) the issuance of the Shares would comply with such legal or regulatory provisions of such countries or jurisdictions outside the United States as may be applicable in respect of the PSUs. In connection with the grant or vesting of the PSUs, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

14. Clawback. The PSUs subject to this Agreement shall be subject to clawback or recoupment, as mandated by applicable law, rules, regulations, or as approved by the Board or a committee thereof, or by any policy adopted by the Company and approved by the Board as in effect from time to time, in each case which provides that: (a) such Award or payment was erroneously granted due to a financial accounting misstatement or required restatement; or (b) the Board determines the Participant engaged in fraud or material misconduct related to his or her employment or engagement with the Company.

15. Miscellaneous Provisions.

(a) Notices. Any notice necessary under this Agreement shall be addressed to the Company at the headquarters of the Company, Attention: Legal Department, and to the Participant at the address appearing in the records of the Company for the Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Notwithstanding the foregoing, the Company may deliver notices to the Participant by means of email or other electronic means that are generally used for employee communications. Any such notice shall be deemed effective upon receipt thereof by the addressee.

(b) Headings. The headings of sections and subsections are included solely for convenience of reference and shall not affect the meaning of the provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(d) Incorporation of Plan; Entire Agreement. This Agreement and the PSUs shall be subject to the Plan, the terms of which are incorporated herein by reference, and in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern. This Agreement and the Plan constitute the entire agreement between the parties hereto with regard to the subject matter hereof. They supersede all other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof. The Participant acknowledges receipt of the Plan, and represents that the Participant is familiar with its terms and provisions.

(e) Amendments. Subject to all applicable laws, rules and regulations, the Committee shall have the power to amend this Agreement at any time. Any amendment,

modification or termination shall, upon adoption, become and be binding on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Committee shall give written notice to the Participant in accordance with Section 15(a) of any such amendment, modification or termination as promptly as practicable after the adoption thereof. In the event changes to applicable federal, state or local tax law effective after the Date of Grant impact the treatment of the PSUs as intended as of the date hereof, the Committee may, in its sole discretion and without notice to the Participant, amend this Agreement in any manner that the Committee deems appropriate, which exercise of discretion shall be final, binding and conclusive on all persons having an interest therein.

(f) Section 409A of the Code. It is the intention and understanding of the parties that the PSUs granted under this Agreement do not provide for a deferral of compensation subject to Section 409A of the Code or the regulations and guidance promulgated thereunder ("**Section 409A**"). This Agreement shall be interpreted and administered to give effect to such intention and understanding and to avoid the imposition on the Participant of any tax, interest or penalty under Section 409A in respect of any PSUs. Notwithstanding any other provision of this Agreement or the Plan, if the Committee determines in good faith that any provision of the Plan or this Agreement does not satisfy Section 409A or could otherwise cause any person to recognize additional taxes, penalties or interest under Section 409A, the Committee may, in its sole discretion and without the consent of the Participant, modify such provision to the extent necessary or desirable to ensure compliance with Section 409A. Any such amendment shall maintain, to the extent practicable, the original intent of the applicable provision without contravening the provisions of Section 409A. This Section 15(f) does not create an obligation on the part of the Company to modify the Plan or this Agreement and does not guarantee that the PSUs will not be subject to interest and penalties under Section 409A.

(g) Successor. Except as otherwise provided herein, this Agreement shall be binding upon and shall inure to the benefit of any successor or successors of the Company and to any permitted transferee pursuant to Section 8.

(h) Choice of Law. Except as to matters of federal law, this Agreement and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware (other than its conflict of law rules).

(i) Mutual Arbitration.

(i) Scope of Coverage. Except as expressly set forth in Section 15(i)(iii) below, all disputes, claims, complaints, or controversies that the Participant now has or in the future may have against the Company and/or any of its parents, subsidiaries, affiliates, current and former officers, directors, employees, and/or agents, or that the Company now has or in the future may have against the Participant ("**Claims**"), are subject to arbitration pursuant to the terms of this Section 15(i) and will be resolved by arbitration and not by a court or jury. These Claims include, but are not limited to, disputes, claims, complaints, or controversies arising out of and/or directly or indirectly relating to the relationship between the Participant and the Company (including without limitation the Participant's employment with the Company and/or the Participant's application for, the terms and conditions of, or the termination of that employment) including contract claims, tort claims, discrimination and/or harassment claims, retaliation claims, claims for overtime, wages, compensation, penalties or restitution, and any other claim under any federal, state, or local statute, constitution, regulation, rule, ordinance, or

common law. The parties hereby forever waive and give up the right to have a judge or a jury decide any Claims as to which any party elects arbitration.

(ii) Election to Arbitrate. The parties agree that the Company or the Participant may elect to arbitrate Claims, but that if any party elects arbitration as to any Claim, all other Claims brought in conjunction with that Claim shall be subject to arbitration (except for claims not covered by this Agreement), and that: (A) no Claims may be initiated or maintained as a class action, collective action, or representative action either in court or arbitration; (B) class, collective and representative arbitrations are not permitted; (C) a court of competent jurisdiction, not an arbitrator, must resolve issues concerning the enforceability or validity of this Section 15(i); (D) if, for any reason, this Section 15(i) is held unenforceable or invalid in whole or in part, then a court of competent jurisdiction, not an arbitrator, will decide the claim as to which the waiver was held unenforceable or invalid and all other Claims will remain subject to arbitration in accordance with this Agreement; (E) nothing in this Agreement shall prohibit the Participant from filing a charge, complaint or claim or communicating or cooperating with, providing information to, or participating in an investigation by the U.S. Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Department of Labor, the Occupational Safety and Health Commission, or any other federal, state, or local administrative agency, except that to the extent a claim is not resolved before the agency, it is subject to arbitration under this Agreement rather than proceeding in court; and (F) the Participant also has the right to challenge the validity of the terms and conditions of this Section 15(i) on any grounds permissible under the Federal Arbitration Act, and the Company shall not discipline, discharge, or engage in any retaliatory actions against the Participant in the event the Participant chooses to do so. The Company, however, reserves the right to enforce the terms and conditions of this Section 18(i) in any appropriate forum.

(iii) Claims Not Covered by this Section 15(i). The following Claims shall not be covered by this Section 15(i): Claims for workers' compensation benefits filed with a state agency, claims for unemployment compensation benefits filed with a state agency, claims for benefits under a plan that is governed by the Employee Retirement Income Security Act of 1974 ("*ERISA*"), and claims that are subject to the exclusive jurisdiction of the NLRB. Notwithstanding any of the foregoing or any other provision of this Agreement, there shall be no obligation to arbitrate any Claims with respect to Section 9 of this Agreement to the extent that such Claims are not subject to binding arbitration under the laws of the State of New York. The Participant and the Company may petition a court for an injunction to maintain the status quo pending resolution of any Claim under this Section 15(i). This Section 15(i) shall not require the arbitration of an application for emergency or temporary injunctive relief by either party pending arbitration.

(iv) Arbitration Procedures. (A) A Claim will be subject to arbitration only if arbitration is elected by either the Participant or the Company; (B) except as provided below, the parties agree that JAMS Arbitration Services ("*JAMS*") will administer all arbitrations under this Section 15(i), subject to its then current employment arbitration rules and procedures and (if applicable) emergency relief procedures, available at www.adr.org, unless those rules and/or procedures conflict with any express term of this Section 15(i), in which case this Section 15(i) is controlling; (C) no arbitration under in Section 15(i) shall be subject to the JAMS Class Action Procedures; (D) the arbitration will be heard by a single arbitrator in the county of the Participant's current or most recent workplace at the time the claim arose, unless both parties

agree otherwise or the arbitrator concludes that a different location would be appropriate to ensure that the Participant can readily access the arbitral forum; (E) notwithstanding the JAMS Employment Arbitration Rules & Procedures, any party shall have the right to file a motion to dismiss and/or a motion for summary judgment; and (F) the arbitrator shall issue a final and binding written award, subject to review on the grounds set forth in the FAA. The award shall have no preclusive effect as to issues or claims in any other dispute or arbitration proceeding. Arbitrators are barred from giving prior arbitration awards precedential effect. The Claims procedure in this Section 15(i) is governed by the FAA and, to the extent not inconsistent with or preempted by the FAA, by the laws of the state in which the Participant last worked for the Company without regard to principles of conflicts of law. The Company's business and the Participant's employment with the Company affect interstate commerce.

(v) Arbitration Fees and Costs. In the event the Participant files a claim in arbitration under this Section 15(i), the Company will pay all JAMS filing, administrative, and arbitrator fees. The arbitrator shall have the authority to make an award of attorneys' fees and costs to the same extent such an award could have been made to an individual claimant if the Claim had been filed in court. If there is a dispute as to whether the Company or the Participant is the prevailing party, the arbitrator will decide this issue.

(vi) Time Limitation for Commencing Arbitration. The same statute of limitations that would have applied if the Claim was made in a judicial forum will apply to any Claim subject to arbitration.

(vii) Damages and Other Relief. The arbitrator may award the full individual remedies that would be available if the Claim had been filed in court.

(viii) Termination. This Section 15(i) survives the termination of the Agreement. For the avoidance of doubt, this Section 15(i) supersedes all other agreements and drafts, oral or written, between the parties hereto with respect to the subject matter of dispute resolution, including, without limitation, any provisions regarding dispute resolution in previously executed award agreements and arbitration agreements.

(ix) Construction. Except as provided above, if any court of competent jurisdiction or arbitrator finds any part or provision of in Section 15(i) unenforceable, such a finding will not affect the validity of the remainder of the Agreement, and all other parts and provisions remain in full force and effect

[Remainder of page intentionally left blank]

ALTICE USA, INC.

By: _____

Name:

Title:

ACCEPTANCE NOTICE

The undersigned hereby acknowledges having read the Plan and this Agreement, and hereby agrees to be bound by all the provisions set forth in the Plan and this Agreement and does so voluntarily. The undersigned is giving up the right to have any disputes that are subject to arbitration be decided by a court or jury and to bring or participate in a class action, collective action, or representative action. The undersigned has no entitlement to or rights with respect to the PSUs, and the PSUs are not exercisable, unless and until the Participant has acknowledged this Agreement and returned such acknowledgement to the Company. FAILURE TO RETURN A SIGNED ACCEPTANCE NOTICE WITHIN THE ACCEPTANCE PERIOD MAY RESULT IN THE COMPANY CANCELING THE PSUS AND ANY AND ALL RIGHTS THERETO UNDER THIS AGREEMENT AND THE PLAN.

Participant Name (Printed): _____

Signature: _____

Date: _____

[Signature Page for PSU Award Agreement]