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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging growth company	☐

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	ATUS	NYSE

Number of shares of common stock outstanding as of July 24, 2020 578,097,380

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

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

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

- competition for broadband, video and telephony customers from existing competitors (such as broadband communications companies, 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 Altice USA'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)

	June 30, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,952,142	$ 701,898
Restricted cash	264	262
Accounts receivable, trade (less allowance for doubtful accounts of $32,441 and $14,683)	387,739	457,118
Prepaid expenses and other current assets	209,916	215,304
Amounts due from affiliates	3,452	6,774
Total current assets	2,553,513	1,381,356
Property, plant and equipment, net of accumulated depreciation of $5,880,504 and $5,276,921	5,723,109	5,753,401
Right-of-use operating lease assets	270,592	280,340
Investment securities pledged as collateral	1,674,395	1,931,697
Derivative contracts	225,791	25,207
Other assets	106,840	92,622
Amortizable intangibles, net of accumulated amortization of $4,054,809 and $3,670,679	3,097,216	3,481,109
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,142,309	8,142,309
Total assets	$ 34,813,846	$ 34,108,122

See accompanying notes to consolidated financial statements.

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

		June 30, 2020 (Unaudited)		December 31, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	832,011	$	799,618
Interest payable		381,482		385,655
Accrued employee related costs		109,334		111,337
Amounts due to affiliates		5,722		7,456
Deferred revenue		117,925		124,777
Debt		1,859,290		170,682
Other current liabilities		387,212		378,954
Total current liabilities		3,692,976		1,978,479
Other liabilities		215,781		204,904
Deferred tax liability		4,833,305		4,762,595
Liabilities under derivative contracts		312,916		255,666
Right-of-use operating lease liability		259,297		269,062
Long-term debt, net of current maturities		24,326,397		24,249,603
Total liabilities		33,640,672		31,720,309
Commitments and contingencies (Note 16)				
Redeemable equity		15,495		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, 400,531,285 shares issued and 393,596,028 shares outstanding as of June 30, 2020 and 457,207,079 shares issued and 446,749,307 shares outstanding as of December 31, 2019		4,005		4,572
Class B common stock: $0.01 par value, 1,000,000,000 shares authorized, 490,086,674 issued, 186,194,357 shares outstanding as of June 30, 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		817,796		2,039,918
Retained earnings		501,172		390,766
		1,324,835		2,437,118
Treasury stock, at cost (6,935,257 and 10,457,772 Class A common shares at June 30, 2020 and December 31, 2019, respectively)		(163,869)		(163,904)
Accumulated other comprehensive loss		(12,118)		(3,250)
Total stockholders' equity		1,148,848		2,269,964
Noncontrolling interest		8,831		9,298
Total stockholders' equity		1,157,679		2,279,262
	$	34,813,846	$	34,108,122

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue (including revenue from affiliates of $3,379, $496, $6,867, and $1,088 respectively) (See Note 15)	$ 2,474,979	$ 2,451,081	$ 4,925,235	$ 4,847,648
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,738, $2,087, $3,927 and $3,774, respectively) (See Note 15)	860,875	818,994	1,725,389	1,631,979
Other operating expenses (including charges from affiliates of $2,161, $2,020, $6,102 and $4,266, respectively) (See Note 15)	542,637	569,459	1,124,946	1,133,891
Restructuring and other expense	40,966	11,465	48,260	26,709
Depreciation and amortization (including impairments)	521,794	568,620	1,069,363	1,130,048
	1,966,272	1,968,538	3,967,958	3,922,627
Operating income	508,707	482,543	957,277	925,021
Other income (expense):				
Interest expense	(351,025)	(381,218)	(716,236)	(769,501)
Interest income	151	605	1,810	2,424
Gain (loss) on investments and sale of affiliate interests, net	197,597	103,146	(257,876)	357,871
Gain (loss) on derivative contracts, net	(152,061)	(49,624)	287,800	(226,653)
Loss on interest rate swap contracts, net	(33,735)	(26,900)	(88,567)	(50,572)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(1,194)	—	(159,096)
Other income, net	669	212	1,592	292
	(338,404)	(354,973)	(771,477)	(845,235)
Income before income taxes	170,303	127,570	185,800	79,786
Income tax expense	(58,826)	(41,160)	(75,861)	(18,574)
Net income	111,477	86,410	109,939	61,212
Net loss (income) attributable to noncontrolling interests	(213)	(43)	467	156
Net income attributable to Altice USA, Inc. stockholders	$ 111,264	$ 86,367	$ 110,406	$ 61,368
Income per share:				
Basic income per share	$ 0.19	$ 0.13	$ 0.18	$ 0.09
Basic weighted average common shares (in thousands)	587,587	668,031	604,500	681,703
Diluted income per share	$ 0.19	$ 0.13	$ 0.18	$ 0.09
Diluted weighted average common shares (in thousands)	589,466	668,648	606,597	682,014

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 111,477	$ 86,410	$ 109,939	$ 61,212
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	1,880	(8,567)	(11,589)	(3,648)
Applicable income taxes	(503)	2,282	3,096	989
Unrecognized gain (loss) arising during period, net of income taxes	1,377	(6,285)	(8,493)	(2,659)
Settlement loss included in other expense, net	271	367	773	538
Applicable income taxes	(72)	(101)	(207)	(147)
Settlement loss included in other expense, net, net of income taxes	199	266	566	391
Foreign currency translation adjustment	(517)	(336)	(941)	(580)
Applicable income taxes	—	93	—	157
Foreign currency translation adjustment, net	(517)	(243)	(941)	(423)
Other comprehensive income (loss)	1,059	(6,262)	(8,868)	(2,691)
Comprehensive income	112,536	80,148	101,071	58,521
Comprehensive loss (income) attributable to noncontrolling interests	(213)	(43)	467	156
Comprehensive income attributable to Altice USA, Inc. stockholders	$ 112,323	$ 80,105	$ 101,538	$ 58,677

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	$ 4,261	$ 1,862	$ 1,362,836	$ 389,908	$ (163,893)	$ (13,177)	$ 1,581,797	$ 8,618	$ 1,590,415

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 March 31, 2020	$ 4,261	$ 1,862	$ 1,362,836	$ 389,908	$ (163,893)	$ (13,177)	$ 1,581,797	$ 8,618	$ 1,590,415
Net income attributable to stockholders	—	—	—	111,264	—	—	111,264	—	111,264
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	213	213
Pension liability adjustments, net of income taxes	—	—	—	—	—	1,576	1,576	—	1,576
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(517)	(517)	—	(517)
Share-based compensation expense	—	—	33,683	—	—	—	33,683	—	33,683
Redeemable equity vested	—	—	59,081	—	—	—	59,081	—	59,081
Change in redeemable equity	—	—	(8,764)	—	—	—	(8,764)	—	(8,764)
Class A shares acquired through share repurchase program and retired	(258)	—	(630,979)	—	—	—	(631,237)	—	(631,237)
Issuance of common shares pursuant to employee long term incentive plan	2	—	1,939	—	24	—	1,965	—	1,965
Balance at June 30, 2020	$ 4,005	$ 1,862	$ 817,796	$ 501,172	$ (163,869)	$ (12,118)	$ 1,148,848	$ 8,831	$ 1,157,679

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	$ 4,909	$ 1,888	$ 2,777,554	$ 226,831	$ —	$ (8,212)	$ 3,002,970	$ 8,096	$ 3,011,066

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED 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 March 31, 2019	$ 4,909	$ 1,888	$ 2,777,554	$ 226,831	$ —	$ (8,212)	$ 3,002,970	$ 8,096	$ 3,011,066
Net income attributable to stockholders	—	—	—	86,367	—	—	86,367	—	86,367
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	43	43
Pension liability adjustments, net of income taxes	—	—	—	—	—	(6,019)	(6,019)	—	(6,019)
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(243)	(243)	—	(243)
Share-based compensation expense (equity classified)	—	—	16,077	—	—	—	16,077	—	16,077
Redeemable equity vested	—	—	61,702	—	—		61,702	—	61,702
Change in redeemable equity	—	—	(46,294)	—	—	—	(46,294)	—	(46,294)
Class A shares acquired through share repurchase program and retired	(249)	—	(599,703)	—	—	—	(599,952)	—	(599,952)
Conversion of Class B to Class A shares	16	(16)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	—	—	244	—	—	—	244	—	244
Class A shares issued in connection with acquisition	5	—	10,768	—	—	—	10,773	—	10,773
Balance at June 30, 2019	$ 4,681	$ 1,872	$ 2,220,348	$ 313,198	$ —	$ (14,474)	$ 2,525,625	$ 8,139	$ 2,533,764

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net income	$ 109,939	$ 61,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,069,363	1,130,048
Non-cash restructuring charges	2,383	10,014
Loss (gain) on investments and sale of affiliate interests, net	257,876	(357,871)
Loss (gain) on derivative contracts, net	(287,800)	226,653
Loss on extinguishment of debt and write-off of deferred financing costs	—	159,096
Amortization of deferred financing costs and discounts (premiums) on indebtedness	48,217	53,876
Settlement loss related to pension plan	773	538
Share-based compensation expense related to equity classified awards	61,053	29,867
Deferred income taxes	51,105	19,604
Decrease in right-of-use assets	23,071	23,147
Provision for doubtful accounts	41,857	34,814
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	27,522	1,804
Other receivables	—	2,740
Prepaid expenses and other assets	(5,577)	(72,638)
Amounts due from and due to affiliates	1,588	(3,282)
Accounts payable	10,256	18,549
Accrued liabilities	(12,796)	(98,551)
Deferred revenue	(17,302)	12,022
Liabilities related to interest rate swap contracts	148,013	41,322
Net cash provided by operating activities	1,529,541	1,292,964
Cash flows from investing activities:		
Capital expenditures	(527,805)	(657,253)
Payment for acquisitions, net of cash acquired	—	(172,659)
Proceeds related to sale of equipment and costs of disposal	(1,846)	898
Decrease in other investments	4,008	—
Additions to other intangible assets	(237)	(867)
Net cash used in investing activities	(525,880)	(829,881)

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2020	2019
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	200,000	1,940,000
Repayment of credit facility debt	(228,875)	(602,830)
Issuance of senior notes, including premiums	1,725,000	1,754,375
Redemption of senior notes, including premiums and fees	—	(2,462,692)
Proceeds from notes payable	—	39,856
Repayment of notes payable	(48,239)	(74,061)
Principal payments on finance lease obligations	(11,935)	(3,273)
Purchase of shares of Altice USA Class A common stock pursuant to a share repurchase program	(1,381,235)	(1,199,953)
Additions to deferred financing costs	(5,894)	(12,488)
Proceeds from stock option exercises	3,650	—
Contingent payment for acquisition	(4,947)	(500)
Distributions to noncontrolling interests, net	—	(1,000)
Net cash provided by (used in) financing activities	247,525	(622,566)
Net increase (decrease) in cash and cash equivalents excluding effect of exchange rate changes	1,251,186	(159,483)
Effect of exchange rate changes on cash and cash equivalents	(940)	(580)
Net increase (decrease) in cash and cash equivalents	1,250,246	(160,063)
Cash, cash equivalents and restricted cash at beginning of year	702,160	299,038
Cash, cash equivalents and restricted cash at end of period	$ 1,952,406	$ 138,975

See accompanying notes to consolidated financial statements.

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

		June 30, 2020 (Unaudited)		December 31, 2019
ASSETS				
Current Assets:				
Cash and cash equivalents	$	1,952,128	$	697,741
Restricted cash		264		262
Accounts receivable, trade (less allowance for doubtful accounts of $32,441 and $14,683)		387,739		457,118
Prepaid expenses and other current assets		209,916		211,642
Amounts due from affiliates		3,322		6,774
Total current assets		2,553,369		1,373,537
Property, plant and equipment, net of accumulated depreciation of $5,880,504 and $5,276,921		5,723,109		5,753,401
Right-of-use operating lease assets		270,592		280,340
Investment securities pledged as collateral		1,674,395		1,931,697
Derivative contracts		225,791		25,207
Other assets		106,840		92,622
Amortizable intangibles, net of accumulated amortization of $4,054,809 and $3,670,679		3,097,216		3,481,109
Indefinite-lived cable television franchises		13,020,081		13,020,081
Goodwill		8,142,309		8,142,309
Total assets	$	34,813,702	$	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)

	June 30, 2020 (Unaudited)	December 31, 2019
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities:		
Accounts payable	$ 832,011	$ 799,618
Interest payable	381,482	385,655
Accrued employee related costs	109,334	111,337
Amounts due to affiliates	5,722	7,456
Deferred revenue	117,925	124,777
Debt	1,859,290	170,682
Other current liabilities	387,212	378,948
Total current liabilities	3,692,976	1,978,473
Other liabilities	215,779	204,904
Deferred tax liability	5,156,281	4,980,599
Liabilities under derivative contracts	312,916	255,666
Right-of-use operating lease liability	259,297	269,062
Long-term debt, net of current maturities	24,326,397	24,249,603
Total liabilities	33,963,646	31,938,307
Commitments and contingencies (Note 16)		
Redeemable equity	15,495	108,551
Member's Equity:		
Retained earnings	7,480	13,515
Other member's equity (100 membership units issued and outstanding)	830,368	2,033,882
	837,848	2,047,397
Accumulated other comprehensive loss	(12,118)	(3,250)
Total member's equity	825,730	2,044,147
Noncontrolling interest	8,831	9,298
Total member's equity	834,561	2,053,445
	$ 34,813,702	$ 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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue (including revenue from affiliates of $3,379, $496, $6,867, and $1,088 respectively) (See Note 15)	$ 2,474,979	$ 2,451,081	$ 4,925,235	$ 4,847,648
Operating expenses:				
Programming and other direct costs (including charges from affiliates of $1,738, $2,087, $3,927 and $3,774, respectively) (See Note 15)	860,875	818,994	1,725,389	1,631,979
Other operating expenses (including charges from affiliates of $2,161, $2,020, $6,102 and $4,266, respectively) (See Note 15)	542,637	569,459	1,124,946	1,133,891
Restructuring and other expense	40,966	11,465	48,260	26,709
Depreciation and amortization (including impairments)	521,794	568,620	1,069,363	1,130,048
	1,966,272	1,968,538	3,967,958	3,922,627
Operating income	508,707	482,543	957,277	925,021
Other income (expense):				
Interest expense	(351,025)	(356,818)	(716,236)	(720,857)
Interest income	151	605	1,810	2,424
Gain (loss) on investments and sale of affiliate interests, net	197,596	103,146	(258,223)	357,871
Gain (loss) on derivative contracts, net	(152,061)	(49,624)	287,800	(226,653)
Loss on interest rate swap contracts, net	(33,735)	(26,900)	(88,567)	(50,572)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(1,194)	—	(159,096)
Other income, net	669	212	1,592	292
	(338,405)	(330,573)	(771,824)	(796,591)
Income before income taxes	170,302	151,970	185,453	128,430
Income tax expense	(56,629)	(47,828)	(61,658)	(32,152)
Net income	113,673	104,142	123,795	96,278
Net loss (income) attributable to noncontrolling interests	(213)	(43)	467	156
Net income attributable to CSC Holdings, LLC sole member	$ 113,460	$ 104,099	$ 124,262	$ 96,434

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 113,673	$ 104,142	$ 123,795	$ 96,278
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	1,880	(8,567)	(11,589)	(3,648)
Applicable income taxes	(503)	2,282	3,096	989
Unrecognized gain (loss) arising during period, net of income taxes	1,377	(6,285)	(8,493)	(2,659)
Settlement loss included in other expense, net	271	367	773	538
Applicable income taxes	(72)	(101)	(207)	(147)
Settlement loss included in other expense, net, net of income taxes	199	266	566	391
Foreign currency translation adjustment	(517)	(336)	(941)	(580)
Applicable income taxes	—	93	—	157
Foreign currency translation adjustment, net	(517)	(243)	(941)	(423)
Other comprehensive income (loss)	1,059	(6,262)	(8,868)	(2,691)
Comprehensive income	114,732	97,880	114,927	93,587
Comprehensive loss (income) attributable to noncontrolling interests	(213)	(43)	467	156
Comprehensive income attributable to CSC Holdings, LLC's sole member	$ 114,519	$ 97,837	$ 115,394	$ 93,743

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	—	—	(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	—	1,257,356	(13,177)	1,244,179	8,618	1,252,797
Net income attributable to CSC Holdings' sole member	113,460	—	—	113,460	—	113,460
Net loss attributable to noncontrolling interests	—	—	—	—	213	213
Pension liability adjustments, net of income taxes	—	—	1,576	1,576	—	1,576
Foreign currency translation adjustment	—	—	(517)	(517)	—	(517)
Share-based compensation expense	—	33,683	—	33,683	—	33,683
Redeemable equity vested	—	59,081	—	59,081	—	59,081
Change in redeemable equity	—	(8,764)	—	(8,764)	—	(8,764)
Cash distributions to parent	(105,980)	(546,403)	—	(652,383)	—	(652,383)
Non-cash contributions from parent	—	35,415	—	35,415	—	35,415
Balance at June 30, 2020	$ 7,480	$ 830,368	$ (12,118)	$ 825,730	$ 8,831	$ 834,561

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	(1,191)	3,353,874	(8,212)	3,344,471	8,096	3,352,567
Net income attributable to CSC Holdings' sole member	104,099	—	—	104,099	—	104,099
Net income attributable to noncontrolling interests	—	—	—	—	43	43
Pension liability adjustments, net of income taxes	—	—	(6,019)	(6,019)	—	(6,019)
Foreign currency translation adjustment, net of income taxes	—	—	(243)	(243)	—	(243)
Share-based compensation expense	—	16,077	—	16,077	—	16,077
Redeemable equity vested	—	61,702	—	61,702	—	61,702
Change in redeemable equity	—	(46,294)	—	(46,294)	—	(46,294)
Cash distributions to parent	(90,324)	(544,704)	—	(635,028)	—	(635,028)
Impact of Cheddar acquisition	—	10,773	—	10,773	—	10,773
Other	—	244	—	244	—	244
Balance at June 30, 2019	$ 12,584	$ 2,851,672	$ (14,474)	$ 2,849,782	$ 8,139	$ 2,857,921

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net income	$ 123,795	$ 96,278
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,069,363	1,130,048
Non-cash restructuring charges	2,383	10,014
Loss (gain) on investments and sale of affiliate interests, net	258,223	(357,871)
Loss (gain) on derivative contracts, net	(287,800)	226,653
Loss on extinguishment of debt and write-off of deferred financing costs	—	159,096
Amortization of deferred financing costs and discounts (premiums) on indebtedness	48,217	44,751
Settlement loss related to pension plan	773	538
Share-based compensation expense related to equity classified awards	61,053	29,867
Deferred income taxes	156,077	33,183
Decrease in right-of-use assets	23,071	23,147
Provision for doubtful accounts	41,857	34,814
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	27,522	1,804
Other receivables	—	2,740
Prepaid expenses and other assets	(9,239)	(72,638)
Amounts due from and due to affiliates	(114,290)	(13,668)
Accounts payable	10,256	18,349
Accrued liabilities	(12,794)	(98,673)
Deferred revenue	(17,302)	12,022
Liabilities related to interest rate swap contracts	148,013	41,322
Net cash provided by operating activities	1,529,178	1,321,776
Cash flows from investing activities:		
Capital expenditures	(527,805)	(657,253)
Payment for acquisitions, net of cash acquired	—	(172,659)
Proceeds related to sale of equipment and costs of disposal	(1,846)	898
Decrease in other investments	3,662	—
Additions to other intangible assets	(237)	(867)
Net cash used in investing activities	(526,226)	(829,881)

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	$ 200,000	$ 1,940,000
Repayment of credit facility debt	(228,875)	(602,830)
Issuance of senior notes, including premiums	1,725,000	1,754,375
Redemption of senior notes, including premiums and fees	—	(2,462,692)
Distributions to parent	(1,372,733)	(1,229,489)
Proceeds from notes payable	—	39,856
Repayment of notes payable	(48,239)	(74,061)
Principal payments on finance lease obligations	(11,935)	(3,273)
Additions to deferred financing costs	(5,894)	(12,488)
Contingent payment for acquisition	(4,947)	(500)
Distributions to noncontrolling interests, net	—	(1,000)
Net cash provided by (used in) financing activities	252,377	(652,102)
Net increase (decrease) in cash and cash equivalents excluding effect of exchange rate changes	1,255,329	(160,207)
Effect of exchange rate changes on cash and cash equivalents	(940)	(580)
Net increase (decrease) in cash and cash equivalents	1,254,389	(160,787)
Cash, cash equivalents and restricted cash at beginning of year	698,003	298,784
Cash, cash equivalents and restricted cash at end of period	$ 1,952,392	$ 137,997

See accompanying notes to consolidated financial statements.

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, loss (gain) on investments and sale of affiliate interests, net, 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.

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

Stock Repurchase Plan

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of $2,000,000, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of $5,000,000 that took effect following the completion in August 2019 of the $2,000,000 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 six months ended June 30, 2020, Altice USA repurchased an aggregate of 56,956,374 shares for a total purchase price of approximately $1,381,235. From inception through June 30, 2020, Altice USA repurchased an aggregate of 157,653,766 shares for a total purchase price of approximately $3,568,109. 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 June 30, 2020, Altice USA had approximately $ 3,431,891 of availability remaining under the incremental share repurchase program and had 579,790,385 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 12 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	51,475	(51,475)
Shares issued in connection with stock option exercises	209,105	—
Retirement of Class A common shares in connection with the Company's stock repurchase plan (see Note 1)	(56,956,374)	—
Shares issued from treasury upon vesting of redeemable equity and restricted awards	3,542,515	—
Balance at June 30, 2020	393,596,028	186,194,357

Reclassifications

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

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, the 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 a significant 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. The Company will continue to actively monitor the impact of the recent coronavirus (COVID-19) pandemic on expected credit losses.

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.

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

NOTE 4. REVENUE

The following table presents the composition of revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Residential:				
Broadband	$ 920,363	$ 806,250	$ 1,805,892	$ 1,581,823
Video	952,526	1,018,426	1,899,587	2,035,756
Telephony	117,322	150,232	242,352	304,696
Business services and wholesale	365,564	357,806	730,094	708,495
News and advertising	96,631	114,450	202,171	209,188
Mobile	19,866	—	38,222	—
Other	2,707	3,917	6,917	7,690
Total revenue	$ 2,474,979	$ 2,451,081	$ 4,925,235	$ 4,847,648

The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. For the three and six months ended June 30, 2020 and 2019, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $65,280 and $130,190, and $63,920 and $128,156, respectively.

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

	June 30, 2020	December 31, 2019
Customer contract costs (a)	$ 21,724	$ 30,758
Deferred revenue (b)	164,732	182,034

(a) Customer contract costs include primarily sales commissions for business services 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 INCOME PER SHARE

Basic net income per common share attributable to Altice USA stockholders is computed by dividing net income attributable to Altice USA stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share attributable to Altice USA stockholders reflects the dilutive effects of stock options and restricted stock. For such awards that are performance based, the diluted effect is reflected upon the achievement of the performance criteria.

The following table presents a reconciliation of weighted average shares used in the calculations of the basic and diluted income per share attributable to Altice USA stockholders for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
	(in thousands)			
Basic weighted average shares outstanding	587,587	604,500	668,031	681,703
Effect of dilution:				
Stock options	1,857	2,079	566	285
Restricted stock	22	18	51	26
Diluted weighted average shares outstanding	589,466	606,597	668,648	682,014
Weighted average shares excluded from diluted weighted average shares outstanding:				
Anti-dilutive shares	28,514	24,362	1,292	6,350
Performance stock units and restricted stock whose performance metrics have not been achieved.	8,943	7,758	—	—

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.

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

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
	2020	2019
Non-Cash Investing and Financing Activities:		
Altice USA and CSC Holdings:		
Property and equipment accrued but unpaid	$ 210,204	$ 245,692
Notes payable issued to vendor for the purchase of equipment and other assets	11,582	16,204
Right-of-use assets acquired in exchange for finance lease obligations	78,564	6,501
Deferred financing costs accrued but unpaid	1,644	853
CSC Holdings:		
Distributions to parent	115,187	—
Supplemental Data:		
Altice USA:		
Cash interest paid	673,222	763,819
Income taxes paid, net	28,406	6,247
CSC Holdings:		
Cash interest paid	673,222	724,299
Income taxes paid, net	28,406	6,247

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	—	2,059	2,059
Payments and other	(1,639)	(1,813)	(3,452)
Accrual balance at June 30, 2020	$ 37	$ 2,578	$ 2,615

Cumulative costs to date relating to 2016 Restructuring Plan amounted to $436,984.

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

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

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	3,180
Payments and other	(18,186)
Accrual balance at June 30, 2020	$ 22,940

Cumulative costs to date relating to the 2019 Restructuring Plan amounted to $45,895.

Restructuring and other expense for the three and six months ended June 30, 2020 also includes $40,128 related to contractual payments for terminated employees. As of June 30, 2020, the outstanding amount due to terminated employees amounted to $29,735 and is reflected in accrued employee related costs in our consolidated balance sheet.

In addition, the Company recorded restructuring charges of $611 and $2,316 for the three and six months ended June 30, 2020, and $147 and $8,696, for the three and six months ended June 30, 2019, respectively, 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 and six months ended June 30, 2020, the Company incurred transaction costs of $88 and $577, respectively, related to certain transactions not related to the Company's operations. The Company recorded transaction costs of $574 and $970 for the three and six months ended June 30, 2019, respectively, primarily related to costs incurred in connection with the Company's acquisition of Cheddar, Inc.

NOTE 8. LEASES

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

Balance sheet information related to the Company's leases is presented below:

	Balance Sheet location	June 30, 2020	December 31, 2019
Operating leases:			
Right-of-use lease assets	Right-of-use operating lease assets	$ 270,592	$ 280,340
Right-of-use lease liability, current	Other current liabilities	40,440	38,836
Right-of-use lease liability, long-term	Right-of-use operating lease liability	259,297	269,062
Finance leases:			
Right-of-use lease assets	Property, plant and equipment	137,370	70,339
Right-of-use lease liability, current	Current portion of long-term debt	49,478	22,017
Right-of-use lease liability, long-term	Long-term debt	86,571	47,403

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating lease expense, net	$ 14,849	$ 14,948	$ 29,853	$ 30,226
Finance lease expense:				
Amortization of assets	6,960	1,630	11,420	3,192
Interest on lease liabilities	1,477	388	2,504	746
Total finance lease expense	8,437	$ 2,018	13,924	3,938
	$ 23,286	$ 16,966	$ 43,777	$ 34,164

Other information related to leases is presented below:

	As of June 30,	
	2020	2019
Right-of-use assets acquired in exchange for operating lease obligations	$ 15,430	$ 43,441
Cash Paid For Amounts Included In Measurement of Liabilities:		
Operating cash flows related to finance leases	2,504	746
Operating cash flows related to operating leases	32,126	32,481
Weighted Average Remaining Lease Term:		
Operating leases	9.3 years	9.6 years
Finance leases	2.9 years	4.6 years
Weighted Average Discount Rate:		
Operating leases	5.86 %	6.06 %
Finance leases	5.66 %	5.86 %

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 six months ended June 30, 2020)	$ 30,527	$ 27,389
2021	50,543	43,615
2022	46,298	49,668
2023	15,501	39,694
2024	3,413	35,261
Thereafter	300	200,665
Total future minimum lease payments, undiscounted	146,582	396,292
Less: Imputed interest	(10,533)	(96,555)
Present value of future minimum lease payments	$ 136,049	$ 299,737

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

NOTE 9. INTANGIBLE ASSETS

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

	As of June 30, 2020			As of December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Customer relationships	$ 6,017,524	$ (3,174,454)	$ 2,843,070	$ 6,017,524	$ (2,843,561)	$ 3,173,963	8 to 18 years
Trade names	1,081,083	(846,929)	234,154	1,081,083	(798,484)	282,599	2 to 5 years
Other amortizable intangibles	53,418	(33,426)	19,992	53,181	(28,634)	24,547	1 to 15 years
	$ 7,152,025	$ (4,054,809)	$ 3,097,216	$ 7,151,788	$ (3,670,679)	$ 3,481,109	

Amortization expense for the three and six months ended June 30, 2020 and 2019 aggregated $183,031 and $384,130 and $201,279 and $401,898, respectively.

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

NOTE 10. DEBT

The following details the Company's outstanding debt:

			June 30, 2020		December 31, 2019	
Date Issued	Maturity Date	Interest Rate	Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
Senior Notes:						
November 15, 2011	November 15, 2021	6.750 %	$ 1,000,000	$ 984,412	$ 1,000,000	$ 979,178
September 27, 2012	September 15, 2022	5.875 %	649,024	608,861	649,024	600,849
May 23, 2014	June 1, 2024	5.250 %	750,000	690,331	750,000	683,940
October 18, 2018	July 15, 2025	7.750 % (e)	1,740	1,698	1,740	1,695
October 9, 2015	October 15, 2025	10.875 %	1,684,221	1,666,435	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 % (e)	617,881	606,479	617,881	605,583
November 27, 2018	April 1, 2028	7.500 %	1,045,882	1,044,349	1,045,882	1,044,278
July 10 and October 7, 2019	January 15, 2030	5.750 %	2,250,000	2,287,660	2,250,000	2,289,168
June 16, 2020	December 1, 2030	4.625 %	625,000	622,176	—	—
Senior Guaranteed Notes:						
October 9, 2015	October 15, 2025	6.625 %	1,000,000	990,233	1,000,000	989,483
September 23, 2016	April 15, 2027	5.500 %	1,310,000	1,305,688	1,310,000	1,305,430
January 29, 2018	February 1, 2028	5.375 %	1,000,000	993,116	1,000,000	992,757
November 27, 2018	July 15, 2023	5.375 % (e)	1,095,825	1,083,676	1,095,825	1,081,879
November 27, 2018	May 15, 2026	5.500 %	1,498,806	1,486,760	1,498,806	1,485,911
January 24, 2019	February 1, 2029	6.500 %	1,750,000	1,747,118	1,750,000	1,746,996
June 16, 2020	December 1, 2030	4.125 %	1,100,000	1,095,311	—	—
			17,382,497	17,218,415	15,657,497	15,476,496
CSC Holdings Restricted Group:						
Revolving Credit Facility	(c)	(c) (b)	—	—	—	—
Term Loan B	July 17, 2025	2.435 %	2,910,000	2,897,887	2,925,000	2,911,729
Incremental Term Loan B-3	January 15, 2026	2.435 %	1,259,063	1,254,243	1,265,438	1,260,200
Incremental Term Loan B-5	April 15, 2027	2.685 %	2,992,500	2,970,328	3,000,000	2,976,358
			7,161,563	7,122,458	7,190,438	7,148,287
Collateralized indebtedness (see Note 11)			1,699,566	1,601,107	1,699,566	1,585,088
Finance lease obligations (see Note 8)			136,049	136,049	69,420	69,420
Notes payable and supply chain financing (d)			119,889	107,658	156,519	140,994
			26,499,564	26,185,687	24,773,440	24,420,285
Less: current portion of credit facility debt			(72,750)	(72,750)	(65,250)	(65,250)
Less: current portion of senior guaranteed notes			(1,095,825)	(1,083,676)	—	—
Less: current portion of senior notes			(619,621)	(608,177)	—	—
Less: current portion of finance lease obligations			(49,478)	(49,478)	(22,017)	(22,017)
Less: current portion of notes payable and supply chain financing			(45,209)	(45,209)	(83,415)	(83,415)
			(1,882,883)	(1,859,290)	(170,682)	(170,682)
Long-term debt			$ 24,616,681	$ 24,326,397	$ 24,602,758	$ 24,249,603

(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 June 30, 2020, $141,949 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $2,333,051 of the facility was undrawn and available, subject to covenant limitations.

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

(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%.

(d) Includes $37,581 related to supply chain financing agreements that is required to be repaid within one year from the date of the respective agreement. The principal amounts include $59,451 of notes payable that will be reclassified to collateralized indebtedness upon the maturity, in January 2021, of a monetization contract related to the synthetic monetization closeout transaction in November 2019.

(e) These notes were repaid in July 2020 with proceeds from the issuance of new notes in June 2020. See discussion below. Accordingly, the carrying amount of these notes was reclassified to current debt in the accompanying balance sheets as of June 30, 2020.

In June 2020, CSC Holdings issued $1,100,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 4.125% and mature on December 1, 2030 and $625,000 in aggregate principal amount of senior notes that bear interest at a rate of 4.625% and mature on December 1, 2030. The net proceeds from the sale of the these notes was used in July 2020 to early redeem the $1,095,825 aggregate principal amount of CSC Holdings' 5.375% senior notes due July 15, 2023, the $617,881 and the $1,740 aggregate principal amount of CSC Holdings' 7.750% senior notes due July 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company will recognize a loss on the extinguishment of debt aggregating $62,096, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

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 June 30, 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 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 June 30, 2019	Six months ended June 30, 2019
CSC Holdings 10.125% Senior Notes due 2023	$ —	$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	$ 1,194	$ 159,096

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

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of June 30, 2020, including notes payable and collateralized indebtedness (see Note 11), but excluding finance lease obligations (see Note 8), are as follows:

2020 (excluding the six months ended June 30, 2020) (a)	$ 1,782,180
2021	1,092,181
2022	728,667
2023	1,835,383
2024	822,889
Thereafter	20,102,215

(a) Includes the CSC Holdings notes redeemed in July 2020 discussed above.

NOTE 11. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

Prepaid Forward Contracts

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

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

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts 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 June 30, 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 June 30, 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 June 30, 2020, the Company did not hold and has not issued derivative instruments for trading or speculative purposes.

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

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at June 30, 2020	Fair Value at December 31, 2019
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, long-term	$ 4,058	$ —
Prepaid forward contracts	Derivative contracts, long-term	221,733	25,207
		225,791	25,207
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities	(4,016)	(469)
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(3,520)	(94,795)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(309,396)	(160,871)
		$ (316,932)	$ (256,135)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Gain (loss) on derivative contracts related to change in the value of equity derivative contracts related to Comcast common stock	$ (152,061)	$ (49,624)	$ 287,800	$ (226,653)
Change in the fair value of Comcast common stock included in gain (loss) on investments	197,594	98,794	(257,302)	353,519
Loss on interest rate swap contracts, net of a gain of $74,835 recorded in the 2020 six month period in connection with the early termination of the swap agreements discussed below	(33,735)	(26,900)	(88,567)	(50,572)

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 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) is being amortized to loss on derivative contracts over the remaining term of the contracts.

During the six months ended June 30, 2020, the Company entered into three new interest rate swap contracts on an aggregate notional value of $3,850,000. See table below.

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

The following is a summary of interest rate swap contracts outstanding at June 30, 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
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%
April 2020	April 2021	2,850,000	Six-month LIBOR minus 0.5185%	One-month LIBOR

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	June 30, 2020	December 31, 2019
Assets:			
Money market funds	Level I	$ 1,842,086	$ 563,704
Investment securities pledged as collateral	Level I	1,674,395	1,931,697
Prepaid forward contracts	Level II	221,733	25,207
Interest rate swap contracts	Level II	4,058	—
Liabilities:			
Prepaid forward contracts	Level II	3,520	94,795
Interest rate swap contracts	Level II	313,412	161,340
Contingent consideration related to 2017 and 2018 acquisitions	Level III	1,767	7,250

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.

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

Fair Value of Financial Instruments

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

Credit Facility Debt, Collateralized Indebtedness, Senior Notes, 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:

		June 30, 2020		December 31, 2019	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility debt	Level II	$ 7,122,458	$ 7,161,563	$ 7,148,287	$ 7,190,438
Collateralized indebtedness	Level II	1,601,107	1,696,376	1,585,088	1,611,095
Senior guaranteed notes	Level II	8,701,902	9,094,711	7,602,456	8,220,518
Senior notes	Level II	8,516,513	9,037,404	7,874,040	8,728,870
Notes payable and supply chain financing	Level II	107,658	108,619	140,994	141,713
		$ 26,049,638	$ 27,098,673	$ 24,350,865	$ 25,892,634

(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 six months ended June 30, 2020. The CARES Act modified the interest limitation under section 163(j) of the Internal Revenue Code ("163(j)") for 2019 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. However, due to the decoupling from the CARES Act by New York State and New York City, the net benefit decreased approximately $8,000 in the three months ended June 30, 2020, resulting in a net state tax benefit of approximately $2,500 for the six months ended June 30, 2020. 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 and is included in prepaid expenses and other current assets in the accompanying balance sheets.

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

Altice USA

For the three and six months ended June 30, 2020, Altice USA recorded a tax expense of $58,826 and $75,861 on pre-tax income of $170,303 and $185,800, respectively, 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 and six months ended June 30, 2019, Altice USA recorded a tax expense of $41,160 and $18,574 on pre-tax income of $127,570 and $79,786, respectively, resulting in an effective tax rate that was higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

CSC Holdings

For the three and six months ended June 30, 2020, CSC Holdings recorded a tax expense of $56,629 and $61,658 on pre-tax income of $170,302 and $185,453, respectively, 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 and six months ended June 30, 2019, CSC Holdings recorded a tax expense of $47,828 and $32,152 on pre-tax income of $151,970 and $128,430, respectively, 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

Long Term Incentive Plan

Pursuant to the 2017 Altice USA Long Term Incentive Plan, as amended (the "LTIP"), the Company may grant awards of options, restricted shares, restricted share units, stock appreciation rights, performance stock, performance stock units and other awards (the 2017 Long Term Incentive Plan or the "LTIP"). In June 2020, shareholders of the Company approved an increase to the number of shares authorized for issuance under the LTIP by 35,000,000 shares to 54,879,291, and approved the extension of the term to June 10, 2030.

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	(27,343,750)	2.31
Forfeited	(212,500)	0.56
Balance, June 30, 2020	9,962,500	$ 2.71

The weighted average fair value per unit was $1.75 and $3.25, as of June 30, 2020 and December 31, 2019, respectively. For the three and six months ended June 30, 2020 and 2019, the Company recognized share-based compensation expense of $3,937 and $7,057, and $7,861 and $14,334, respectively, related to the carry unit plan.

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

Stock Options

The following table summarizes activity related to the stock options granted to Company employees:

	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	26,093,256	28.32		
Exercised	(209,105)	17.46		
Forfeited	(1,749,476)	21.44		
Balance at June 30, 2020	38,218,416	25.31	9.14	49,108,141
Options exercisable at June 30, 2020	788,053	$ 17.70	7.17	$ 3,848,578

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

The Company recognized share-based compensation expense related to employee stock options for the three and six months ended June 30, 2020 and 2019 of $25,327 and $45,676 and $7,817 and $15,134, respectively. As of June 30, 2020, there was $200,745 of total unrecognized compensation cost related to stock options which is expected to be recognized over a weighted-average period of approximately 3.16 years.

The following weighted-average assumptions were used to calculate the fair values of stock option awards granted during the six months ended June 30, 2020:

Risk-free interest rate	1.45%
Expected life (in years)	6.38
Dividend yield	—%
Volatility	28.46%
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, which criteria was met in June 2020) or if the employee does not continue to provide services to the Company through the achievement date of the applicable performance measure.

As of June 30, 2020, the Company had 7,480,469 PSUs outstanding. The PSUs have a weighted average grant date fair value of $10.65 per unit. For the three and six months ended June 30, 2020, the Company recognized share based compensation expense of $4,419 and $8,320 related to these PSUs. As of June 30, 2020 there was $71,127 of total unrecognized compensation cost related to outstanding PSUs which is expected to be recognized over a weighted-average period of approximately 5.6 years.

The following assumptions were used to calculate the fair values of the PSUs granted during the six months ended June 30, 2020:

Risk-free interest rate	1.46%
Expected life (in years)	4 and 6
Dividend yield	—%
Volatility	34.22%

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

Restricted Awards

For the three and six months ended June 30, 2020, the Company recorded share based compensation expense of $636 and $1,212, respectively, 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.

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue	$ 3,379	$ 496	$ 6,867	$ 1,088
Operating expenses:				
Programming and other direct costs	$ (1,738)	$ (2,087)	$ (3,927)	$ (3,774)
Other operating expenses, net	(2,161)	(2,020)	(6,102)	(4,266)
Operating expenses, net	(3,899)	(4,107)	(10,029)	(8,040)
Net charges - Altice USA	$ (520)	$ (3,611)	$ (3,162)	$ (6,952)
Capital Expenditures	$ 3,676	$ 2,536	$ 10,901	$ 5,890

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.

Capital Expenditures

Capital expenditures primarily include costs for equipment purchased and software development services provided by subsidiaries of Altice Europe.

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

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

	Altice USA	CSC Holdings	Altice USA and CSC Holdings
	June 30, 2020	June 30, 2020	December 31, 2019
Due from:			
Altice Europe	$ 432	$ 302	$ 4,076
Other affiliates and related parties	3,020	3,020	2,698
	$ 3,452	$ 3,322	$ 6,774
Due to:			
Altice Europe	$ 5,722	$ 5,722	$ 7,456
	$ 5,722	$ 5,722	$ 7,456

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.

In June 2020, pursuant to the Company's share repurchase program, the Company purchased3,582,525 Altice USA Class A common stock held by Altice Europe for a total consideration of $84,906. See further information regarding the Company's share repurchase program in Note 1.

CSC Holdings

CSC Holdings made cash equity distribution payments to its parent aggregating $652,383, and $1,372,733, respectively, during the three and six months ended June 30, 2020. The distributions for the three months ended June 30, 2020 were recorded as a decrease in retained earnings of $105,980, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of $546,403. The distributions for the six months ended June 30, 2020 were recorded as a decrease in retained earnings of $130,297, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of $1,242,436.

CSC Holdings made cash equity distribution payments to its parent aggregating $635,028 and $1,229,490, respectively, during the three and six months ended June 30, 2019. The distributions for the three months ended June 30, 2019 were recorded as a decrease in retained earnings of $90,324, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of $544,704. The distributions for the six months ended June 30, 2019 were recorded as a decrease in retained earnings of $633,541, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of $595,949.

For the three and six months ended June 30, 2020, CSC Holdings recorded net non-cash equity contributions (distributions) of $35,415 and $(115,187), respectively, which represent the non-cash settlement of intercompany balances with Altice USA. These balances primarily include amounts due to/ due from Altice USA pursuant to a historical tax allocation policy and tax sharing agreements between the entities.

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. On June 26, 2020, the state Court granted the Company’s motion to dismiss. Plaintiffs in the New York State action filed a notice of appeal on July 21, 2020.

On June 23, 2020, a purported stockholder of the Company filed a complaint in the Court of Chancery of the State of Delaware, derivatively on behalf of the Company, against Patrick Drahi, Next Alt S.A.R.L., and those directors of the Company who are members of the Compensation Committee (collectively, the “Director Defendants”). The Company is also named as a nominal defendant in the complaint. The complaint alleges that the Director Defendants breached their fiduciary duties to the Company’s stockholders, and wasted corporate assets, by approving certain equity grants for Patrick Drahi. The complaint seeks rescission of the equity awards, monetary damages, and costs and disbursements for the plaintiff.

The Company intends to vigorously defend these lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of these matters 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 these matters 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 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 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, but it could be material to the Company’s consolidated results of operations or cash flows for any one period.

The Company receives notices from third parties and, in some cases, is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of the Company's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions.

In the event that the Company is found to infringe on any patent rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as enter into royalty or license agreements with respect to the patents at issue. The Company believes that the claims are without merit, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

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

NOTE 17. SUBSEQUENT EVENTS

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey for approximately $150,000, subject to certain closing adjustments as set forth in the asset purchase agreement.

In July 2020, the Company entered into an agreement to sell 49.99% of its Lightpath fiber enterprise business for an implied enterprise value of $3,200,000. The Company will receive total gross cash proceeds of approximately $2,300,000 from the sale and related financing activity and will record a gain upon closing. Approximately $1,100,000 of the net proceeds after tax are expected to be used by the Company to repay debt such that the transaction is at least leverage-neutral to CSC Holdings. The Company will retain a 50.01% interest in Lightpath and maintain control. Accordingly, the Company will continue to consolidate the operating results of the Lightpath business. The transaction is currently expected to close in the fourth quarter of 2020 following the satisfaction of closing conditions, including receipt of necessary regulatory approvals. Upon closing, Lightpath will be financed independently outside of the CSC Holdings restricted group.

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

All dollar amounts and customer metrics, 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 more than 4.9 million residential and business customers. Our footprint extends across 21 states through a fiber-rich broadband network with approximately 8.9 million homes passed as of June 30, 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. 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 continues to decline. Additionally, in order to prioritize the demands of the business, we may continue to 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 37%, 39%, and 5%, respectively, of our consolidated revenue for the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2020. Our mobile and other revenue for the six months ended June 30, 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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Residential:				
Broadband	$ 920,363	$ 806,250	$ 1,805,892	$ 1,581,823
Video	952,526	1,018,426	1,899,587	2,035,756
Telephony	117,322	150,232	242,352	304,696
Business services and wholesale	365,564	357,806	730,094	708,495
News and advertising	96,631	114,450	202,171	209,188
Mobile	19,866	—	38,222	—
Other	2,707	3,917	6,917	7,690
Total revenue	2,474,979	2,451,081	4,925,235	4,847,648
Operating expenses:				
Programming and other direct costs	860,875	818,994	1,725,389	1,631,979
Other operating expenses	542,637	569,459	1,124,946	1,133,891
Restructuring and other expense	40,966	11,465	48,260	26,709
Depreciation and amortization (including impairments)	521,794	568,620	1,069,363	1,130,048
Operating income	508,707	482,543	957,277	925,021
Other income (expense):				
Interest expense, net	(350,874)	(380,613)	(714,426)	(767,077)
Gain (loss) on investments and sale of affiliate interests, net	197,597	103,146	(257,876)	357,871
Gain (loss) on derivative contracts, net	(152,061)	(49,624)	287,800	(226,653)
Loss on interest rate swap contracts, net	(33,735)	(26,900)	(88,567)	(50,572)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(1,194)	—	(159,096)
Other income, net	669	212	1,592	292
Income before income taxes	170,303	127,570	185,800	79,786
Income tax expense	(58,826)	(41,160)	(75,861)	(18,574)
Net income	111,477	86,410	109,939	61,212
Net loss (income) attributable to noncontrolling interests	(213)	(43)	467	156
Net income attributable to Altice USA, Inc. stockholders	$ 111,264	$ 86,367	$ 110,406	$ 61,368

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 111,477	$ 86,410	$ 109,939	$ 61,212
Income tax expense	58,826	41,160	75,861	18,574
Other income, net	(669)	(212)	(1,592)	(292)
Loss on interest rate swap contracts, net	33,735	26,900	88,567	50,572
Loss (gain) on derivative contracts, net	152,061	49,624	(287,800)	226,653
Loss (gain) on investments and sales of affiliate interests, net	(197,597)	(103,146)	257,876	(357,871)
Loss on extinguishment of debt and write-off of deferred financing costs	—	1,194	—	159,096
Interest expense, net	350,874	380,613	714,426	767,077
Depreciation and amortization	521,794	568,620	1,069,363	1,130,048
Restructuring and other expense	40,966	11,465	48,260	26,709
Share-based compensation	34,318	16,535	62,264	30,325
Adjusted EBITDA	**1,105,785**	**1,079,163**	**2,137,164**	**2,112,103**
Capital expenditures (cash)	228,723	316,867	527,805	657,253
Operating Free Cash Flow	**$ 877,062**	**$ 762,296**	**$ 1,609,359**	**$ 1,454,850**
Net cash flows from operating activities	**$ 935,976**	**$ 788,970**	**$ 1,529,541**	**$ 1,292,964**
Capital expenditures (cash)	228,723	316,867	527,805	657,253
Free Cash Flow	**$ 707,253**	**$ 472,103**	**$ 1,001,736**	**$ 635,711**

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

	June 30, 2020 (f)	March 31, 2020 (f)	June 30, 2019 (g)
Homes passed (a)	**8,880.1**	**8,834.8**	**8,750.4**
Total customer relationships (b)(c)	**4,997.1**	**4,950.1**	**4,923.2**
Residential	4,621.4	4,568.4	4,538.9
SMB	375.7	381.7	384.4
Residential customers:			
Broadband	4,307.8	4,237.4	4,165.4
Video	3,102.9	3,137.5	3,255.3
Telephony	2,337.1	2,359.8	2,485.8
Penetration of homes passed (d)	**56.3 %**	**56.0 %**	**56.3 %**
ARPU(e)	**$ 144.38**	**$ 143.39**	**$ 145.02**

(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. With the exception of free Altice Advantage 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.

(4) Customer metrics for the 2020 periods include customers that have not been disconnected pursuant to the Keep Americans Connected pledge ("Pledge") that the Company made in response to the COVID-19 pandemic and customers that have not been disconnected pursuant to the New Jersey Executive Order No. 126 ("NJ Order") enacted in April 2020 that protects New Jersey residents from disconnection of internet and voice services for non-payment. However, the metrics exclude new customers with students in the household that are receiving broadband services for free until the end of the 2019-20 school year ("Altice Advantage"). The following table provides details of these COVID-19 related offers and programs:

	June 30, 2020		March 31, 2020	
	Pledge and NJ Order (i)	Altice Advantage Customers	Pledge	Altice Advantage Customers
	Included	***(Excluded)***	***Included***	***(Excluded)***
Total customer relationships	**18.7**	**(17.8)**	**0.0**	**(9.3)**
Residential	18.1	(17.8)	0.0	(9.3)
SMB	0.6	—	—	—
Residential customers:				
Broadband	17.9	(17.8)	0.0	(9.3)
Video	8.0	—	0.0	—
Telephony	8.9	—	0.0	—

(i) Represent customers who would have been disconnected as a result of non-payment under our normal policies, but were not disconnected pursuant to the Pledge and the NJ Order. As of June 30, 2020, an aggregate of 56.1 thousand customers (54.8 thousand residential and 1.3 thousand SMB) with past-due account balances requested protection pursuant to the Pledge or are protected pursuant to the NJ Order.

(f) 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 June 30, 2019
Homes passed	**(38.2)**
Total customer relationships	**(19.0)**
Residential	(23.7)
SMB	4.8
Residential customers:	
Broadband	(2.7)
Video	(21.2)
Telephony	(1.0)
ARPU	**$ 0.75**

Altice USA- Comparison of Results for the Three and Six Months Ended June 30, 2020 compared to the Three and Six Months Ended June 30, 2019

Broadband Revenue

Broadband revenue for the three and six months ended June 30, 2020 was $920,363 and $1,805,892, respectively, while broadband revenue for the three and six months ended June 30, 2019 was $806,250 and $1,581,823, respectively. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Broadband revenue increased $114,113 (14%) and $224,069 (14%) for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 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 and six months ended June 30, 2020 was $952,526 and $1,899,587, respectively. Video revenue for the three and six months ended June 30, 2019 was $1,018,426 and $2,035,756, 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 $65,900 (6%) and $136,169 (7%) for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019. The decrease was due primarily to a decline in video customers and lower average revenue per video customer.

Telephony Revenue

Telephony revenue for the three and six months ended June 30, 2020 was $117,322 and $242,352, respectively. Telephony revenue for the three and six months ended June 30, 2019 was $150,232 and $304,696, 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 $32,910 (22%) and $62,344 (20%) for the three and six months ended June 30, 2020 compared to the three months ended June 30, 2019, respectively. 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 and six months ended June 30, 2020 was $365,564 and $730,094, respectively. Business services and wholesale revenue for the three and six months ended June 30, 2019 was $357,806 and $708,495, respectively. Business services and wholesale revenue 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 $7,758 (2%) and $21,599 (3%) for the three and six months ended June 30, 2020 compared to the three and six months ended June 30, 2019, respectively. The increase was primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes and an increase in revenue related to an indefeasible right of use contract recorded in the second quarter of 2020, partially offset by a decrease in SMB customers.

News and Advertising Revenue

News and advertising revenue for the three and six months ended June 30, 2020 was $96,631 and $202,171, respectively. News and advertising revenue for the three and six months ended June 30, 2019 was $114,450 and $209,188, 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 decreased $17,819 (16%) and $7,017 (3%) for the three and six months ended June 30, 2020, respectively, compared to the three and six months ended June 30, 2019. The decrease was primarily due to a decline in advertising spending, partially offset by growth in national and political sales and higher affiliate revenue for News 12.

Mobile Revenue

Mobile revenue for the three and six months ended June 30, 2020 was $19,866 and $38,222, respectively, and relates to sales of devices and mobile services. Our mobile service launched to consumers in September 2019. As of June 30, 2020, we had approximately 144,000 mobile lines.

Other Revenue

Other revenue for the three and six months ended June 30, 2020 and 2019 was $2,707 and $6,917, respectively. Other revenue for the three and six months ended June 30, 2019 was $3,917 and $7,690, respectively. Other revenue includes revenue from other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three and six months ended June 30, 2020 amounted to $860,875 and $1,725,389, respectively. Programming and other direct costs for the three and six months ended June 30, 2019 amounted to $818,994 and $1,631,979, respectively. Programming and other direct costs 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 increases of $41,881 (5%) and $93,410 (6%) for the three and six months ended June 30, 2020, as compared to the three and six months ended June 30, 2019 are primarily attributable to the following:

	Three Months	Six Months
Increase in programming costs due primarily to net contractual rate increases, partially offset by lower video customers	$ 19,718	$ 47,899
Costs of mobile devices	14,581	25,646
Increase in call completion and transfer costs primarily related to our mobile business ($6,358 and $13,199 for the three and six months) and an increase in call activity	8,132	13,724
Increase (decrease) primarily relating to costs of digital media and linear advertising spots for resale	(828)	6,759
Other net increase (decrease)	278	(618)
	$ 41,881	$ 93,410

Programming costs

Programming costs aggregated $702,674 and $1,413,264 for the three and six months ended June 30, 2020 and $682,956 and $1,365,365 for the three and six months ended June 30, 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 and six months ended June 30, 2020 amounted to $542,637 and $1,124,946, respectively. Other operating expenses for the three and six months ended June 30, 2019 amounted to $569,459 and $1,133,891, respectively. Other operating expenses 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 decreases in other operating expenses of $26,822 and $8,945, offset by an increase of $12,365 and $25,100 relating to our mobile service, for the three and six months ended June 30, 2020, respectively, as compared to the three and six months ended June 30, 2019 was attributable to the following:

	Three Months	Six Months
Net decrease in labor costs and benefits (offset by an increase in costs related to Cheddar of $3,402 and $10,565 for the three and six months, which was acquired in June 2019), offset by a decrease in capitalizable activity	$ (33,584)	$ (42,286)
Decrease in sales and marketing	(14,455)	(13,148)
Decrease in billing costs, primarily due to systems integration	(3,160)	(8,810)
Increase in share-based compensation	17,783	31,939
Increase in bad debt expense	2,254	7,043
Increase in rent and property taxes	3,100	7,520
Other net increases	1,240	8,797
	$ (26,822)	$ (8,945)

Restructuring and Other Expense

Restructuring and other expense for the three and six months ended June 30, 2020 amounted to $40,966 and $48,260, as compared to $11,465 and $26,709 for the three and six months ended June 30, 2019. Restructuring and other expense for the 2020 periods primarily includes $40,128 related to contractual payments for terminated employees. The amounts for the three and six months ended June 30, 2019 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 and six months ended June 30, 2020 amounted to $521,794 and $1,069,363, respectively. Depreciation and amortization for the three and six months ended June 30, 2019 amounted to $568,620 and $1,130,048, respectively.

The decreases in depreciation and amortization of $46,826 (8%) and $60,685 (5%) for the three and six months ended June 30, 2020, respectively, as compared to the three and six months ended June 30, 2019 are 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 relationship intangible assets and an increase in depreciation as a result of asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to $1,105,785 and $2,137,164 for the three and six months ended June 30, 2020, respectively as compared to $1,079,163 and $2,112,103 for the three and six months ended June 30, 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, 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 increase in adjusted EBITDA for the three months ended June 30, 2020 as compared to the three months ended June 30, 2019 was due to an increase in revenue and a net decrease in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

The increase in adjusted EBITDA for the six months ended June 30, 2020 as compared to the six months ended June 30, 2019 was due to an increase in revenue, partially offset by a net increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

Operating Free Cash Flow

Operating free cash flow was $877,062 and $1,609,359 for the three and six months ended June 30, 2020, respectively, and $762,296 and $1,454,850 for the three and six months ended June 30, 2019, respectively. The increase in operating free cash flow in the 2020 periods as compared to 2019 is due to an increase in adjusted EBITDA and a decrease in capital expenditures.

Operating Free Cash Flow is a non-GAAP measure that is defined as Adjusted EBITDA less cash capital expenditures. See discussion above under "Non-GAAP Financial Measures" for further information.

Free Cash Flow

Free cash flow was $707,253 and $1,001,736 for the three and six months ended June 30, 2020, respectively, and $472,103 and $635,711 for the three and six months ended June 30, 2019, respectively. The increase in free cash flow in the 2020 periods as compared to the 2019 periods is due to an increase in cash flows from operating activities and a decrease in capital expenditures.

Free Cash Flow is a non-GAAP measure that is defined as net cash flows from operating activities less cash capital expenditures. See discussion above under "Non-GAAP Financial Measures" for further information.

Interest expense

Interest expense, net was $350,874 and $714,426 for the three and six months ended June 30, 2020, respectively, and $380,613 and $767,077 for the three and six months ended June 30, 2019, respectively. The decreases of $29,739 and $52,651 for the three and six months ended June 30, 2020, respectively, as compared to the three and six months ended June 30, 2019 are attributable to the following:

	Three Months	Six Months
Decrease due to changes in average debt balances and interest rates on our indebtedness, including our collateralized debt	$ (28,782)	$ (48,129)
Lower interest income	454	614
Other net decreases, primarily amortization of deferred financing costs and original issue discounts	(1,411)	(5,136)
	$ (29,739)	$ (52,651)

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

Gain (loss) on investments, net for the three and six months ended June 30, 2020, of $197,597 and $(257,876), respectively and $103,146 and $357,871, respectively, consists primarily of the increase (decrease) in the fair value of Comcast common stock owned by the Company for the periods. The effects of these gains (losses) are partially offset by the losses (gains) on the related equity derivative contracts, net described below.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and six months ended June 30, 2020 amounted to $(152,061) and $287,800, respectively, and $(49,624) and $(226,653) for the three and six months ended June 30, 2019, respectively, and includes realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by losses (gains) on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Loss on Interest Rate Swap Contracts, net

Loss on interest rate swap contracts, net was $33,735 and $88,567 for the three and six months ended June 30, 2020, respectively, and $26,900 and $50,572 for the three and six months ended June 30, 2019, respectively. These amounts represent the increase or decrease in the fair value of interest rate swap contracts. For the six months ended June 30, 2020, the loss is net of a 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 $1,194 and $159,096 for the three and six months ended June 30, 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 June 30, 2019	Six months ended June 30, 2019
CSC Holdings 10.125% Senior Notes due 2023	$ —	$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	$ 1,194	$ 159,096

Other Income, Net

Other income, net amounted to $669 and $1,592 for the three and six months ended June 30, 2020, respectively, compared to $212 and $292 for the three and six months ended June 30, 2019, respectively.

Income Tax Expense

For the three and six months ended June 30, 2020, Altice USA recorded a tax expense of $58,826 and $75,861 on pre-tax income of $170,303 and $185,800, respectively, 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"). See further details related to the CARES Act in Note 13 of the consolidated financial statements.

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

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 June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(in thousands)		(in thousands)	
Net income attributable to Altice USA shareholders	$ 111,264	$ 86,367	$ 110,406	$ 61,368
Less: items included in Altice USA's consolidated statements of operations:				
Income tax expense (benefit)	2,197	(6,668)	14,203	(13,578)
Interest expense relating to Cablevision senior notes	—	24,400	—	48,644
Gain on investments and sale of affiliate interest recorded by Altice USA	(1)	—	(347)	—
Net income attributable to CSC Holdings' sole member	$ 113,460	$ 104,099	$ 124,262	$ 96,434

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 income to Adjusted EBITDA:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income	$ 113,673	$ 104,142	$ 123,795	$ 96,278
Income tax expense	56,629	47,828	61,658	32,152
Other income, net	(669)	(212)	(1,592)	(292)
Loss on interest rate swap contracts, net	33,735	26,900	88,567	50,572
Loss (gain) on derivative contracts, net	152,061	49,624	(287,800)	226,653
Loss (gain) on investments and sales of affiliate interests, net	(197,596)	(103,146)	258,223	(357,871)
Loss on extinguishment of debt and write-off of deferred financing costs	—	1,194	—	159,096
Interest expense, net	350,874	356,213	714,426	718,433
Depreciation and amortization	521,794	568,620	1,069,363	1,130,048
Restructuring and other expense	40,966	11,465	48,260	26,709
Share-based compensation	34,318	16,535	62,264	30,325
Adjusted EBITDA	**1,105,785**	**1,079,163**	**2,137,164**	**2,112,103**
Capital expenditures (cash)	228,723	316,867	527,805	657,253
Operating Free Cash Flow	**$ 877,062**	**$ 762,296**	**$ 1,609,359**	**$ 1,454,850**
Net cash flows from operating activities	**$ 932,069**	**$ 809,873**	**$ 1,529,178**	**$ 1,321,776**
Capital expenditures (cash)	228,723	316,867	527,805	657,253
Free Cash Flow	**$ 703,346**	**$ 493,006**	**$ 1,001,373**	**$ 664,523**

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 June 30, 2020
Debt outstanding:	
Credit facility debt	$ 7,122,458
Senior guaranteed notes	8,701,902
Senior notes	8,516,513
Subtotal	24,340,873
Finance lease obligations	136,049
Notes payable and supply chain financing	107,658
Subtotal	24,584,580
Collateralized indebtedness relating to stock monetizations (a)	1,601,107
Total debt	$ 26,185,687
Interest expense:	
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing	$ 680,112
Collateralized indebtedness relating to stock monetizations (a)	36,124
Total interest expense	$ 716,236

(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 June 30, 2020:

	Maturity Date	Interest Rate	Principal	Carrying Value
Revolving Credit Facility (a)	(b)	—%	$ —	$ —
Term Loan B	July 17, 2025	2.43%	2,910,000	2,897,887
Incremental Term Loan B-3	January 15, 2026	2.43%	1,259,063	1,254,243
Incremental Term Loan B-5	April 15, 2027	2.68%	2,992,500	2,970,328
			$ 7,161,563	$ 7,122,458

(a) At June 30, 2020, $141,949 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $2,333,051 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 June 30, 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 (excluding the six months ended June 30, 2020)	$ 2,473,003
2021	2,361,262
2022	1,916,841
2023 (a)	2,971,720
2024	1,918,533
Thereafter	23,208,032
Total	$ 34,849,391

(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 ($2,910,000 outstanding at June 30, 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 June 30, 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 June 30, 2020.

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

Senior Guaranteed Notes and Senior Notes

In June 2020, CSC Holdings issued $1,100,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 4.125% and mature on December 1, 2030, and $625,000 in aggregate principal amount of senior notes that bear interest at a rate of 4.625% and mature on December 1, 2030. The net proceeds from the sale of the these notes was used in July 2020 to early redeem the $1,095,825 aggregate principal amount of CSC Holdings' 5.375% senior notes due July 15, 2023, the $617,881 and the $1,740 aggregate principal amount of CSC Holdings' 7.750% senior notes due July 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company will recognize a loss on the extinguishment of debt aggregating $62,096, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

As of June 30, 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.

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

<u>Interest Rate Swap Contracts</u>

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) is being amortized to loss on derivative contracts over the remaining term of the contracts.

During the six months ended June 30, 2020, the Company entered into three new interest rate swap contracts on an aggregate notional value of $3,850,000.

Capital Expenditures

The following table presents the Company's capital expenditures:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Customer premise equipment	$ 45,848	$ 102,890	$ 109,183	$ 177,827
Network infrastructure	115,139	138,548	255,202	278,526
Support and other	39,226	29,256	99,852	123,033
Business services	28,510	46,173	63,568	77,867
Capital purchases (cash basis)	$ 228,723	$ 316,867	$ 527,805	$ 657,253
Capital purchases (including accrued not paid and financed capital)	$ 279,878	$ 406,065	$ 652,846	$ 711,715

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 software systems, vehicles, facilities and office equipment. Business services capital expenditures include primarily equipment, installation, support, and other costs related to our fiber based telecommunications business serving, primary enterprise customers.

Other Transactions

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey for approximately $150,000, subject to certain closing adjustments as set forth in the asset purchase agreement.

In July 2020, the Company entered into an agreement to sell49.99% of its Lightpath fiber enterprise business for an implied enterprise value of $3,200,000. The Company will receive total gross cash proceeds of approximately $2,300,000 from the sale and related financing activity and will record a gain upon closing. Approximately $1,100,000 of the net proceeds after tax are expected to be used by the Company to repay debt such that the transaction is at least leverage-neutral to CSC Holdings. The Company will retain a 50.01% interest in Lightpath and maintain control. Accordingly, the Company will continue to consolidate the operating results of the Lightpath business. The transaction is currently expected to close in the fourth quarter of 2020 following the satisfaction of closing conditions, including receipt of necessary regulatory approvals. Upon closing, Lightpath will be financed independently outside of the CSC Holdings restricted group.

Cash Flow Discussion

Altice USA

Operating Activities

Net cash provided by operating activities amounted to $1,529,541 for the six months ended June 30, 2020 compared to $1,292,964 for the six months ended June 30, 2019.

The 2020 cash provided by operating activities resulted from $1,377,837 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of $148,013, a decrease in accounts receivable of $27,522, an increase in accounts payable of $10,256, and a net decrease in amounts due from affiliates of $1,588, partially offset by a decrease in deferred revenue of $17,302, a decrease in accrued expenses of $12,796, and an increase in prepaid expenses and other assets of $5,577.

The 2019 cash provided by operating activities resulted from $1,390,998 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap contracts of $41,322, an increase in deferred revenue of $12,022, a decrease in other receivables of $2,740, and a decrease in accounts receivable of $1,804, partially offset by a decrease in accounts payable and accrued expenses of $80,002, an increase in prepaid expenses and other assets of $72,638, and a net decrease in amounts due to affiliates of $3,282.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 was $525,880 compared to $829,881 for the six months ended June 30, 2019. The 2020 investing activities consisted primarily of capital expenditures of $527,805. The 2019 investing activities consisted primarily of capital expenditures of $657,253 and payment for acquisitions, net of cash acquired of $172,659.

Financing Activities

Net cash provided by financing activities amounted to $247,525 for the six months ended June 30, 2020, compared to net cash used in financing activities of $622,566 for the six months ended June 30, 2019. In 2020, the Company's financing activities consisted primarily of proceeds from the issuance of senior notes of $1,725,000, proceeds from credit facility debt of $200,000, and proceeds from stock option exercises of $3,650, partially offset by repurchase of common stock pursuant to a share repurchase program of $1,381,235, the repayment of credit facility debt of $228,875, repayment of notes payable of $48,239, principal payments on finance lease obligations of $11,935, and other net cash payments of $10,841.

In 2019, the Company's financing activities consisted primarily of the redemption of senior notes, including premiums and fees of $2,462,692, the repurchase of common stock pursuant to a share repurchase program of $1,199,953, repayments of credit facility debt of $602,830, repayment of notes payable of $74,061, additions to deferred financing costs of $12,488, principal payments on finance lease obligations of $3,273 and other net cash payments of $1,500, partially offset by proceeds from credit facility debt of $1,940,000, proceeds from the issuance of senior notes, including premiums of $1,754,375, and proceeds from notes payable of $39,856.

CSC Holdings

Operating Activities

Net cash provided by operating activities amounted to $1,529,178 for the six months ended June 30, 2020 compared to $1,321,776 for the six months ended June 30, 2019. The 2020 cash provided by operating activities resulted from $1,497,012 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of $148,013, a decrease in accounts receivable of $27,522, and an increase in accounts payable of $10,256, partially offset by a net increase in amounts due from affiliates of $114,290, a decrease in deferred revenue of $17,302, a decrease in accrued expenses of $12,794, and an increase in prepaid expenses and other assets of $9,239.

The 2019 cash provided by operating activities resulted from $1,430,518 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap contracts and derivative contracts of $41,322, an increase in deferred revenue of $12,022, a decrease in other receivables of $2,740 and a decrease in accounts receivable of $1,804, partially offset by a decrease in accounts payable and accrued expenses of $80,324, an increase in prepaid expenses and other assets of $72,638, and a net decrease in amounts due to affiliates of $13,668.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2020 was $526,226 compared to $829,881 for the six months ended June 30, 2019. The 2020 investing activities consisted primarily of capital expenditures of $527,805. The 2019 investing activities consisted primarily of capital expenditures of $657,253 and payment for acquisitions, net of cash acquired of $172,659.

Financing Activities

Net cash provided by financing activities amounted to $252,377 for the six months ended June 30, 2020 compared to net cash used in financing activities of $652,102 for the six months ended June 30, 2019. In 2020, the Company's financing activities consisted primarily of issuance of senior notes of $1,725,000 and proceeds from credit facility debt of $200,000, partially offset by distributions to its parent of $1,372,733, the repayment of credit facility debt of $228,875, repayment of notes payable of $48,239, principal payments of finance lease obligations of $11,935, and other net cash payments of $10,841.

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 $1,229,489, repayments of credit facility debt of $602,830, repayment of notes payable of $74,061, additions to deferred financing costs of $12,488, principal payments on finance lease obligations of $3,273 and other net cash payments of $1,500, partially offset by proceeds from credit facility debt of $1,940,000, proceeds from the issuance of senior notes, including premiums of $1,754,375, and proceeds from notes payable of $39,856.

Commitments and Contingencies

As of June 30, 2020, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately $6,956,000 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 six months ended June 30, 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 six months ended June 30, 2020, the Company repurchased 56,956,374 shares for a total purchase price of approximately $1,381,235. From the inception of the repurchase program, the Company acquired 157,653,766 for a total purchase price of approximately $3,568,109. 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 June 30, 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 $1,601,107 at June 30, 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 June 30, 2020, the fair value and the carrying value of our holdings of Comcast common stock aggregated $1,674,395. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately $167,440. As of June 30, 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 $218,212, a net asset position. For the six months ended June 30, 2020, we recorded a net gain of $287,800 related to our outstanding equity derivative contracts and recorded an unrealized loss of $257,302 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		287,800
Fair value as of June 30, 2020, net asset position	$	218,212

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	Cap Price (b) 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 June 30, 2020, the fair value of our fixed rate debt of $19,937,110 was higher than its carrying value of $18,927,180 by $1,009,930. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at June 30, 2020 would increase the estimated fair value of our fixed rate debt by $647,347 to $20,584,457. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheet, with changes in fair value reflected in the consolidated statement of operations.

The following is a summary of interest rate swap contracts outstanding at June 30, 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
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%
April 2020	April 2021		2,850,000	Six-month LIBOR minus 0.5185%	One-month LIBOR

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statement of operations. For the six months ended June 30, 2020, the Company recorded a loss on interest rate swap contracts of $88,567.

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location		Fair Value at June 30, 2020
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, long-term	$	4,058
Prepaid forward contracts	Derivative contracts, long-term		221,733
			225,791
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities		(4,016)
Prepaid forward contracts	Liabilities under derivative contracts, long-term		(3,520)
Interest rate swap contracts	Liabilities under derivative contracts, long-term		(309,396)
		$	(316,932)

As of June 30, 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 June 30, 2020.

Changes in Internal Control

During the six months ended June 30, 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 June 30, 2020, we had a total of 393.6 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 June 30, 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)
April 1- April 30	11,731,882	$ 24.83	143,645,533	3,771,824,497
May 1- May 31	5,974,344	23.94	149,619,877	3,628,791,681
June 1 - June 30	8,033,889	24.51	157,653,766	3,431,890,638

(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
4.1	Senior Notes Indenture, dated as of June 16, 2020 between CSC Holdings, LLC, as Issuer, and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 16, 2020).
4.2	Senior Guaranteed Notes Indenture, dated as of June 16, 2020 between, inter alios, CSC Holdings, LLC, as Issuer, the Guarantors set forth therein and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 16, 2020).
31.1	Section 302 Certification of the CEO.
31.2	Section 302 Certification of the CFO.
32	Section 906 Certifications of the CEO and CFO.
101	The following financial statements from Altice USA's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 filed with the Securities and Exchange Commission on July 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 Income; (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.

		ALTICE USA, INC.	
Date:	July 30, 2020		/s/ Michael J. Grau
		By:	Michael J. Grau Chief Financial Officer

Exhibit 31.1

CERTIFICATION

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

1. I have reviewed this Quarterly Report on Form 10-Q of Altice USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	July 30, 2020	By:	/s/ Dexter Goei
			Dexter Goei
			Chief Executive Officer and Director

Exhibit 31.2

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: July 30, 2020

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

Exhibit 32

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Altice USA, Inc. ("Altice USA") hereby certifies, to such officer's knowledge, that Altice USA's Quarterly Report on Form 10-Q for the quarter ended June 30, 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:	July 30, 2020	By:	/s/ Dexter Goei
			Dexter Goei
			Chief Executive Officer and Director
Date:	July 30, 2020	By:	/s/ Michael J. Grau
			Michael J. Grau
			Chief Financial Officer