

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, 2018

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

38-3980194



altice
Altice USA, Inc.

Delaware
1 Court Square West
Long Island City, New York 11101
(516) 803-2300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrants were required to submit and post such files). Yes No

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

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

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

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

Yes No

Number of shares of common stock outstanding as of August 3, 2018:

737,068,966

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

This Quarterly Report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These "forward-looking statements" appear throughout this Quarterly Report and relate to matters such as anticipated future growth in revenues, operating income, cash provided by operating activities and other financial measures. Words such as "expects," "anticipates," "believes," "estimates," "may," "will," "should," "could," "seeks," "potential," "continue," "intends," "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. All of these forward-looking statements are based on management's current expectations and beliefs about future events. As with any projection or forecast, they are susceptible to uncertainty and changes in circumstances.

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

- competition for broadband, pay television and telephony customers from existing competitors (such as broadband communications companies, 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 new home communications hub;
- our ability to develop and deploy mobile voice and data services pursuant to the agreement we entered into with Sprint in the fourth quarter of 2017;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products and services;
- the effects of industry conditions;
- demand for advertising on our cable systems;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;
- technical failures, equipment defects, physical or electronic break-ins to our services, computer viruses and similar problems;

- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, “cyber-attacks,” misappropriation of data, outages, natural disasters and other material events;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings;
- our ability to successfully operate our business following the completion of our separation from Altice N.V.;and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption “Risk Factors” in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 6, 2018 (the “Annual Report”).

These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could cause our actual results to differ materially from those expressed in any of our forward-looking statements.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made only as of the date of this 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
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	June 30, 2018 (Unaudited)	December 31, 2017
Current Assets:		
Cash and cash equivalents	\$ 381,140	\$ 329,848
Restricted cash	253	252
Accounts receivable, trade (less allowance for doubtful accounts of \$12,737 and \$13,420)	382,207	370,765
Prepaid expenses and other current assets	166,963	130,425
Amounts due from affiliates	17,612	19,764
Derivative contracts	9,992	52,545
Total current assets	958,167	903,599
Property, plant and equipment, net of accumulated depreciation of \$3,393,628 and \$2,599,579	5,694,812	6,023,826
Investment securities pledged as collateral	1,409,361	1,720,357
Derivative contracts	101,007	—
Other assets	117,696	57,904
Amortizable customer relationships, net of accumulated amortization of \$1,797,079 and \$1,409,021	4,173,805	4,561,863
Amortizable trade names, net of accumulated amortization of \$654,498 and \$588,574	412,585	478,509
Other amortizable intangibles, net of accumulated amortization of \$14,865 and \$10,978	22,195	26,082
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,004,808	8,019,861
Total assets	<u>\$ 33,914,517</u>	<u>\$ 34,812,082</u>

See accompanying notes to condensed consolidated financial statements.

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

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 2018 (Unaudited)	December 31, 2017
Current Liabilities:		
Accounts payable	\$ 801,448	\$ 795,128
Accrued liabilities:		
Interest	398,024	397,422
Employee related costs	122,404	147,727
Other accrued expenses	317,270	411,988
Amounts due to affiliates	24,392	10,998
Deferred revenue	121,913	111,197
Liabilities under derivative contracts	9,623	52,545
Credit facility debt	53,900	42,650
Senior notes and debentures	1,035,212	507,744
Capital lease obligations	5,561	9,539
Notes payable	67,109	33,424
Total current liabilities	2,956,856	2,520,362
Defined benefit plan obligations	97,518	103,163
Other liabilities	141,939	144,289
Deferred tax liability	4,716,681	4,769,286
Liabilities under derivative contracts	123,470	187,406
Collateralized indebtedness	1,392,648	1,349,474
Credit facility debt	5,625,732	4,600,873
Senior notes and debentures	14,805,268	15,352,688
Capital lease obligations	11,639	12,441
Notes payable	5,408	32,478
Deficit investment in affiliates	—	3,579
Total liabilities	29,877,159	29,076,039
Commitments and contingencies (Note 15)		
Redeemable equity	170,165	231,290
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, 492,812,285 and 246,982,292 issued and outstanding	4,928	2,470
Class B common stock: \$0.01 par value, 1,000,000,000 shares authorized, 490,086,674 issued and 244,256,681 and 490,086,674 outstanding	2,443	4,901
Class C common stock: \$0.01 par value, 4,000,000,000 shares authorized, no shares issued and outstanding	—	—
Paid-in capital	3,856,682	4,665,229
Retained earnings	6,191	840,636
	3,870,244	5,513,236
Accumulated other comprehensive loss	(10,438)	(10,022)
Total stockholders' equity	3,859,806	5,503,214
Noncontrolling interest	7,387	1,539
Total stockholders' equity	3,867,193	5,504,753
	\$ 33,914,517	\$ 34,812,082

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue (including revenue from affiliates of \$727, \$253, \$852 and \$394, respectively) (See Note 14)	\$ 2,364,153	\$ 2,322,362	\$ 4,693,867	\$ 4,624,621
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$3,865, \$1,095, \$5,019 and \$1,830, respectively) (See Note 14)	795,127	758,694	1,582,488	1,517,046
Other operating expenses (including charges from affiliates of \$6,255, \$8,666, \$14,249 and \$15,964, respectively) (See Note 14)	575,749	591,222	1,158,772	1,199,366
Restructuring and other expense	9,691	12,388	13,278	89,317
Depreciation and amortization (including impairments)	648,527	706,790	1,291,232	1,315,514
	<u>2,029,094</u>	<u>2,069,094</u>	<u>4,045,770</u>	<u>4,121,243</u>
Operating income	335,059	253,268	648,097	503,378
Other income (expense):				
Interest expense (including \$42,817 and \$90,405 related to affiliates and related parties in 2017) (See Note 9)	(390,543)	(420,370)	(767,801)	(853,664)
Interest income	5,313	180	8,416	412
Gain (loss) on investments and sale of affiliate interests, net	(45,113)	57,130	(293,715)	188,788
Gain (loss) on derivative contracts, net	42,159	(66,463)	210,511	(137,507)
Gain (loss) on interest rate swap contracts	(12,929)	9,146	(44,851)	11,488
Loss on extinguishment of debt and write-off of deferred financing costs (including \$513,723 related to affiliates and related parties in 2017) (See Note 10)	(36,911)	(561,382)	(41,616)	(561,382)
Other expense, net	(629)	(3,935)	(12,287)	(6,035)
	<u>(438,653)</u>	<u>(985,694)</u>	<u>(941,343)</u>	<u>(1,357,900)</u>
Loss before income taxes	(103,594)	(732,426)	(293,246)	(854,522)
Income tax benefit	5,590	252,487	66,293	298,395
Net loss	(98,004)	(479,939)	(226,953)	(556,127)
Net loss (income) attributable to noncontrolling interests	149	(365)	147	(602)
Net loss attributable to Altice USA, Inc. stockholders	<u>\$ (97,855)</u>	<u>\$ (480,304)</u>	<u>\$ (226,806)</u>	<u>\$ (556,729)</u>
Basic and diluted net loss per share	<u>\$ (0.13)</u>	<u>\$ (0.73)</u>	<u>\$ (0.31)</u>	<u>\$ (0.85)</u>
Basic and diluted weighted average common shares (in thousands)	<u>737,069</u>	<u>659,145</u>	<u>737,069</u>	<u>654,362</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	\$ (98,004)	\$ (479,939)	\$ (226,953)	\$ (556,127)
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	(359)	(4,333)	4,192	(4,333)
Applicable income taxes	97	1,733	(1,131)	1,733
Unrecognized gain (loss) arising during period, net of income taxes	(262)	(2,600)	3,061	(2,600)
Settlement loss included in other expense, net	258	389	864	389
Applicable income taxes	(70)	(156)	(234)	(156)
Settlement loss included in other expense, net, net of income taxes	188	233	630	233
Curtailment loss	—	(3,195)	—	(3,195)
Applicable income taxes	—	1,278	—	1,278
Curtailment loss, net of income taxes	—	(1,917)	—	(1,917)
Foreign currency translation adjustment	914	—	914	—
Applicable income taxes	(338)	—	(338)	—
Foreign currency translation adjustment, net	576	—	576	—
Other comprehensive gain (loss)	502	(4,284)	4,267	(4,284)
Comprehensive loss	(97,502)	(484,223)	(222,686)	(560,411)
Comprehensive loss (income) attributable to noncontrolling interests	149	(365)	147	(602)
Comprehensive loss attributable to Altice USA, Inc. stockholders	\$ (97,353)	\$ (484,588)	\$ (222,539)	\$ (561,013)

See accompanying notes to condensed consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2018, as reported	\$ 2,470	\$ 4,901	\$ 4,642,128	\$ 854,824	\$ (10,022)	\$ 5,494,301	\$ 1,539	\$ 5,495,840
Impact of change in accounting policies (See Note 3)	—	—	—	12,666	—	12,666	—	12,666
Impact of ATS Acquisition (See Note 3)	—	—	23,101	(26,854)	—	(3,753)	—	(3,753)
Balance at January 1, 2018, as adjusted	2,470	4,901	4,665,229	840,636	(10,022)	5,503,214	1,539	5,504,753
Net loss attributable to stockholders	—	—	—	(226,806)	—	(226,806)	—	(226,806)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	(147)	(147)
Contributions from noncontrolling interests	—	—	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	—	—	3,691	3,691	—	3,691
Foreign currency translation adjustment	—	—	—	—	576	576	—	576
Share-based compensation expense	—	—	33,849	—	—	33,849	—	33,849
Redeemable equity vested	—	—	111,521	—	—	111,521	—	111,521
Change in redeemable equity	—	—	(50,396)	—	—	(50,396)	—	(50,396)
Dividend payment	—	—	(963,711)	(536,224)	—	(1,499,935)	—	(1,499,935)
Conversion of Class B to Class A shares, including \$2,424 in connection with the Distribution	2,458	(2,458)	—	—	—	—	—	—
Impact of i24 Acquisition	—	—	61,049	(73,578)	(2,520)	(15,049)	—	(15,049)
Other changes to equity	—	—	(859)	—	—	(859)	—	(859)
Adoption of ASU No. 2018-02	—	—	—	2,163	(2,163)	—	—	—
Balance at June 30, 2018	\$ 4,928	\$ 2,443	\$ 3,856,682	\$ 6,191	\$ (10,438)	\$ 3,859,806	\$ 7,387	\$ 3,867,193

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Net loss	\$ (226,953)	\$ (556,127)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,291,232	1,315,514
Equity in net loss of affiliates	10,849	4,122
Loss (gain) on investments and sale of affiliate interests, net	293,715	(188,788)
Loss (gain) on derivative contracts, net	(210,511)	137,507
Loss on extinguishment of debt and write-off of deferred financing costs	41,616	561,382
Amortization of deferred financing costs and discounts (premiums) on indebtedness	36,971	7,214
Settlement loss related to pension plan	864	389
Share-based compensation expense	33,849	25,927
Deferred income taxes	(80,280)	(311,809)
Provision for doubtful accounts	29,462	32,918
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(37,224)	(8,006)
Other receivables	(5,926)	7,949
Prepaid expenses and other assets	(31,951)	(2,015)
Amounts due from and due to affiliates	8,573	(28,005)
Accounts payable	49,449	67,482
Accrued liabilities	(110,227)	(256,661)
Deferred revenue	20,536	10,614
Liabilities related to interest rate swap contracts	45,199	(8,500)
Net cash provided by operating activities	<u>1,159,243</u>	<u>811,107</u>
Cash flows from investing activities:		
Payments for acquisitions, net of cash acquired	(5,308)	(43,608)
Sale of affiliate interests	(3,537)	—
Capital expenditures	(498,297)	(463,590)
Proceeds related to sale of equipment, including costs of disposal	6,858	1,536
Increase in other investments	(2,500)	(3,550)
Additions to other intangible assets	—	(744)
Net cash used in investing activities	<u>(502,784)</u>	<u>(509,956)</u>

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2018	2017
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	\$ 1,642,500	\$ 4,977,425
Repayment of credit facility debt	(621,325)	(3,573,750)
Issuance of senior notes and debentures	2,050,000	—
Proceeds from collateralized indebtedness, net	337,124	490,816
Repayment of collateralized indebtedness and related derivative contracts, net	(337,124)	(483,081)
Dividends to stockholders	(1,499,935)	(919,317)
Redemption of senior notes, including premiums and fees	(2,123,756)	(979,280)
Repayment of notes payable	(446)	—
Principal payments on capital lease obligations	(6,019)	(8,061)
Additions to deferred financing costs	(22,277)	(7,352)
Other	(859)	—
Contingent payment for acquisition	(28,940)	—
Contributions from noncontrolling interests	5,995	51,135
Proceeds from IPO, net of fees	—	349,156
Net cash provided by (used in) financing activities	(605,062)	(102,309)
Net increase in cash and cash equivalents	51,397	198,842
Effect of exchange rate changes on cash and cash equivalents	(104)	—
Net increase in cash and cash equivalents	51,293	198,842
Cash, cash equivalents and restricted cash at beginning of year	330,100	503,093
Cash, cash equivalents and restricted cash at end of period	\$ 381,393	\$ 701,935

See accompanying notes to condensed consolidated financial statements.

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

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Altice USA, Inc. ("Altice USA" or the "Company") was incorporated in Delaware on September 14, 2015. Prior to the Altice N.V. distribution discussed below, Altice USA was majority-owned by Altice N.V., a public company with limited liability (naamloze vennootschap) under Dutch law. Since the completion of the Altice N.V. distribution discussed below, the Company is no longer majority-owned by Altice N.V.

The Company provides broadband communications and video services in the United States. It delivers broadband, pay television, telephony services, proprietary content and advertising services to residential and business customers.

Altice N.V., through a subsidiary, acquired Cequel Corporation ("Cequel" or "Suddenlink") on December 21, 2015 (the "Cequel Acquisition") and Cequel was contributed to Altice USA on June 9, 2016. Altice USA acquired Cablevision Systems Corporation ("Cablevision" or "Optimum") on June 21, 2016 (the "Cablevision Acquisition").

The Company classifies its operations into two reportable segments: Cablevision, which operates in the New York metropolitan area, and Cequel, which principally operates in markets in the south-central United States.

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

The accompanying condensed consolidated operating results for the three and six months ended June 30, 2017 reflect the retrospective adoption of Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers and ASU No. 2017-07 Compensation-Retirement Benefits (Topic 715). See Note 3 for further details of the impact on the Company's historical financial statements.

In June 2017, the Company completed its initial public offering ("IPO") of 71,724,139 shares of its Class A common stock. The Company's Class A common stock began trading on June 22, 2017, on the New York Stock Exchange under the symbol "ATUS".

Acquisition of Altice Technical Services US Corp

ATS was formed in 2017 to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. During the second quarter of 2017, a substantial portion of the Company's technical workforce at the Cablevision segment either accepted employment with ATS or became employees of ATS and ATS commenced operations and began to perform services for the Company. A substantial portion of the Cequel segment technical workforce became employees of ATS in December 2017.

In January 2018, the Company acquired 70% of the equity interests in Altice Technical Services US Corp. ("ATS") for \$1.00 (the "ATS Acquisition") and the Company became the owner of 100% of the equity interests in ATS in March 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its formation. See Note 3 for the impact of the ATS Acquisition on the Company's condensed consolidated balance sheet as of December 31, 2017 and on the Company's statement of operations for the three and six months ended June 30, 2017.

Acquisition of i24NEWS

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

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

Altice N.V. Distribution

On June 8, 2018, Altice N.V. distributed substantially all of its equity interest in the Company through a distribution in kind to holders of Altice N.V.'s common shares A and common shares B (the "Distribution"). The Distribution took place by way of a special distribution in kind by Altice N.V. of its 67.2% interest in the Company to Altice N.V. shareholders. Each shareholder of Altice N.V. on May 23, 2018, the Distribution record date, received 0.4163 shares of the Company's common stock for every share held by such shareholder in Altice N.V. Between May 24, 2018 and June 4, 2018, each Altice N.V. shareholder was given the opportunity to elect the percentage of shares of the Company's Class A common stock and shares of the Company's Class B common stock such shareholder would receive in the Distribution, whereby the number of shares of the Company's Class B common stock to be distributed was subject to a cap of 50% of the total shares of the Company's common stock being distributed (the "Class B Cap"). Because the Class B Cap had been exceeded, the shares of the Company's Class B common stock delivered to Altice N.V.'s shareholders of record who elected to receive them were subject to proration, and such shareholders received shares of the Company's Class A common stock.

Immediately following the Distribution, there were 489,384,523 shares of Altice USA Class A common stock and 247,684,443 shares of Altice USA Class B common stock outstanding.

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

In addition, the Board of Directors of Altice USA also authorized a share repurchase program of \$2.0 billion, effective June 8, 2018.

In connection with the Distribution, the Management Advisory and Consulting Services Agreement with Altice N.V. which provided certain consulting, advisory and other services was terminated. Compensation under the terms of the agreement was an annual fee of \$30,000 paid by the Company.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed 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 condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and the Company's financial statements and notes thereto included on Form 8-K filed on May 21, 2018.

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

The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2018.

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.

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

Recently Adopted Accounting Pronouncements

In February 2018, the FASB issued ASU No. 2018-02, Income Statement—Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The primary provision of ASU No. 2018-02 allows for the reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. ASU No. 2018-02 also requires certain disclosures about stranded tax effects. ASU No. 2018-02 is effective for the Company on January 1, 2019, with early adoption permitted and will be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company elected to adopt ASU No. 2018-02 during the first quarter of 2018. The adoption resulted in the reclassification of stranded tax amounts of \$2,163 associated with net unrecognized losses from the Company's pension plans from accumulated other comprehensive loss to retained earnings.

In May 2017, the FASB issued ASU No. 2017-09, Compensation- Stock Compensation (Topic 718). ASU No. 2017-09 provides clarity and guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017-09 was adopted by the Company on January 1, 2018 and it had no impact to the Company's condensed consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Compensation-Retirement Benefits (Topic 715). ASU No. 2017-07 requires that an employer disaggregate the service cost component from the other components of net benefit cost. It also provides guidance on how to present the service cost component and the other components of net benefit cost in the income statement and what component of net benefit cost is eligible for capitalization. ASU No. 2017-07 was adopted by the Company on January 1, 2018 and was applied retrospectively. As a result of the adoption, the Company reclassified the non-service cost components of the Company's pension expense for the three and six months ended March 31, 2017 from other operating expenses to other income (expense), net. The Company elected to apply the practical expedient which allowed it to reclassify amounts disclosed previously in the benefits plan note as the basis for applying retrospective presentation for comparative periods, as the Company determined it was impracticable to disaggregate the cost components for amounts capitalized and amortized in those periods. See Note 3 for information on the impact of the adoption of ASU No. 2017-07.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805), Clarifying the Definition of a Business, which amends Topic 805 to interpret the definition of a business by adding guidance to assist in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The Company adopted the new guidance on January 1, 2018 and it had no impact to the Company's condensed consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities. ASU No. 2016-01 modifies how entities measure certain equity investments and also modifies the recognition of changes in the fair value of financial liabilities measured under the fair value option. Entities will be required to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any changes in fair value in net income. For financial liabilities measured using the fair value option, entities will be required to record changes in fair value caused by a change in instrument-specific credit risk (own credit risk) separately in other comprehensive income. ASU No. 2016-01 was adopted by the Company on January 1, 2018 and it had no impact to the Company's condensed consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers ("ASC 606"), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASC 606 replaced most existing revenue recognition guidance in GAAP and allowed the use of either the retrospective or cumulative effect transition method.

In December 2016, the FASB issued ASU No. 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, in order to clarify the Codification and to correct any unintended application of the guidance. The amendments in this update affected the guidance in ASC 606. ASC 606 was adopted by the Company on January 1, 2018 on a full retrospective basis, which required the Company to reflect the impact of the updated guidance for all periods presented. The adoption of ASC 606 did not have a material impact on the Company's financial position or results of operations. See Note 3 for information on the impact of the adoption of ASC 606.

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

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments which clarifies how entities should classify certain cash receipts and cash payments on the statement of cash flows. ASU No. 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. The Company adopted the new guidance on January 1, 2018 and it had no impact to the Company's condensed consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Pronouncements

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019. Although, the Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its consolidated financial statements, upon adoption, the Company expects to recognize a right of use asset and liability related to substantially all operating lease arrangements on the Company's consolidated balance sheet.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

NOTE 3. CHANGE IN ACCOUNTING POLICIES AND ATS ACQUISITION

Adoption of ASC 606 - Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the guidance pursuant to ASC 606. The Company elected to apply the guidance on a full retrospective basis, which required the Company to reflect the impact of the updated guidance for all periods presented. The adoption of the guidance resulted in the deferral of certain installation revenue, the deferral of certain commission expenses, and a reduction of revenue due to the reclassification of certain third party giveaways and incentives from operating expense. Additionally, the Company made changes in the composition of revenue resulting from the allocation of value related to bundled services sold to residential customers at a discount.

Installation Services Revenue

Pursuant to ASC 606, the Company's installation services revenue is deferred and recognized over the benefit period. For residential customers, the benefit period is less than one year. For business and wholesale customers, the benefit period is the contract term. Prior to the adoption of ASC 606, the Company recognized installation services revenue for residential and small and medium-sized business ("SMB") customers when installations were completed. As a result of the deferral of installation services revenue for residential and SMB customers, the Company recognized contract liabilities of \$6,978 and recorded a cumulative effect adjustment of \$5,093 (net of tax of \$1,885) to retained earnings. The accounting for installation services revenue related to business and wholesale customers has not changed.

Commission Expenses

Pursuant to ASC 606, the Company defers commission expenses related to obtaining a contract with a customer when the expected period of benefit is greater than one year and amortizes these costs over the average contract term. For commission expenses related to customer contracts with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. Prior to the adoption of ASC 606, the Company recognized commission expenses related to the sale of its services when incurred. As a result of the change in the timing of recognition of these commission expenses, the Company recognized contract assets of \$24,329 and recorded a cumulative effect adjustment of \$17,759 (net of tax of \$6,570) to retained earnings.

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

Third Party Product Giveaways and Incentives

When the Company acts as the agent in providing certain product giveaways or incentives, revenue is recorded net of the costs of the giveaways and incentives. For the three and six months ended June 30, 2017, costs of \$5,979 and \$9,396, respectively for the giveaways and incentives recorded in other operating expense have been reclassified to revenue.

Bundled Services

The Company provides bundled services at a discounted rate to its customers. Under ASC 606, revenue should be allocated to separate performance obligations within a bundled offering based on the relative stand-alone selling price of each service within the bundle. In connection with the adoption of ASC 606, the Company revised the amounts allocated to each performance obligation within its bundled offerings which reduced previously reported revenue for telephony services and increased previously reported revenue allocated to pay television and broadband services.

Adoption of ASU No. 2017-07 - Compensation-Retirement Benefits (Topic 715)

On January 1, 2018, the Company adopted the guidance pursuant to ASU No. 2017-07. ASU No. 2017-07 requires that an employer disaggregate the service cost component from the other components of net benefit cost. In connection with the adoption of ASU No. 2017-07, the Company retroactively reclassified certain pension costs from other operating expenses to other income (expense), net. The adoption of ASU No. 2017-07 had no impact on the Company's condensed consolidated balance sheet.

Acquisition of ATS

As discussed in Note 1, the Company completed the ATS Acquisition in the first quarter of 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since the formation of ATS, including goodwill of \$23,101, representing the amount previously transferred to ATS.

The following table summarizes the impact of adopting ASC 606 and the impact of the ATS Acquisition on the Company's condensed consolidated balance sheet:

	December 31, 2017			
	As Reported	Impact of ASC 606	Impact of ATS Acquisition	As Adjusted
Cash and cash equivalents	\$ 273,329	\$ —	\$ 56,519	\$ 329,848
Other current assets	580,231	14,068	(20,548)	573,751
Property, plant and equipment, net	6,063,829	—	(40,003)	6,023,826
Goodwill	7,996,760	—	23,101	8,019,861
Other assets, long-term	19,861,076	10,261	(6,541)	19,864,796
Total assets	<u>\$ 34,775,225</u>	<u>\$ 24,329</u>	<u>\$ 12,528</u>	<u>\$ 34,812,082</u>
Current liabilities	<u>\$ 2,492,983</u>	<u>\$ 6,978</u>	<u>\$ 20,401</u>	<u>\$ 2,520,362</u>
Deferred tax liability, long-term	4,775,115	4,685	(10,514)	4,769,286
Liabilities, long-term	21,779,997	—	6,394	21,786,391
Total liabilities	29,048,095	11,663	16,281	29,076,039
Redeemable equity	231,290	—	—	231,290
Paid-in capital	4,642,128	—	23,101	4,665,229
Retained earnings	854,824	12,666	(26,854)	840,636
Total stockholders' equity	5,495,840	12,666	(3,753)	5,504,753
Total liabilities and stockholders' equity	<u>\$ 34,775,225</u>	<u>\$ 24,329</u>	<u>\$ 12,528</u>	<u>\$ 34,812,082</u>

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

The following table summarizes the impact of adopting ASC 606 and ASU No. 2017-07 and the impact of the ATS Acquisition on the Company's condensed consolidated statements of operations:

	Three Months Ended June 30, 2017				
	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted
Residential:					
Pay TV	\$ 1,059,857	\$ 11,306	\$ —	\$ —	\$ 1,071,163
Broadband	629,416	13,204	—	—	642,620
Telephony	208,451	(30,190)	—	—	178,261
Business services and wholesale	323,940	(299)	—	—	323,641
Advertising	97,501	—	—	—	97,501
Other	9,176	—	—	—	9,176
Total revenue	<u>2,328,341</u>	<u>(5,979)</u>	<u>—</u>	<u>—</u>	<u>2,322,362</u>
Programming and other direct costs	758,694	—	—	—	758,694
Other operating expenses	593,690	(5,979)	(5,055)	8,566	591,222
Restructuring and other expense	12,388	—	—	—	12,388
Depreciation and amortization	706,787	—	—	3	706,790
Operating income	256,782	—	5,055	(8,569)	253,268
Other expense, net	(980,640)	—	(5,055)	1	(985,694)
Loss before income taxes	(723,858)	—	—	(8,568)	(732,426)
Income tax benefit	249,068	—	—	3,419	252,487
Net loss	<u>\$ (474,790)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,149)</u>	<u>\$ (479,939)</u>

	Six Months Ended June 30, 2017				
	As Reported	Impact of ASC 606	Impact of ASU No. 2017-07	Impact of ATS Acquisition	As Adjusted
Residential:					
Pay TV	\$ 2,131,218	\$ 23,823	\$ —	\$ —	\$ 2,155,041
Broadband	1,241,185	27,353	—	—	1,268,538
Telephony	419,324	(60,102)	—	—	359,222
Business services and wholesale	643,531	(470)	—	—	643,061
Advertising	180,862	—	—	—	180,862
Other	17,897	—	—	—	17,897
Total revenue	<u>4,634,017</u>	<u>(9,396)</u>	<u>—</u>	<u>—</u>	<u>4,624,621</u>
Programming and other direct costs	1,517,046	—	—	—	1,517,046
Other operating expenses	1,207,127	(9,396)	(6,931)	8,566	1,199,366
Restructuring and other expense	89,317	—	—	—	89,317
Depreciation and amortization	1,315,511	—	—	3	1,315,514
Operating income	505,016	—	6,931	(8,569)	503,378
Other expense, net	(1,350,970)	—	(6,931)	1	(1,357,900)
Loss before income taxes	(845,954)	—	—	(8,568)	(854,522)
Income tax benefit	294,976	—	—	3,419	298,395
Net loss	<u>\$ (550,978)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (5,149)</u>	<u>\$ (556,127)</u>

NOTE 4. NET LOSS PER SHARE ATTRIBUTABLE TO STOCKHOLDERS

Basic net loss per common share attributable to Altice USA stockholders is computed by dividing net loss attributable to Altice USA stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share attributable to Altice USA stockholders excludes the effects of common stock equivalents as they are anti-dilutive.

The weighted average number of shares used to compute basic and diluted net loss per share for the three and six months ended June 30, 2017 reflect the retroactive impact of certain organizational transactions that occurred prior to the Company's IPO.

NOTE 5. REVENUE AND CONTRACT ASSETS

Revenue Recognition

Residential Services

The Company derives revenue through monthly charges to residential customers of its pay television, broadband, and telephony services, including installation services. In addition, the Company derives revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, and home shopping commissions which are reflected in "Residential pay TV" revenues. The Company recognizes pay television, broadband, and telephony revenues as the services are provided to a customer on a monthly basis. Revenue from the sale of bundled services at a discounted rate is allocated to each product based on the standalone selling price of each performance obligation within the bundled offer. The standalone selling price requires judgment and is typically determined based on the current prices at which the separate services are sold by the Company. Installation revenue for the Company's residential services is deferred and recognized over the benefit period, which is estimated to be less than one year. The estimated benefit period takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

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, 2018 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,362 and \$127,192, respectively. For the three and six months ended June 30, 2017 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$64,804 and \$129,790, respectively.

Business and Wholesale Services

The Company derives revenue from the sale of products and services to both large enterprise and SMB customers, including broadband, telephony, networking, and pay television services reflected in "Business services and wholesale" revenues. The Company's business services also include Ethernet, data transport, and IP-based virtual private networks. The Company also provides managed services to businesses, including hosted telephony services (cloud based SIP-based private branch exchange), managed Wi-Fi, managed desktop and server backup and managed collaboration services including audio and web conferencing. The Company also offers fiber-to-the-tower services to wireless carriers for cell tower backhaul and enable wireline communications service providers to connect to customers that their own networks do not reach. The Company recognizes revenues for these services as the services are provided to a customer on a monthly basis.

Substantially all of our SMB customers are billed monthly and large enterprise customers are billed in accordance with the terms of their contracts which is typically also on a monthly basis. Contracts with large enterprise customers typically range from three to five years. Installation revenue related to our large enterprise customers is deferred and recognized over the average contract term. Installation revenue related to SMB customers is deferred and recognized over the benefit period, which is less than a year. The estimated benefit period for SMB customers takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

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

Advertising

As part of the agreements under which the Company acquires pay television programming, the Company typically receives an allocation of scheduled advertising time during such programming into which the Company's cable systems can insert commercials. In several of the markets in which the Company operates, it has entered into agreements commonly referred to as interconnects with other cable operators to jointly sell local advertising. In some of these markets, the Company represents the advertising sales efforts of other cable operators; in other markets, other cable operators represent the Company. Advertising revenues are recognized when commercials are aired. Arrangements in which the Company controls the sale of advertising and acts as the principal to the transaction, the Company recognizes revenue earned from the advertising customer on a gross basis and the amount remitted to the distributor as an operating expense. Arrangements in which the Company does not control the sale of advertising and acts as an agent to the transaction, the Company recognizes revenue net of any fee remitted to the distributor.

The Company's advanced advertising businesses provide data-driven, audience-based advertising solutions using advanced analytics tools that provide granular measurement of consumer groups, accurate hyper-local ratings and other insights into target audience behavior not available through traditional sample-based measurement services. Revenue earned from the Company's advanced advertising businesses are recognized when services are provided.

Other

Revenues derived from other sources are recognized when services are provided or events occur.

Contract Assets

Incremental costs incurred in obtaining a contract with a customer are deferred and recorded as a contract asset if the period of benefit is expected to be greater than one year. Sales commissions for enterprise and certain SMB customers are deferred and amortized over the average contract term. For sales commission expenses related to residential and SMB customers with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. Cost of fulfilling a contract with a customer are deferred and recorded as a contract asset if they generate or enhance resources of the Company that will be used in satisfying future performance obligations and are expected to be recovered. Installation costs related to residential and SMB customers that are not capitalized as part of the initial deployment of new customer premise equipment are expensed as incurred pursuant to industry-specific guidance.

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

	June 30, 2018	December 31, 2017, as adjusted
Contract assets (a)	\$ 24,358	\$ 24,329
Deferred revenue (b)	138,165	117,679

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

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

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

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

The Company considers the balance of its investment in funds that substantially hold securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Dollars in thousands, except share and per share amounts)
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and cash equivalents either approximates fair value due to the short-term maturity of these instruments or are at fair value.

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

	Six Months Ended June 30,	
	2018	2017
<u>Non-Cash Investing and Financing Activities:</u>		
<i>Continuing Operations:</i>		
Conversion of notes payable to affiliates and related parties of \$1,750,000 (together with accrued and unpaid interest and applicable premium) to common stock (See Note 9)	\$ —	\$ 2,264,252
Property and equipment accrued but unpaid	120,958	87,003
Notes payable issued to vendor for the purchase of equipment	44,466	—
Capital lease obligations	1,349	—
Leasehold improvements paid by landlord	350	—
<u>Supplemental Data:</u>		
Cash interest paid	732,231	1,000,276
Income taxes paid, net	8,940	19,442

The Company's previously reported statement of cash flows for the three months ended March 31, 2017 reflected distributions to stockholders of \$79,617 in cash flows from operating activities. These distributions should have been reflected in cash flows from financing activities.

NOTE 7. RESTRUCTURING COSTS AND OTHER EXPENSE

Restructuring

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

The following table summarizes the activity for the 2016 Restructuring Plan during 2018:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2017	\$ 113,474	\$ 9,626	\$ 123,100
Restructuring charges	4,182	3,334	7,516
Payments and other	(65,692)	(5,853)	(71,545)
Accrual balance at June 30, 2018	\$ 51,964	\$ 7,107	\$ 59,071

The Company recorded restructuring charges of \$12,246 and \$88,997 for the three and six months ended June 30, 2017 relating to the 2016 Restructuring Plan.

Cumulative costs through June 30, 2018 relating to the 2016 Restructuring Plan amounted to \$315,319 and \$68,696 for our Cablevision and Cequel segments, respectively.

Transaction Costs

The Company incurred transaction costs of \$3,496 and \$5,762 for the three and six months ended June 30, 2018 relating to the Distribution discussed in Note 1 and \$142 and \$320 for the three and six months ended June 30, 2017 related to the acquisition of a business.

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

NOTE 8. INTANGIBLE ASSETS

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

	June 30, 2018			December 31, 2017			Estimated Useful Lives
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 5,970,884	\$ (1,797,079)	\$ 4,173,805	\$ 5,970,884	\$ (1,409,021)	\$ 4,561,863	8 to 18 years
Trade names	1,067,083	(654,498)	412,585	1,067,083	(588,574)	478,509	2 to 5 years
Other amortizable intangibles	37,060	(14,865)	22,195	37,060	(10,978)	26,082	1 to 15 years
	<u>\$ 7,075,027</u>	<u>\$ (2,466,442)</u>	<u>\$ 4,608,585</u>	<u>\$ 7,075,027</u>	<u>\$ (2,008,573)</u>	<u>\$ 5,066,454</u>	

Amortization expense for the three and six months ended June 30, 2018 aggregated to \$226,052 and \$457,869, respectively, and for the three and six months ended June 30, 2017 aggregated \$317,219 and \$555,238, respectively.

The following table summarizes information relating to the Company's acquired indefinite-lived intangible assets:

	June 30, 2018			December 31, 2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total
Cable television franchises	\$ 8,113,575	\$ 4,906,506	\$ 13,020,081	\$ 8,113,575	\$ 4,906,506	\$ 13,020,081
Goodwill	5,866,108	2,138,700	8,004,808	5,866,120	2,153,741	8,019,861
Total	<u>\$ 13,979,683</u>	<u>\$ 7,045,206</u>	<u>\$ 21,024,889</u>	<u>\$ 13,979,695</u>	<u>\$ 7,060,247</u>	<u>\$ 21,039,942</u>

The carrying amount of goodwill is presented below:

Gross goodwill as of December 31, 2017, as reported	\$ 7,996,760
ATS goodwill included in Cablevision segment (See Note 3 for further details)	23,101
Gross goodwill as of December 31, 2017, as adjusted	8,019,861
Adjustment to purchase accounting relating to business acquired in fourth quarter of 2017	(12)
Reclassification of Cequel segment goodwill to property, plant and equipment	(15,041)
Net goodwill as of June 30, 2018	<u>\$ 8,004,808</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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NOTE 9. DEBT

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

	Maturity Date	Interest Rate	June 30, 2018		December 31, 2017	
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Restricted Group:						
Revolving Credit Facility (b)	\$20,000 on October 9, 2020, remaining balance on November 30, 2021	—%	\$ —	\$ —	\$ 450,000	\$ 425,488
Term Loan Facility	July 17, 2025	4.32%	2,970,000	2,953,265	2,985,000	2,967,818
Incremental Term Loan Facility	January 25, 2026	4.57%	1,500,000	1,482,214	—	—
Cequel:						
Revolving Credit Facility (c)	\$65,000 on November 30, 2021, and remaining balance on April 5, 2023	—%	—	—	—	—
Term Loan Facility	July 28, 2025	4.34%	1,252,350	1,244,153	1,258,675	1,250,217
			<u>\$ 5,722,350</u>	<u>5,679,632</u>	<u>\$ 4,693,675</u>	<u>4,643,523</u>
Less: Current portion				53,900		42,650
Long-term debt				<u>\$ 5,625,732</u>		<u>\$ 4,600,873</u>

- (a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums.
- (b) At June 30, 2018, \$138,323 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$2,161,677 of the facility was undrawn and available, subject to covenant limitations.
- (c) At June 30, 2018, \$7,636 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$342,364 of the facility was undrawn and available, subject to covenant limitations.

In January 2018, CSC Holdings borrowed \$150,000 under its revolving credit facility and entered into a new \$1,500,000 incremental term loan facility (the "Incremental Term Loan") under its existing credit facilities agreement. The Incremental Term Loan was priced at 99.5% and will mature on January 25, 2026. The Incremental Term Loan is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum.

The Company made a voluntary repayment of \$600,000 under the CSC Holdings revolving credit facility in January 2018.

On March 22, 2018, Altice US Finance I Corporation, an indirect wholly-owned subsidiary of the Company, entered into a Fourth Amendment to Cequel Credit Agreement (Extension Amendment), by and among the borrower, the Revolving Consent Lenders (as defined in the Fourth Amendment) and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (the "Fourth Amendment"). The Fourth Amendment amends and supplements the Borrower's credit agreement, dated as of June 12, 2015, as amended by the first amendment (refinancing amendment), dated as of October 25, 2016, the second amendment (extension amendment), dated as of December 9, 2016, and the third amendment (incremental loan assumption agreement and refinancing amendment), dated as of March 15, 2017, (as so amended and as may be further amended, restated, modified or supplemented from time to time and as further amended by the Fourth Amendment among, inter alios, the borrower, the lenders party thereto and the administrative agent.

The Fourth Amendment extends the maturity date of the revolving loans and/or commitments of the Revolving Consent Lenders to April 5, 2023. The Fourth Amendment and the extended maturity date will not apply to the revolving loans and/or commitments of revolving lenders under the Cequel Credit Agreement that are not Revolving Consent Lenders.

As of June 30, 2018, the Company was in compliance with all of its financial covenants under the CSC Holdings credit facilities agreement and the Cequel credit facilities agreement.

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

Senior Guaranteed Notes, Senior Secured Notes and Senior Notes and Debentures

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

Date Issued	Maturity Date	Interest Rate	June 30, 2018		December 31, 2017	
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Senior Notes:						
February 6, 1998	February 15, 2018	7.875% (b) (f) (o)	\$ —	\$ —	\$ 300,000	\$ 301,184
July 21, 1998	July 15, 2018	7.625% (b) (f) (q)	500,000	500,600	500,000	507,744
February 12, 2009	February 15, 2019	8.625% (c) (f)	526,000	534,611	526,000	541,165
November 15, 2011	November 15, 2021	6.750% (c) (f)	1,000,000	964,587	1,000,000	960,146
May 23, 2014	June 1, 2024	5.250% (c) (f)	750,000	666,063	750,000	660,601
October 9, 2015	January 15, 2023	10.125% (e)	1,800,000	1,779,609	1,800,000	1,777,914
October 9, 2015	October 15, 2025	10.875% (e) (l)	1,684,221	1,662,002	1,684,221	1,661,135
CSC Holdings Senior Guaranteed Notes:						
October 9, 2015	October 15, 2025	6.625% (e)	1,000,000	987,368	1,000,000	986,717
September 23, 2016	April 15, 2027	5.500% (g)	1,310,000	1,304,697	1,310,000	1,304,468
January 29, 2018	February 1, 2028	5.375% (n)	1,000,000	991,730	—	—
Cablevision Senior Notes (k):						
April 15, 2010	April 15, 2018	7.750% (c) (f) (o)	—	—	750,000	754,035
April 15, 2010	April 15, 2020	8.000% (c) (f)	500,000	493,606	500,000	492,009
September 27, 2012	September 15, 2022	5.875% (c) (f)	649,024	578,734	649,024	572,071
Cequel and Cequel Capital Senior Notes (l):						
Oct. 25, 2012 Dec. 28, 2012	September 15, 2020	6.375% (d) (m)	—	—	1,050,000	1,027,493
May 16, 2013 Sept. 9, 2014	December 15, 2021	5.125% (d)	1,250,000	1,151,107	1,250,000	1,138,870
June 12, 2015	July 15, 2025	7.750% (i)	620,000	605,143	620,000	604,374
April 5, 2018	April 1, 2028	7.500% (p)	1,050,000	1,048,185	—	—
Altice US Finance I Corporation Senior Secured Notes (l):						
June 12, 2015	July 15, 2023	5.375% (h)	1,100,000	1,083,846	1,100,000	1,082,482
April 26, 2016	May 15, 2026	5.500% (j)	1,500,000	1,488,592	1,500,000	1,488,024
			\$ 16,239,245	15,840,480	\$ 16,289,245	15,860,432
Less: current portion				1,035,212		507,744
Long-term debt				\$ 14,805,268		\$ 15,352,688

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums.

(b) The debentures are not redeemable by CSC Holdings prior to maturity.

(c) Notes are redeemable at any time at a specified "make-whole" price plus accrued and unpaid interest to the redemption date.

(d) The Company may redeem some or more of all the notes at the redemption price set forth in the relevant indenture, plus accrued and unpaid interest.

(e) The Company may redeem some or all of the 2023 Notes at any time on or after January 15, 2019, and some or all of the 2025 Notes and 2025 Guaranteed Notes at any time on or after October 15, 2020, at the redemption prices set forth in the relevant indenture, plus accrued and unpaid interest, if any. The Company may also redeem up to 40% of each series of

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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the notes using the proceeds of certain equity offerings before October 15, 2018, at a redemption price equal to 110.125% for the 2023 Notes, 110.875% for the 2025 Notes and 106.625% for the 2025 Guaranteed Notes, in each case plus accrued and unpaid interest. In addition, at any time prior to January 15, 2019, CSC Holdings may redeem some or all of the 2023 Notes, and at any time prior to October 15, 2020, the Company may redeem some or all of the 2025 Notes and the 2025 Guaranteed Notes, at a price equal to 100% of the principal amount thereof, plus a "make whole" premium specified in the relevant indenture plus accrued and unpaid interest.

- (f) The carrying value of the notes was adjusted to reflect their fair value on the date of the Cablevision Acquisition (aggregate reduction of \$52,788).
- (g) The 2027 Guaranteed Notes are redeemable at any time on or after April 15, 2022 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any. In addition, up to 40% may be redeemed for each series of the 2027 Guaranteed Notes using the proceeds of certain equity offerings before October 15, 2019, at a redemption price equal to 105.500%, plus accrued and unpaid interest.
- (h) Some or all of these notes may be redeemed at any time on or after July 15, 2018, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 105.375%.
- (i) Some or all of these notes may be redeemed at any time on or after July 15, 2020, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before July 15, 2018, at a redemption price equal to 107.750%.
- (j) Some or all of these notes may be redeemed at any time on or after May 15, 2021, plus accrued and unpaid interest, if any. Up to 40% of the notes may be redeemed using the proceeds of certain equity offerings before May 15, 2019, at a redemption price equal to 105.500%.
- (k) The issuers of these notes have no ability to service interest or principal on the notes, other than through any dividends or distributions received from CSC Holdings. CSC Holdings is restricted, in certain circumstances, from paying dividends or distributions to the issuers by the terms of the CSC Holdings credit facilities agreement.
- (l) The issuers of these notes have no ability to service interest or principal on the notes, other than through any contributions/distributions from Cequel Communications, LLC (an indirect subsidiary of Cequel and the parent of Altice US Finance I). Cequel Communications, LLC is restricted in certain circumstances, from paying dividends or distributions to the issuers by the terms of the Cequel credit facilities agreement.
- (m) These notes were repaid in April 2018 with the proceeds from the issuance of new senior notes.
- (n) The 2028 Guaranteed Notes are redeemable at any time on or after February 1, 2023 at the redemption prices set forth in the indenture, plus accrued and unpaid interest, if any. In addition, up to 40% of the original aggregate principal amount of the notes may be redeemed using the proceeds of certain equity offerings before February 1, 2021, at a redemption price equal to 105.375%, plus accrued and unpaid interest.
- (o) These notes were repaid in February 2018 with the proceeds from the 2028 Guaranteed Notes (defined below) and with the proceeds from the Incremental Term Loan.
- (p) The 2028 Senior Notes are redeemable at any time prior to April 1, 2023 at a redemption price equal to 100% of the principal amount thereof plus the applicable premium plus accrued and unpaid interest, if any. Up to 40% of the original aggregate principal amount of the 2028 Senior Notes may be redeemed using the proceeds of certain equity offerings before April 1, 2021, at a redemption price equal to 107.50% of the principal amount, plus accrued and unpaid interest. In addition, the 2028 Senior Notes are redeemable at any time on or after April 1, 2023 at the redemption prices set forth in indenture, plus accrued and unpaid interest.
- (q) These notes were repaid in July 2018 with borrowings under CSC Holdings revolving credit facility agreement (see Note 17).

In January 2018, CSC Holdings issued \$1,000,000 aggregate principal amount of 5.375% senior guaranteed notes due February 1, 2028 (the "2028 Guaranteed Notes"). The 2028 Guaranteed Notes are senior unsecured obligations and rank pari passu in right of payment with all of the existing and future senior indebtedness, including the existing senior notes and the CVC Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

The proceeds from the 2028 Guaranteed Notes, together with proceeds from the Incremental Term Loan (discussed above), borrowings under the CVC revolving credit facility and cash on hand, were used in February 2018 to repay \$300,000 principal amount of CSC Holdings' senior notes due in February 2018 and \$750,000 principal amount of Cablevision senior notes due in April 2018 and a portion was used to fund the dividend of \$1,499,935 to the Company's stockholders immediately prior to and in connection with the Distribution discussed in Note 1. In connection with the redemption of Cablevision senior notes, the Company paid a call premium of approximately \$7,019, which was recorded as a loss on extinguishment of debt and also recorded a write-off of the unamortized premium of \$2,314.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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In April 2018, Cequel Communications Holdings I, LLC and Cequel Capital Corporation each an indirect, wholly owned subsidiary of the Company, issued \$1,050,000 aggregate principal amount of 7.50% senior notes due April 1, 2028 (the "2028 Senior Notes"). The proceeds of these notes were used in April 2018 to redeem the \$1,050,000 aggregate principal amount 6 3/8% senior notes due September 15, 2020. In connection with the redemption of these notes, the Company paid a call premium of approximately \$16,737, which was recorded as a loss on extinguishment of debt and also recorded a write-off of deferred financings costs aggregating \$20,173.

The indentures under which the senior notes and debentures were issued contain various covenants. The Company was in compliance with all of its financial covenants under these indentures as of June 30, 2018.

Notes Payable to Affiliates and Related Parties

On June 21, 2016, in connection with the Cablevision acquisition, the Company issued notes payable to affiliates and related parties aggregating \$1,750,000, of which \$875,000 bore interest at 10.75% and matured on December 20, 2023 and \$875,000 bore interest at 11% and matured on December 20, 2024.

In connection with the Company's IPO in June 2017, the Company converted the notes payable to affiliates and related parties (together with accrued and unpaid interest of \$529 and applicable premium of \$513,723) into shares of the Company's common stock at the IPO price. The premium was recorded as a loss on extinguishment of debt on the Company's statement of operations in the second quarter of 2017. In connection with the conversion of the notes, the Company recorded a credit to paid in capital of \$2,264,252 in the second quarter of 2017.

For the three and six months ended June 30, 2017, the Company recognized \$42,817 and \$90,405 of interest expense related to these notes prior to their conversion.

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of June 30, 2018, including notes payable, collateralized indebtedness (see Note 10), and capital leases, are as follows:

<u>Years Ending December 31,</u>	<u>Cablevision</u>	<u>Cequel</u>	<u>Total</u>
2018	\$ 540,854	\$ 11,657	\$ 552,511
2019	595,243	43,984	639,227
2020	548,570	12,705	561,275
2021	2,506,990	1,262,715	3,769,705
2022	695,917	12,726	708,643
Thereafter	11,813,209	5,466,380	17,279,589

NOTE 10. 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 condensed 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 condensed 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 condensed consolidated statements of operations.

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All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts were terminated prior to its scheduled maturity date, the Company would be obligated to 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, 2018, 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, 2018.

Interest Rate Swap Contracts

In May 2018, the Company entered into two interest rate swap contracts whereby one contract converts the interest rate on \$2,970,000 of the CSC Holdings Term Loan Facility from a one-month LIBO rate to a three-month LIBO rate minus 0.226% and the second contract converts the interest rate on \$1,496,250 of the CSC Holdings Incremental Term Loan from a one-month LIBO rate to a three-month LIBO rate minus 0.226%. The objective of these swaps is to potentially pay a lower interest rate than what the Company can elect under the terms of the CSC Holdings credit facilities agreement.

In April 2018, the Company entered into an interest rate swap contract which converts the interest rate on \$1,255,513 of the Cequel Term Loan B from a one-month LIBO rate to a three-month LIBO rate minus 0.225%. The objective of this swap is to potentially pay a lower interest rate than what the Company can elect under the terms of the Cequel credit facilities agreement.

In June 2016, the Company entered into two fixed to floating interest rate swap contracts. One fixed to floating interest rate swap is converting \$750,000 from a fixed rate of 1.6655% to a six-month LIBO rate and a second tranche of \$750,000 from a fixed rate of 1.68% to a six-month LIBO rate. The objective of these swaps is to adjust the proportion of total debt that is subject to fixed and variable interest rates.

These swap contracts were not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statements of operations.

The Company does not hold or issue derivative instruments for trading or speculative purposes.

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		Fair Value at June 30, 2018	Fair Value at December 31, 2017	Fair Value at June 30, 2018	Fair Value at December 31, 2017
Interest rate swap contracts	Derivative contracts, current	\$ 369	\$ —	\$ —	\$ —
Prepaid forward contracts	Derivative contracts, current	9,623	52,545	(9,623)	(52,545)
Prepaid forward contracts	Derivative contracts, long-term	101,007	—	—	(109,504)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	—	—	(123,470)	(77,902)
		<u>\$ 110,999</u>	<u>\$ 52,545</u>	<u>\$ (133,093)</u>	<u>\$ (239,951)</u>

Gains from the Company's derivative contracts related to the Comcast common stock for the three and six months ended June 30, 2018 of \$42,159 and \$210,511, respectively, are reflected in gain (loss) on derivative contracts, net in the Company's condensed consolidated statement of operations.

For the three and six months ended June 30, 2018, the Company recorded a loss on investments of \$58,420 and \$310,996, respectively, primarily representing the net decrease in the fair values of the investment securities pledged as collateral.

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For the three and six months ended June 30, 2018, the Company recorded a loss on interest rate swap contracts of \$12,929 and \$44,851, respectively.

Settlements of Collateralized Indebtedness

The following table summarizes the settlement of the Company's collateralized indebtedness relating to Comcast shares that were settled by delivering cash equal to the collateralized loan value, net of the value of the related equity derivative contracts during the six months ended June 30, 2018:

Number of shares (a)	10,802,118
Collateralized indebtedness settled	\$ (337,148)
Derivatives contracts settled	24
	(337,124)
Proceeds from new monetization contracts	337,124
Net cash proceeds	\$ —

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

NOTE 11. 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, 2018	December 31, 2017
Assets:			
Money market funds	Level I	\$ 218,940	\$ 5,949
Investment securities pledged as collateral	Level I	1,409,361	1,720,357
Prepaid forward contracts	Level II	110,630	52,545
Interest rate swap contracts	Level II	369	—
Liabilities:			
Prepaid forward contracts	Level II	9,623	162,049
Interest rate swap contracts	Level II	123,470	77,902
Contingent consideration related to 2017 acquisitions	Level III	2,233	32,233

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

The Company's derivative contracts and liabilities under derivative contracts on the Company's 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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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factors such as liquidity, bid/offer spreads and credit risk considerations. Such adjustments are generally based on available market evidence. Since model inputs can generally be verified and do not involve significant management judgment, the Company has concluded that these instruments should be classified within Level II of the fair value hierarchy.

The fair value of the contingent consideration as of June 30, 2018 related to the acquisition in the fourth quarter of 2017 amounted to approximately \$2,233. The estimated amount recorded as of June 30, 2018 is approximately 51% of the contractual amount. The fair value of the consideration was estimated based on a probability assessment of attaining the targets as of June 30, 2018.

Fair Value of Financial Instruments

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

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

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

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

	Fair Value Hierarchy	June 30, 2018		December 31, 2017	
		Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
CSC Holdings debt instruments:					
Credit facility debt	Level II	\$ 4,435,479	\$ 4,470,000	\$ 3,393,306	\$ 3,435,000
Collateralized indebtedness	Level II	1,392,648	1,338,105	1,349,474	1,305,932
Senior guaranteed notes	Level II	3,283,795	3,195,375	2,291,185	2,420,000
Senior notes and debentures	Level II	6,107,472	6,727,849	6,409,889	7,221,846
Notes payable	Level II	36,161	35,962	56,956	55,289
Cablevision senior notes:					
Senior notes and debentures	Level II	1,072,340	1,165,034	1,818,115	1,931,239
Cequel debt instruments:					
Cequel credit facility debt	Level II	1,244,153	1,252,350	1,250,217	1,258,675
Senior secured notes	Level II	2,572,438	2,535,500	2,570,506	2,658,930
Senior notes	Level II	2,804,435	2,942,800	2,770,737	2,983,615
Notes payable	Level II	36,356	36,356	8,946	8,946
		<u>\$ 22,985,277</u>	<u>\$ 23,699,331</u>	<u>\$ 21,919,331</u>	<u>\$ 23,279,472</u>

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

The fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

NOTE 12. 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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
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income tax expense or benefit associated with these discrete items is fully recognized in the interim period in which the items occur.

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

The Company recorded income tax benefit of \$252,487 and \$298,395 for the three and six months ended June 30, 2017, reflecting the AETR of approximately 34% and 35%, respectively.

As of June 30, 2018, the Company's federal net operating losses ("NOLs") were approximately \$2,274,000. The utilization of certain pre-merger NOLs of Cablevision and Cequel are limited pursuant to Internal Revenue Code Section 382. The Company does not expect such limitations to impact the ability to utilize the NOLs prior to their expiration.

NOTE 13. SHARE BASED COMPENSATION

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in the Company. The awards generally vest as follows: 50% on the second anniversary of June 21, 2016 for Cablevision employees or December 21, 2015 for Cequel employees ("Base Date"), 25% on the third anniversary of the Base Date, and 25% on the fourth anniversary of the Base Date. Neptune Holding US GP LLC, the general partner of Neptune Management LP, has the right to repurchase (or to assign to an affiliate, including the Company, the right to repurchase) vested awards held by employees for sixty days following their termination. For performance-based awards under the plan, vesting occurs upon achievement or satisfaction of a specified performance condition. The Company considered the probability of achieving the established performance targets in determining the share-based compensation with respect to these awards at the end of each reporting period.

Beginning on the fourth anniversary of the Base Date, the holders of carry units have an annual opportunity (a sixty day period determined by the administrator of the plan) to sell their units back to Neptune Holding US GP LLC (or affiliate, including the Company, designated by Neptune Holding US GP LLC). Accordingly, the carry units are presented as temporary equity on the consolidated balance sheets at fair value. Adjustments to fair value at each reporting period are recorded in paid-in capital.

The right of Neptune Holding US GP LLC to assign to an affiliate, including the Company, the right to repurchase an employee's vested units during the sixty-day period following termination, or to satisfy its obligation to repurchase an employee's vested units during annual 60 day periods following the fourth anniversary of the Base Date, may be exercised by Neptune Holding US GP LLC in its discretion at the time a repurchase right or obligation arises. The carry unit plan requires the purchase price payable to the employee or former employee, as the case may be, to be paid in cash, a promissory note (with a term of not more than 3 years and bearing interest at the long-term applicable federal rate under Section 1274(d) of the Internal Revenue Code) or combination thereof, in each case as determined by Neptune Holding US GP LLC in its discretion at the time of the repurchase. Neptune Holding US GP LLC expects that vested units will be redeemed for shares of the Company's Class A common stock upon vesting.

The following table summarizes activity relating to carry units:

	Number of Time Vesting Awards	Number of Performance Based Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2017	168,550,001	10,000,000	\$ 0.71
Vested	(43,462,500)	—	0.37
Forfeited	(7,375,001)	—	0.60
Balance, June 30, 2018	<u>117,712,500</u>	<u>10,000,000</u>	0.94

The weighted average fair value per unit was \$2.14 and \$2.50 as of June 30, 2018 and December 31, 2017, respectively. For the three and six months ended June 30, 2018, the Company recognized an expense of \$7,993 and \$25,494 related to the push down of share-based compensation expense related to the carry unit plan. For the three and six months ended

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

June 30, 2017, the Company recognized an expense of \$18,079 and \$25,927 related to the push down of share-based compensation related to the carry unit plan.

Stock Option Plan

The following table summarizes activity related to employee stock options for the six months ended June 30, 2018:

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
	Time Vesting	Performance Based Vesting			
Balance at December 31, 2017	5,110,747	—	\$ 19.48	9.97	\$ 8,944
Granted	1,943,676	95,953	18.34		
Forfeited	(179,705)	(22,314)	20.94		
Balance at June 30, 2018	6,874,718	73,639	19.10	9.30	(14,202)
Options exercisable at June 30, 2018	—	—	—	—	—

(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, 2018 of \$4,233 and \$8,355, respectively.

The following aggregate assumptions were used to calculate the fair values of stock option awards granted during the six months ended June 30, 2018:

Risk-free interest rate	2.75%
Expected life (in years)	6.49
Dividend yield	—%
Volatility	35.16%
Grant date fair value	\$7.08

NOTE 14. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

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

The Company's equity in the net losses of i24NEWS prior to April 1, 2018 of \$1,130 for the six months ended June 30, 2018 and \$1,338 and \$2,585 for three and six months ended June 30, 2017 were recorded using the equity method and reflected in other expense, net in the Company's statements of operations. The Company's investment in i24NEWS as of December 31, 2017 of \$930 is included in investment in affiliates on the Company's condensed consolidated balance sheet.

In April 2018, the Company redeemed a 24% interest in Newsday LLC ("Newsday") and recognized a gain of \$13,298, reflected in gain (loss) on investments and sale of affiliate interests, net in the Company's statements of operations. For the three and six months ended June 30, 2018, the Company recorded equity in the net loss of Newsday of \$407 and \$9,719, respectively. For the three and six months ended June 30, 2017, the Company recorded equity in net loss of Newsday of \$27 and \$1,537, respectively, reflected in other expense, net in the Company's statements of operations.

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

The Company's deficit investment in Newsday as of June 30, 2018 and December 31, 2017 of \$0 and \$3,579, respectively, is included in deficit investment in affiliates on the Company's condensed consolidated balance sheets.

Affiliate and Related Party Transactions

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

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 727	\$ 253	\$ 852	\$ 394
Operating expenses:				
Programming and other direct costs	(3,865)	(1,095)	(5,019)	(1,830)
Other operating expenses, net	(6,255)	(8,666)	(14,249)	(15,964)
Operating expenses, net	(10,120)	(9,761)	(19,268)	(17,794)
Interest expense (a)	—	(42,817)	—	(90,405)
Other expense, net	149	—	149	—
Loss on extinguishment of debt and write-off of deferred financing costs	—	(513,723)	—	(513,723)
Net charges	\$ (9,244)	\$ (566,048)	\$ (18,267)	\$ (621,528)
Capital Expenditures	\$ 1,108	\$ 8,473	\$ 2,734	\$ 9,365

- (a) In connection with the Company's IPO in June 2017, the Company converted the notes payable to affiliates and related parties into shares of the Company's common stock at the IPO price.

Revenue

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

Programming and other direct costs

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

Other operating expenses

A subsidiary of Altice N.V. provided certain executive services, as well as consulting, advisory and other services, including, prior to the IPO, CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement was an annual fee of \$30,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately \$5,750 and \$13,250 for the three and six months ended June 30, 2018, respectively and \$7,500 and \$15,000 for the three and six months ended June 30, 2017, respectively. As of June 20, 2017, the CEO, CFO and COO became employees of the Company and the agreement was assigned to Altice N.V. by a subsidiary of Altice N.V. This agreement was terminated upon the completion of the Distribution discussed in Note 1.

Other operating expenses also include charges for services provided by other subsidiaries of Altice N.V. aggregating \$505 and \$999 for the three and six months ended June 30, 2018 and \$1,166 and \$964 for the three and six months ended June 30, 2017, respectively, net of credits of \$359 and \$841 for the three and six months ended June 30, 2017, for transition services provided to Newsday.

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

Capital Expenditures

Capital expenditures include \$1,108 and \$2,734 for the three and six months ended June 30, 2018 and \$8,473 and \$9,365, for the three and six months ended June 30, 2017, respectively, for equipment purchases and software development services provided by subsidiaries of Altice N.V.

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

	June 30, 2018	December 31, 2017
Due from:		
Altice US Finance S.A. (a)	\$ 13,100	\$ 12,951
Newsday (b)	2,581	2,713
Altice Management Americas (b)	1,271	33
i24 News (b)	—	4,036
Other Altice N.V. subsidiaries (b)	660	31
	<u>\$ 17,612</u>	<u>\$ 19,764</u>
Due to:		
Altice N.V. (c)	13,250	—
Newsday (b)	42	33
Altice Labs S.A. (d)	1,899	7,354
Other Altice N.V. subsidiaries (d)	9,201	3,611
	<u>\$ 24,392</u>	<u>\$ 10,998</u>

(a) Represents interest on senior notes paid by the Company on behalf of the affiliate.

(b) Represents amounts paid by the Company on behalf of the respective related party and for Newsday, the net amounts due from the related party also include charges for certain transition services provided.

(c) Represents amounts due to Altice N.V. pursuant to the agreement discussed above.

(d) Represents amounts due to affiliates for the purchase of equipment and advertising services, as well as reimbursement for payments made on our behalf.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Legal Matters

Following expiration of the affiliation agreements for carriage of certain Fox broadcast stations and cable networks on October 16, 2010, News Corporation terminated delivery of the programming feeds to Cablevision, and as a result, those stations and networks were unavailable on Cablevision's cable television systems. On October 30, 2010, Cablevision and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits alleging breach of contract, unjust enrichment, and consumer fraud and seeking unspecified compensatory damages, punitive damages and attorneys' fees were subsequently filed on behalf of Cablevision's customers seeking recovery for the lack of Fox programming. Those lawsuits were consolidated in an action before the U. S. District Court for the Eastern District of New York, and a consolidated complaint was filed in that court on February 22, 2011. On March 28, 2012, in ruling on Cablevision's motion to dismiss, the Court dismissed all of plaintiffs' claims, except for breach of contract. On March 30, 2014, the Court granted plaintiffs' motion for class certification. The parties have entered into a settlement agreement, which was granted final approval by the Court on May 17, 2018. As of December 31, 2017, the Company had an estimated liability associated with a potential settlement totaling \$6,000. The amount ultimately paid in connection with the proposed settlement could exceed the amount recorded.

In October 2015, the New York Attorney General began an investigation into whether the major Internet Service Providers in New York State deliver advertised Internet speeds. The Company is cooperating with this investigation and is currently in discussions with the New York Attorney General about resolving the investigation as to the Company, which resolution

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

may involve operational and or financial components. While the Company is unable to predict the outcome of the investigation or these discussions, at this time it does not expect that the outcome will have a material adverse effect on its operations, financial conditions or cash flows.

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

NOTE 16. SEGMENT INFORMATION

The Company classifies its operations into two reportable segments: Cablevision and Cequel. The Company's reportable segments are strategic business units that are managed separately. The Company evaluates segment performance based on several factors, of which the primary financial measure is business segment Adjusted EBITDA, a non-GAAP measure. The Company defines Adjusted EBITDA as net income (loss) excluding income taxes, income (loss) from discontinued operations, non-operating other 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, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. The Company has presented the components that reconcile Adjusted EBITDA to operating income, an accepted GAAP measure:

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total
Operating income	\$ 203,265	\$ 131,794	\$ 335,059	\$ 109,799	\$ 143,469	\$ 253,268
Share-based compensation	10,357	1,869	12,226	11,960	6,119	18,079
Restructuring and other expense	8,515	1,176	9,691	11,171	1,217	12,388
Depreciation and amortization (including impairments)	473,138	175,389	648,527	542,203	164,587	706,790
Adjusted EBITDA	<u>\$ 695,275</u>	<u>\$ 310,228</u>	<u>\$ 1,005,503</u>	<u>\$ 675,133</u>	<u>\$ 315,392</u>	<u>\$ 990,525</u>

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total
Operating income	\$ 373,958	\$ 274,139	\$ 648,097	\$ 231,843	\$ 271,535	\$ 503,378
Share-based compensation	26,529	7,320	33,849	17,042	8,885	25,927
Restructuring and other expense	11,598	1,680	13,278	69,818	19,499	89,317
Depreciation and amortization (including impairments)	958,502	332,730	1,291,232	985,379	330,135	1,315,514
Adjusted EBITDA	<u>\$ 1,370,587</u>	<u>\$ 615,869</u>	<u>\$ 1,986,456</u>	<u>\$ 1,304,082</u>	<u>\$ 630,054</u>	<u>\$ 1,934,136</u>

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

A reconciliation of reportable segment amounts to the Company's condensed consolidated balances are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating income for reportable segments	\$ 335,059	\$ 253,268	\$ 648,097	\$ 503,378
Items excluded from operating income:				
Interest expense	(390,543)	(420,370)	(767,801)	(853,664)
Interest income	5,313	180	8,416	412
Gain (loss) on investments and sale of affiliate interests, net	(45,113)	57,130	(293,715)	188,788
Gain (loss) on derivative contracts, net	42,159	(66,463)	210,511	(137,507)
Gain (loss) on interest rate swap contracts	(12,929)	9,146	(44,851)	11,488
Loss on extinguishment of debt and write-off of deferred financing costs	(36,911)	(561,382)	(41,616)	(561,382)
Other expense, net	(629)	(3,935)	(12,287)	(6,035)
Loss before income taxes	\$ (103,594)	\$ (732,426)	\$ (293,246)	\$ (854,522)

The following tables present the composition of revenue by segment:

	Three Months Ended June 30, 2018				Three Months Ended June 30, 2017		
	Cablevision	Cequel	Eliminations (a)	Total	Cablevision	Cequel	Total
Residential:							
Pay TV	\$ 766,257	\$ 268,147	\$ —	\$ 1,034,404	\$ 796,456	\$ 274,707	\$ 1,071,163
Broadband	449,426	262,776	—	712,202	405,199	237,421	642,620
Telephony	133,635	29,864	—	163,499	145,323	32,938	178,261
Business services and wholesale	236,763	100,625	—	337,388	230,964	92,677	323,641
Advertising	95,981	18,366	(4,449)	109,898	78,802	18,699	97,501
Other	3,665	3,097	—	6,762	2,782	6,394	9,176
Total Revenue	\$ 1,685,727	\$ 682,875	\$ (4,449)	\$ 2,364,153	\$ 1,659,526	\$ 662,836	\$ 2,322,362

	Six Months Ended June 30, 2018				Six Months Ended June 30, 2017		
	Cablevision	Cequel	Eliminations (a)	Total	Cablevision	Cequel	Total
Residential:							
Pay TV	\$ 1,529,977	\$ 538,135	\$ —	\$ 2,068,112	\$ 1,598,650	\$ 556,391	\$ 2,155,041
Broadband	889,777	524,046	—	1,413,823	801,532	467,006	1,268,538
Telephony	269,220	60,317	—	329,537	291,880	67,342	359,222
Business services and wholesale	470,935	199,543	—	670,478	459,508	183,553	643,061
Advertising	170,624	35,434	(8,578)	197,480	143,934	36,928	180,862
Other	6,488	7,949	—	14,437	6,009	11,888	17,897
Total Revenue	\$ 3,337,021	\$ 1,365,424	\$ (8,578)	\$ 4,693,867	\$ 3,301,513	\$ 1,323,108	\$ 4,624,621

(a) Reflects revenue recognized by Cablevision from the sale of services to Cequel.

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

Capital expenditures (cash basis) by reportable segment are presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Cablevision	\$ 170,356	\$ 141,166	\$ 337,157	\$ 325,565
Cequel	70,326	64,997	161,140	138,025
	\$ 240,682	\$ 206,163	\$ 498,297	\$ 463,590

All revenues and assets of the Company's reportable segments are attributed to or located in the United States.

Total assets by segment are not provided as such amounts are not regularly reviewed by the chief operating decision maker for purposes of decision making regarding resource allocations.

NOTE 17. SUBSEQUENT EVENT

In July 2018, CSC Holdings repaid its \$500,000 principal amount of senior notes due July 15, 2018 with borrowings under the CSC Holdings revolving credit facility agreement.

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

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

The preparation of our condensed consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. For a complete discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our condensed consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2017 Annual Report on Form 10-K.

Overview

Our Business

We deliver broadband, pay television, telephony services, proprietary content and advertising services to approximately 4.9 million residential and business customers. Our footprint extends across 21 states through a fiber-rich broadband network with approximately 8.7 million homes passed as of June 30, 2018. We have two reportable segments: Cablevision and Cequel. Cablevision provides broadband, pay television and telephony services to residential and business customers in and around the New York metropolitan area. Cequel provides broadband, pay television and telephony services to residential and business customers in the south-central United States, with the majority of its customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio.

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, 2017.

We derive revenue principally through monthly charges to residential subscribers of our pay television, broadband, and telephony services. We also derive revenue from DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential pay television, broadband and telephony services accounted for approximately 44%, 30% and 7%, respectively, of our consolidated revenue for the six months ended June 30, 2018. 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 pay television services. For the six months ended June 30, 2018, 14% of our consolidated revenue was derived from these business services and wholesale. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, which accounted for approximately 4% of our consolidated revenue for the six months ended June 30, 2018. Our other revenue for the six months ended June 30, 2018 accounted for less than 1% of our consolidated revenue.

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

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, pay television and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T and its DirecTV subsidiary, CenturyLink, DISH Network, 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 our Annual Report on Form 10-K for the year ended December 31, 2017.

Our programming costs, which are the most significant component of our operating expenses, have increased and are expected to continue to increase primarily as a result of contractual rate increases and new channel launches. See "-

Results of Operations” below for more information regarding our key factors impacting our revenues and operating expenses.

Historically, we have made substantial investments in our network and the development of new and innovative products and other service offerings for our customers as a way of differentiating ourselves from our competitors and may continue to do so in the future. We have commenced construction on a fiber-to-the-home ("FTTH") network, which will enable us to deliver more than 10 Gbps broadband speeds across our entire Optimum footprint and part of our Suddenlink footprint. We may incur greater than anticipated capital expenditures in connection with this initiative, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing it as planned. See "Liquidity and Capital Resources-Capital Expenditures" for additional information regarding our capital expenditures.

Acquisition of Altice Technical Services US Corp

As discussed in Note 1 of the Company's condensed consolidated financial statements, the Company completed the ATS Acquisition in January 2018. ATS was previously owned by Altice N.V. and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since the formation of ATS.

Acquisition of i24NEWS

In April 2018, the Company and Altice N.V. completed the i24NEWS Acquisition. As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 and the balance sheet as of December 31, 2017 have not been revised to reflect the combination of i24NEWS as the impact was deemed immaterial.

Non-GAAP Financial Measures

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

Results of Operations - Altice USA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Residential:				
Pay TV	\$ 1,034,404	\$ 1,071,163	\$ 2,068,112	\$ 2,155,041
Broadband	712,202	642,620	1,413,823	1,268,538
Telephony	163,499	178,261	329,537	359,222
Business services and wholesale	337,388	323,641	670,478	643,061
Advertising	109,898	97,501	197,480	180,862
Other	6,762	9,176	14,437	17,897
Total revenue	2,364,153	2,322,362	4,693,867	4,624,621
Operating expenses:				
Programming and other direct costs	795,127	758,694	1,582,488	1,517,046
Other operating expenses	575,749	591,222	1,158,772	1,199,366
Restructuring and other expense	9,691	12,388	13,278	89,317
Depreciation and amortization (including impairments)	648,527	706,790	1,291,232	1,315,514
Operating income	335,059	253,268	648,097	503,378
Other income (expense):				
Interest expense, net	(385,230)	(420,190)	(759,385)	(853,252)
Gain (loss) on investments and sale of affiliate interests, net	(45,113)	57,130	(293,715)	188,788
Gain (loss) on derivative contracts, net	42,159	(66,463)	210,511	(137,507)
Gain (loss) on interest rate swap contracts	(12,929)	9,146	(44,851)	11,488
Loss on extinguishment of debt and write-off of deferred financing costs	(36,911)	(561,382)	(41,616)	(561,382)
Other expense, net	(629)	(3,935)	(12,287)	(6,035)
Loss before income taxes	(103,594)	(732,426)	(293,246)	(854,522)
Income tax benefit	5,590	252,487	66,293	298,395
Net loss	(98,004)	(479,939)	(226,953)	(556,127)
Net loss (income) attributable to noncontrolling interests	149	(365)	147	(602)
Net loss attributable to Altice USA stockholders	\$ (97,855)	\$ (480,304)	\$ (226,806)	\$ (556,729)

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

	Altice USA			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	\$ (98,004)	\$ (479,939)	\$ (226,953)	\$ (556,127)
Income tax benefit	(5,590)	(252,487)	(66,293)	(298,395)
Other expense, net	629	3,935	12,287	6,035
Loss (gain) on interest rate swap contracts	12,929	(9,146)	44,851	(11,488)
Loss (gain) on derivative contracts, net	(42,159)	66,463	(210,511)	137,507
Loss (gain) on investments and sale of affiliate interests, net	45,113	(57,130)	293,715	(188,788)
Loss on extinguishment of debt and write-off of deferred financing costs	36,911	561,382	41,616	561,382
Interest expense, net	385,230	420,190	759,385	853,252
Depreciation and amortization	648,527	706,790	1,291,232	1,315,514
Restructuring and other expense	9,691	12,388	13,278	89,317
Share-based compensation	12,226	18,079	33,849	25,927
Adjusted EBITDA	\$ 1,005,503	\$ 990,525	\$ 1,986,456	\$ 1,934,136

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

	June 30, 2018			March 31, 2018			June 30, 2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total	Cablevision	Cequel	Total
	(in thousands, except per customer amounts)								
Homes passed (a)	5,187.3	3,483.7	8,671.0	5,174.0	3,468.0	8,642.0	5,139.7	3,430.4	8,570.1
Total customer relationships (b)(c)	3,153.5	1,761.6	4,915.1	3,151.2	1,765.4	4,916.6	3,150.9	1,753.3	4,904.3
Residential	2,889.7	1,650.1	4,539.8	2,888.0	1,655.5	4,543.4	2,889.1	1,647.8	4,536.9
SMB	263.8	111.5	375.3	263.2	109.9	373.2	261.8	105.5	367.3
Residential customers:									
Pay TV	2,327.3	1,023.6	3,350.9	2,340.1	1,035.0	3,375.1	2,400.9	1,061.8	3,462.7
Broadband	2,681.3	1,400.8	4,082.1	2,673.4	1,399.2	4,072.6	2,646.0	1,358.4	4,004.4
Telephony	1,949.4	596.1	2,545.6	1,953.5	596.2	2,549.7	1,954.3	589.5	2,543.8
Residential triple product customer penetration (d):	63.5%	25.8%	49.8%	63.8%	25.7%	49.9%	64.3%	25.3%	50.1%
Penetration of homes passed (e):	60.8%	50.6%	56.7%	60.9%	50.9%	56.9%	61.3%	51.1%	57.2%
ARPU(f)	\$ 155.69	\$ 113.10	\$ 140.19	\$ 154.48	\$ 113.58	\$ 139.63	\$ 155.47	\$ 109.81	\$ 138.83

- (a) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our cable distribution network. For Cequel, broadband services were not available to approximately 100 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 services.
- (c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. In calculating the

number of customers, we count all customers other than inactive/disconnected customers. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

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

	Segment Results						
	Three Months Ended June 30,						
	2018				2017		
	Cablevision	Cequel	Eliminations	Total	Cablevision	Cequel	Total
Revenue:							
Residential:							
Pay TV	\$ 766,257	\$ 268,147	\$ —	\$ 1,034,404	\$ 796,456	\$ 274,707	\$ 1,071,163
Broadband	449,426	262,776	—	712,202	405,199	237,421	642,620
Telephony	133,635	29,864	—	163,499	145,323	32,938	178,261
Business services and wholesale	236,763	100,625	—	337,388	230,964	92,677	323,641
Advertising	95,981	18,366	(4,449)	109,898	78,802	18,699	97,501
Other	3,665	3,097	—	6,762	2,782	6,394	9,176
Total revenue	1,685,727	682,875	(4,449)	2,364,153	1,659,526	662,836	2,322,362
Operating expenses:							
Programming and other direct costs	591,846	207,303	(4,022)	795,127	570,939	187,755	758,694
Other operating expenses	408,963	167,213	(427)	575,749	425,414	165,808	591,222
Restructuring and other expense	8,515	1,176	—	9,691	11,171	1,217	12,388
Depreciation and amortization	473,138	175,389	—	648,527	542,203	164,587	706,790
Operating income	\$ 203,265	\$ 131,794	\$ —	\$ 335,059	\$ 109,799	\$ 143,469	\$ 253,268

Segment Results								
Six Months Ended June 30,								
2018								
2017								
	Cablevision	Cequel	Eliminations	Total	Cablevision	Cequel	Total	
Revenue:								
Residential:								
Pay TV	\$ 1,529,977	\$ 538,135	\$ —	\$ 2,068,112	\$ 1,598,650	\$ 556,391	\$ 2,155,041	
Broadband	889,777	524,046	—	1,413,823	801,532	467,006	1,268,538	
Telephony	269,220	60,317	—	329,537	291,880	67,342	359,222	
Business services and wholesale	470,935	199,543	—	670,478	459,508	183,553	643,061	
Advertising	170,624	35,434	(8,578)	197,480	143,934	36,928	180,862	
Other	6,488	7,949	—	14,437	6,009	11,888	17,897	
Total revenue	3,337,021	1,365,424	(8,578)	4,693,867	3,301,513	1,323,108	4,624,621	
Operating expenses:								
Programming and other direct costs	1,180,427	409,927	(7,866)	1,582,488	1,139,250	377,796	1,517,046	
Other operating expenses	812,536	346,948	(712)	1,158,772	875,223	324,143	1,199,366	
Restructuring and other expense	11,598	1,680	—	13,278	69,818	19,499	89,317	
Depreciation and amortization	958,502	332,730	—	1,291,232	985,379	330,135	1,315,514	
Operating income	\$ 373,958	\$ 274,139	\$ —	\$ 648,097	\$ 231,843	\$ 271,535	\$ 503,378	

Altice USA - Comparison of Results for the Three and Six Months Ended June 30, 2018 compared to the Three and Six Months Ended June 30, 2017.

Pay Television Revenue

Pay television revenue for the three and six months ended June 30, 2018 was \$1,034,404 and \$2,068,112, respectively, of which \$766,257 and \$1,529,977 was derived from the Cablevision segment and \$268,147 and \$538,135 relates to our Cequel segment. Pay television revenue for the three and six months ended June 30, 2017 was \$1,071,163 and \$2,155,041, respectively, of which \$796,456 and \$1,598,650 was derived from the Cablevision segment and \$274,707 and \$556,391 relates to our Cequel segment. Pay television revenue is derived principally through monthly charges to residential customers of our pay television 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.

Pay television revenue for our Cablevision segment decreased \$30,199 (4%) and \$68,673 (4%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The decreases were due primarily due to a decline in pay television customers and lower average revenue per pay television customer.

Pay television revenue for our Cequel segment decreased \$6,560 (2%) and \$18,256 (3%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The decreases were due primarily to a decline in the number of pay television customers, partially offset by an increase in average revenue per pay television customer.

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

Broadband Revenue

Broadband revenue for the three and six months ended June 30, 2018 was \$712,202 and \$1,413,823, respectively, of which \$449,426 and \$889,777 was derived from our Cablevision segment and \$262,776 and \$524,046 was derived from our Cequel segment. Broadband revenue for the three and six months ended June 30, 2017 was \$642,620 and \$1,268,538, respectively, of which \$405,199 and \$801,532 was derived from our Cablevision segment and \$237,421 and \$467,006 was derived from our Cequel segment. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers.

Broadband revenue for our Cablevision segment increased \$44,227 (11%) and \$88,245 (11%) for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The increases were due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Broadband revenue for our Cequel segment increased \$25,355 (11%) and \$57,040 (12%) for the three and six months ended June 30, 2018, respectively, as compared to the same periods in the prior year. The increases were due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Telephony Revenue

Telephony revenue for the three and six months ended June 30, 2018 was \$163,499 and \$329,537 of which \$133,635 and \$269,220 was derived from the Cablevision segment and \$29,864 and \$60,317 was derived from our Cequel segment. Telephony revenue for the three and six months ended June 30, 2017 was \$178,261 and \$359,222 of which \$145,323 and \$291,880 was derived from the Cablevision segment and \$32,938 and \$67,342 was derived from our Cequel segment. Telephony revenue is derived principally through monthly charges to residential customers of our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers.

Telephony revenue for our Cablevision segment decreased \$11,688 (8%) and \$22,660 (8%) for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The decreases were due primarily to lower average revenue per telephony customer.

Telephony revenue for our Cequel segment decreased \$3,074 (9%) and \$7,025 (10%) for the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The decreases were due primarily to lower average revenue per telephony customer.

Business Services and Wholesale Revenue

Business services and wholesale revenue for the three and six months ended June 30, 2018 was \$337,388 and \$670,478, respectively of which \$236,763 and \$470,935 was derived from the Cablevision segment and \$100,625 and \$199,543 was derived from our Cequel segment. Business services and wholesale revenue for the three and six months ended June 30, 2017 was \$323,641 and \$643,061, respectively of which \$230,964 and \$459,508 was derived from the Cablevision segment and \$92,677 and \$183,553 was derived from our Cequel segment. 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, pay television and telephony services to small and medium sized business ("SMB") customers.

Business services and wholesale revenue for our Cablevision segment increased \$5,799 (3%) and \$11,427 (2%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The increases were primarily due to higher average recurring broadband revenue per SMB customer and higher Ethernet and managed services revenue, partially offset by reduced traditional voice and data services for commercial customers.

Business services and wholesale revenue for our Cequel segment increased \$7,948 (9%) and \$15,990 (9%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The increases were primarily due to higher commercial rates and customers for broadband services and increases in wholesale data and telephony services.

Advertising Revenue

Advertising revenue for the three and six months ended June 30, 2018, net of inter-segment revenue, was \$109,898 and \$197,480, respectively, of which \$95,981 and \$170,624 was derived from our Cablevision segment and \$18,366 and \$35,434 was derived from our Cequel segment. Advertising revenue for the three and six months ended June 30, 2017, net of inter-segment revenue, was \$97,501 and \$180,862, respectively, of which \$78,802 and \$143,934 was derived from our Cablevision

segment and \$18,699 and \$36,928 was derived from our Cequel segment. Advertising revenue is primarily derived from the sale of advertising time available on the programming carried on our cable television systems.

Advertising revenue for our Cablevision segment increased \$17,179 (22%) and \$26,690 (19%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The increases were primarily due to an increase in digital and linear advertising and data analytics revenue.

Advertising revenue for our Cequel segment decreased \$333 (2%) and \$1,494 (4%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively.

Other Revenue

Other revenue for the three and six months ended June 30, 2018 was \$6,762 and \$14,437, respectively, of which \$3,665 and \$6,488 was derived from our Cablevision segment and \$3,097 and \$7,949 was derived from our Cequel segment. Other revenue for the three and six months ended June 30, 2017 was \$9,176 and \$17,897, respectively, of which \$2,782 and \$6,009 was derived from our Cablevision segment and \$6,394 and \$11,888 was derived from our Cequel segment. Other revenue includes other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three and six months ended June 30, 2018 amounted to \$795,127 and \$1,582,488, respectively, of which \$591,846 and \$1,180,427 relate to our Cablevision segment and \$207,303 and \$409,927 relate to our Cequel segment. Programming and other direct costs for the three and six months ended June 30, 2017 amounted to \$758,694 and \$1,517,046, respectively, of which \$570,939 and \$1,139,250 relate to our Cablevision segment and \$187,755 and \$377,796 relate to our Cequel segment. 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 pay television service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes.

The increases of \$36,433 (5%) and \$65,442 (4%) in programming and other direct costs for the three and six months ended June 30, 2018, net of inter-segment eliminations, as compared to the prior year periods are attributable to the following:

<i>Cablevision segment:</i>	Three Months	Six Months
Increase in costs of digital media and linear advertising spots for resale	\$ 14,248	\$ 28,274
Increase in programming costs due primarily to contractual rate increases, partially offset by lower pay television customers and lower video-on-demand and pay-per-view costs	10,082	14,557
Other net decreases (including an increase of \$1,266 in costs related to i24NEWS)	(3,423)	(1,654)
	<u>20,907</u>	<u>41,177</u>
 <i>Cequel segment:</i>		
Increase in programming costs due primarily to contractual rate increases and new channel launches, partially offset by lower pay television customers and lower video-on-demand and pay-per-view costs	18,503	30,222
Other net increases	1,045	1,909
	<u>19,548</u>	<u>32,131</u>
Inter-segment eliminations	(4,022)	(7,866)
	<u>\$ 36,433</u>	<u>\$ 65,442</u>

Programming costs

Programming costs aggregated \$660,618 and \$1,313,046 for the three and six months ended June 30, 2018, respectively, and \$632,035 and \$1,268,267 for the three and six months ended June 30, 2017, respectively. Our programming costs in 2018 will continue to be impacted by changes in programming rates, which we expect to increase by high single digits, and by changes in the number of pay television customers.

Other Operating Expenses

Other operating expenses for the three and six months ended June 30, 2018 amounted to \$575,749, and \$1,158,772, respectively, of which \$408,963 and \$812,536 relate to our Cablevision segment and \$167,213 and \$346,948 relate to our Cequel segment. Other operating expenses for the three and six months ended June 30, 2017 amounted to \$591,222, and \$1,199,366, respectively, of which \$425,414 and \$875,223 relate to our Cablevision segment and \$165,808 and \$324,143 relate to our Cequel segment. Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

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

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

The decreases of \$15,473 (3%) and \$40,594 (3%) in other operating expenses for the three and six months ended June 30, 2018, net of inter-segment eliminations, as compared to the prior year periods, including the impact of a net increase related to i24NEWS of \$10,123 in both the three and six month periods, are attributable to the following:

	Three Months	Six Months
<i>Cablevision segment:</i>		
Decrease in labor costs, benefits and an increase in capitalizable activity	\$ (28,480)	\$ (78,632)
Increase (decrease) in share-based compensation and long-term incentive plan awards expense	(2,445)	7,686
Decrease in insurance costs	(5,537)	(7,932)
Increase in repairs and maintenance costs relating to our operations	5,049	4,814
Increase in legal fees (including accruals for legal matters)	4,628	1,723
Increase in marketing costs	2,580	5,876
Other net increase (decrease), including an increase in the allocation of certain general and administrative costs between segments in three month period	7,754	3,778
	<u>(16,451)</u>	<u>(62,687)</u>
<i>Cequeul segment:</i>		
Decrease in share-based compensation and long-term incentive plan awards expense	(5,099)	(3,445)
Decrease primarily in labor costs, partially offset by lower capitalizable activity	(2,623)	(3,729)
Increase in marketing costs	12,093	16,708
Increase in professional fees	2,407	2,371
Increase in repairs and maintenance costs relating to our operations	944	5,240
Other net increase (decrease), including a decrease in the allocation of certain general and administrative costs between segments in the three month period	(6,317)	5,660
	<u>1,405</u>	<u>22,805</u>
Inter-segment eliminations	(427)	(712)
	<u>\$ (15,473)</u>	<u>\$ (40,594)</u>

Restructuring and Other Expense

Restructuring and other expense for the three and six months ended June 30, 2018 amounted to \$9,691 and \$13,278, respectively, (\$8,515 and \$11,598 for our Cablevision segment and \$1,176 and \$1,680 for our Cequeul segment) as compared to \$12,388 and \$89,317 for the three and six months ended June 30, 2017, respectively, \$11,171 and \$69,818 for our Cablevision segment and \$1,217 and \$19,499 for our Cequeul segment). These amounts primarily relate to costs incurred in connection with severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in 2016 that are intended to simplify the Company's organizational structure. We currently anticipate that additional restructuring expenses will be recognized as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the three and six months ended June 30, 2018 amounted to \$648,527 and \$1,291,232, respectively, of which \$473,138 and \$958,502 relates to our Cablevision segment and \$175,389 and \$332,730 relates to our Cequel segment. Depreciation and amortization for the three and six months ended June 30, 2017 amounted to \$706,790 and \$1,315,514, respectively, of which \$542,203 and \$985,379 relates to our Cablevision segment and \$164,587 and \$330,135 relates to our Cequel segment.

Depreciation and amortization for our Cablevision segment decreased \$69,065 (13%) and \$26,877 (3%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The decreases are due primarily to lower amortization expense for certain intangible assets that are being amortized using an accelerated method, offset by depreciation of new asset additions.

Depreciation and amortization for our Cequel segment increased \$10,802 (7%) and \$2,595 (1%) for the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, respectively. The increases are due primarily to depreciation of new asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to \$1,005,503 and \$1,986,456 for the three and six months ended June 30, 2018, respectively, of which \$695,275 and \$1,370,587 relates to our Cablevision segment and \$310,228 and \$615,869 relates to our Cequel segment. Adjusted EBITDA amounted to \$990,525 and \$1,934,136 for the three and six months ended June 30, 2017, respectively, of which \$675,133 and \$1,304,082 relates to our Cablevision segment and \$315,392 and \$630,054 relates to our Cequel segment.

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, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net loss to adjusted EBITDA above.

The increases in adjusted EBITDA of our Cablevision segment for the three months ended June 30, 2018 as compared to the prior year periods were due to an increase in revenue, partially offset by an increase in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses) as discussed above. The increases in adjusted EBITDA of our Cablevision segment for the six months ended June 30, 2018 as compared to the prior year periods were due to an increase in revenue and a decrease in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses).

The decreases in adjusted EBITDA of our Cequel segment for the three and six months ended June 30, 2018 as compared to the prior year periods were due primarily to an increase in operating expenses (excluding depreciation and amortization expense, restructuring expense, share-based compensation and transaction expenses), partially offset by an increase in revenue as discussed above.

Interest Expense, net

Interest expense, net was \$385,230 and \$420,190, for the three months ended June 30, 2018 and 2017, and \$759,385 and \$853,252, for the six months ended June 30, 2018 and 2017, respectively. The decreases of \$34,960 (8%) and \$93,867 (11%) for the three and six months ended June 30, 2018 as compared to the prior year period are attributable to the following:

	Three Months	Six Months
Decrease due to changes in average debt balances and interest rates on our indebtedness and collateralized debt	\$ (45,021)	\$ (113,397)
Higher interest income	(5,132)	(8,004)
Other net increases, primarily amortization of deferred financing costs and original issue discounts	15,193	27,534
	<u>\$ (34,960)</u>	<u>\$ (93,867)</u>

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

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

Gain (loss) on investments, net for the three and six months ended June 30, 2018 of \$(45,113) and \$(293,715), respectively, and \$57,130 and \$188,788 for the three and six months ended June 30, 2017 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 or losses are partially offset by the losses and gains on the related equity derivative contracts, net described below. The amounts for the three and six months ended June 30, 2018 include net gains of \$13,307 and \$17,281 related to the sale of affiliate interests.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and six months ended June 30, 2018 amounted to \$42,159 and \$210,511, respectively and for the three and six months ended June 30, 2017 amounted to \$66,463 and \$137,507, respectively, and include 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 or losses are offset by gains and losses on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Gain (Loss) on Interest Rate Swap Contracts

Gain (loss) on interest rate swap contracts was \$12,929 and \$44,851 for the three and six months ended June 30, 2018, respectively, and \$9,146 and \$11,488 for the three and six months ended June 30, 2017, respectively. These amounts represent the increase or decrease in fair value of interest rate swaps. 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 \$36,911 for the three ended June 30, 2018 and includes the write-off of unamortized discount and the premium paid in connection with early redemption of the \$1,050,000 6.375% Cequel senior notes due in September 2020 ("Cequel 2020 Notes").

Loss on extinguishment of debt and write-off of deferred financing costs amounted to \$41,616 for the six months ended June 30, 2018 and includes the write-off of unamortized discount and deferred financing costs and the premium paid in connection with early redemption of the Cequel 2020 Notes in the second quarter of 2018 and the write-off of unamortized premium and deferred financing costs and the premium paid in connection with early redemption of the \$750,000 7.75% Cablevision senior notes due in April 2018 in the first quarter of 2018.

Loss on extinguishment of debt and write-off of deferred financing costs amounted to \$561,382 for the three and six months ended June 30, 2017 and includes the premium of \$513,723 related to the notes payable to affiliates and related parties that were converted into shares of the Company's common stock, \$18,976 related to the CSC Holdings credit facility extension amendment and the redemption of senior notes, and \$28,684 related to the Cequel credit facility extension amendment and the redemption of senior notes.

Income Tax Benefit

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

The Company recorded income tax benefit of \$252,487 and \$298,395 for the three and six months ended June 30, 2017, respectively, reflecting an effective tax rate of approximately 34% and 35%, respectively.

Liquidity and Capital Resources

Altice USA has no operations independent of its subsidiaries, Cablevision and Cequel. Funding for our subsidiaries has generally been provided by cash flow from their respective operations, cash on hand and borrowings under their revolving credit facilities and the proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the revolving credit facilities 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 facilities, debt securities and syndicated term loans. We manage our business to a long-term net leverage ratio target of 4.5x to 5.0x. We calculate our consolidated net leverage ratio as net debt to L2QA EBITDA (Adjusted EBITDA for the two most recent consecutive fiscal quarters multiplied by 2.0).

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

We believe existing cash balances, operating cash flows and availability under our revolving credit facilities will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Our collateralized debt maturing in the next 12 months will be settled with proceeds from monetization contracts entered into pursuant to the Synthetic Monetization Closeout discussed below. However, competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe that amounts available under the revolving credit facilities 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 facilities are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

In the longer term, we do not expect to be able to generate sufficient cash from operations to fund anticipated capital expenditures, meet all existing future contractual payment obligations and repay our debt at maturity. As a result, we will be dependent upon our 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 discretionary uses of cash.

Debt Outstanding

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

	As of June 30, 2018		
	Cablevision	Cequel	Total
Debt outstanding:			
Credit facility debt	\$ 4,435,479	\$ 1,244,153	\$ 5,679,632
Senior guaranteed notes	3,283,795	—	3,283,795
Senior secured notes	—	2,572,438	2,572,438
Senior notes and debentures	7,179,812	2,804,435	9,984,247
Subtotal	14,899,086	6,621,026	21,520,112
Capital lease obligations	15,739	1,461	17,200
Notes payable	36,161	36,356	72,517
Subtotal	14,950,986	6,658,843	21,609,829
Collateralized indebtedness relating to stock monetizations (a)	1,392,648	—	1,392,648
Total debt	<u>\$ 16,343,634</u>	<u>\$ 6,658,843</u>	<u>\$ 23,002,477</u>
Interest expense:			
	Six Months Ended June 30, 2018		
Credit facility debt, senior notes, capital leases and notes payable	\$ 529,100	\$ 211,516	\$ 740,616
Collateralized indebtedness and notes payable relating to stock monetizations (a)	27,185	—	27,185
Total interest expense	<u>\$ 556,285</u>	<u>\$ 211,516</u>	<u>\$ 767,801</u>

- (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, (ii) delivering cash from the net proceeds on new

monetization contracts, or (iii) delivering cash from the proceeds of monetization contracts entered into pursuant to the Synthetic Monetization Closeout discussed below.

The following table provides details of our outstanding credit facility debt as of June 30, 2018:

	Maturity Date	Interest Rate	Principal	Carrying Value (a)
<i>Cablevision:</i>				
CSC Holdings Revolving Credit Facility (b)	\$20,000 on October 9, 2020, remaining balance on November 30, 2021	—%	\$ —	\$ —
CSC Holdings Term Loan Facility	July 17, 2025	4.32%	2,970,000	2,953,265
CSC Holdings Incremental Term Loan Facility	January 25, 2026	4.57%	1,500,000	1,482,214
<i>Cequel:</i>				
Revolving Credit Facility (c)	\$65,000 on November 30, 2021, and remaining balance on April 5, 2023	—%	—	—
Term Loan Facility	July 28, 2025	4.34%	1,252,350	1,244,153
			<u>\$ 5,722,350</u>	<u>\$ 5,679,632</u>

- (a) Carrying amounts are net of unamortized discounts and deferred financing costs.
- (b) At June 30, 2018, \$138,323 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$2,161,677 of the facility was undrawn and available, subject to covenant limitations.
- (c) At June 30, 2018, \$7,636 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$342,364 of the facility was undrawn and available, subject to covenant limitations.

Payment Obligations Related to Debt

As of June 30, 2018, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as capital lease obligations, notes payable, and the value deliverable at maturity under monetization contracts are as follows:

	Cablevision (a)	Cequel	Total
2018	\$ 1,074,436	\$ 212,559	\$ 1,286,995
2019	1,595,888	446,075	2,041,963
2020	1,501,014	412,665	1,913,679
2021	3,419,939	1,661,856	5,081,795
2022	1,520,320	347,236	1,867,556
Thereafter	13,947,915	6,571,125	20,519,040
Total	<u>\$ 23,059,512</u>	<u>\$ 9,651,516</u>	<u>\$ 32,711,028</u>

- (a) Includes \$1,558,861 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, (ii) delivering cash from the net proceeds on new monetization contracts, or (iii) delivering cash from the proceeds of monetization contracts entered into pursuant to the Synthetic Monetization Closeout discussed above.

CSC Holdings Restricted Group

CSC Holdings and those of its subsidiaries which conduct its broadband, pay television and telephony services operations, as well as Lightpath, which provides Ethernet-based data, Internet, voice and video transport and managed services to the business market, comprise the "Restricted Group" as they are subject to the covenants and restrictions of the credit

facility and indentures governing the notes and debentures issued by CSC Holdings. In addition, the Restricted Group is also subject to the covenants of the debt issued by Cablevision.

Sources of cash for the Restricted Group include primarily cash flow from the operations of the businesses in the Restricted Group, borrowings under its credit facility and issuance of securities in the capital markets, contributions from its parent, and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital broadband, pay television and telephony services, including costs to build a FTTH network and enhancements to its service offerings such as a broadband wireless network (WiFi); debt service, including distributions made to Cablevision to service interest expense and principal repayments on its debt securities; other corporate expenses and changes in working capital; and investments that it may fund from time to time.

Cablevision Credit Facilities

On October 9, 2015, Finco, 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 (\$2,970,000 outstanding at June 30, 2018) (the "CVC Term Loan Facility", and the term loans extended under the CVC Term Loan Facility, the "CVC Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of \$2,300,000 (the "CVC Revolving Credit Facility" and, together with the CVC Term Loan Facility, the "CVC 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 and January 12, 2018, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CVC Credit Facilities Agreement").

In January 2018, CSC Holdings borrowed \$150,000 under its revolving credit facility and entered into a new \$1,500,000 incremental term loan facility (the "Incremental Term Loan") under its existing CVC Credit Facilities Agreement. The Incremental Term Loan was priced at 99.50% and will mature on January 25, 2026. The Incremental Term Loan is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBO rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. See discussion below regarding use of proceeds from the Incremental Term Loan.

The Company made a voluntary repayment of \$600,000 under the CSC Holdings revolving credit facility in January 2018.

In July 2018, CSC Holdings repaid its \$500,000 principal amount of senior notes due July 15, 2018 with borrowings under the CSC Holdings revolving credit facility agreement.

The Company was in compliance with all of its financial covenants under the CVC Credit Facilities Agreement as of June 30, 2018.

See Note 9 to our condensed consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for further information regarding the CVC Credit Facilities Agreement.

Cequel Credit Facilities

On June 12, 2015, Altice US Finance I Corporation, a wholly-owned subsidiary of Cequel, entered into a senior secured credit facility which currently provides U.S. dollar term loans in an aggregate principal amount of \$1,265,000 (\$1,252,350 outstanding at June 30, 2018) (the "Cequel Term Loan Facility" and the term loans extended under the Cequel Term Loan Facility, the "Cequel Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of \$350,000 (the "Cequel Revolving Credit Facility" and, together with the Cequel Term Loan Facility, the "Cequel Credit Facilities") which are governed by a credit facilities agreement entered into by, *inter alios*, Altice US Finance I Corporation, certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on October 25, 2016, December 9, 2016, March 15, 2017, and March 22, 2018 and as further amended, restated, supplemented or modified from time to time, the "Cequel Credit Facilities Agreement").

The Company was in compliance with all of its financial covenants under the Cequel Credit Facilities Agreement as of June 30, 2018.

See Note 9 to our condensed consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for further information regarding the Cequel Credit Facilities Agreement.

Senior Notes

Cablevision Notes

On April 15, 2010, Cablevision issued \$750,000 aggregate principal amount of its 7 3/4% Senior Notes due 2018 (the "CVC 2018 Notes") and \$500,000 aggregate principal amount of its 8% Senior Notes due 2020. On September 27, 2012, Cablevision issued \$750,000 aggregate principal amount of its 5 7/8% Senior Notes due 2022 (\$649,024 principal outstanding at June 30, 2018). The CVC 2018 Notes were repaid in February 2018.

As of June 30, 2018, Cablevision was in compliance with all of its financial covenants under the indentures under which the Cablevision Notes were issued.

CSC Holdings Notes

CSC Holdings Senior Guaranteed Notes

On October 9, 2015, Finco issued \$1,000,000 aggregate principal amount of its 6 5/8% Senior Guaranteed Notes due 2025 (the "CSC 2025 Senior Guaranteed Notes"). CSC Holdings assumed the obligations as issuer of the CSC 2025 Senior Guaranteed Notes upon the merger of Finco and CSC Holdings on June 21, 2016. On September 23, 2016, CSC Holdings issued \$1,310,000 aggregate principal amount of its 5 1/2% Senior Guaranteed Notes due 2027.

In January 2018, CSC Holdings issued \$1,000,000 aggregate principal amount of 5 3/8% senior guaranteed notes due February 1, 2028 (the "2028 Guaranteed Notes"). The 2028 Guaranteed Notes are senior unsecured obligations and rank pari passu in right of payment with all of the existing and future senior indebtedness, including the existing senior notes and the Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

The proceeds from the 2028 Guaranteed Notes, together with proceeds from the Incremental Term Loan (discussed above), borrowings under the CVC revolving credit facility and cash on hand, were used in February 2018 to repay \$300,000 principal amount of CSC Holdings' senior notes due in February 2018 and \$750,000 principal amount of Cablevision senior notes due in April 2018 and a portion was used to fund the dividend of \$1,499,935 to the Company's stockholders on June 6, 2018.

As of June 30, 2018, CSC Holdings was in compliance with all of its financial covenants under the indentures under which the CSC Holdings senior guaranteed notes were issued.

CSC Holdings Senior Notes

On February 6, 1998, CSC Holdings issued \$300,000 aggregate principal amount of its 7 7/8% Senior Debentures which matured and were repaid in February 2018. On July 21, 1998, CSC Holdings issued \$500,000 aggregate principal amount of its 7 5/8% Senior Debentures due 2018. On February 12, 2009, CSC Holdings issued \$526,000 aggregate principal amount of its 8 5/8% Senior Notes due 2019 and 8 5/8% Series B Senior Notes due 2019. On November 15, 2011, CSC Holdings issued \$1,000,000 aggregate principal amount of its 6 3/4% Senior Notes due 2021 and 6 3/4% Series B Senior Notes due 2021. On May 23, 2014, CSC Holdings issued \$750,000 aggregate principal amount of its 5 1/4% Senior Notes due 2024 and 5 1/4% Series B Senior Notes due 2024.

On October 9, 2015, Finco issued \$1,800,000 aggregate principal amount of its 10 1/8% Senior Notes due 2023 (the "CSC 2023 Senior Notes") and \$2,000,000 (\$1,684,221 outstanding at June 30, 2018) of its 10 7/8% Senior Notes due 2025 (the "CSC 2025 Senior Notes"). CSC Holdings assumed the obligations as issuer of the CSC 2023 Senior Notes and the CSC 2025 Senior Notes upon the merger of Finco and CSC Holdings on June 21, 2016.

As of June 30, 2018, CSC Holdings was in compliance with all of its financial covenants under the indentures under which the CSC Holdings senior notes were issued.

Cequel Notes

Cequel Senior Secured Notes

On June 12, 2015, Altice US Finance I Corporation issued \$1,100,000 aggregate principal amount of its 5 3/8% Senior Secured Notes due 2023. On April 26, 2016, Altice US Finance I Corporation issued \$1,500,000 aggregate principal amount of its 5 1/2% Senior Secured Notes due 2026.

As of June 30, 2018, Cequel was in compliance with all of its financial covenants under the indentures under which the Cequel senior secured notes were issued.

Cequel Senior Notes

On October 25, 2012, Cequel Capital Corporation and Cequel Communications Holdings I, LLC (collectively, the "Cequel Senior Notes Co-Issuers") issued \$500,000 aggregate principal amount of their 6 3/8% Senior Notes due 2020 (the "Cequel 2020 Senior Notes"). On December 28, 2012, the Cequel Senior Notes Issuers issued an additional \$1,000,000 aggregate principal amount of their Cequel 2020 Senior Notes. In April 2017, the Company redeemed \$450,000 of the Cequel 2020 Senior Notes from proceeds of the Cequel Term Loan pursuant to the March 15, 2017 amendment.

On May 16, 2013, the Cequel Senior Notes Co-Issuers issued \$750,000 aggregate principal amount of their 5 1/8% Senior Notes due 2021. On September 9, 2014, the Cequel Senior Notes Co-Issuers issued \$500,000 aggregate principal amount of their 5 1/8% Senior Notes due 2021.

On June 12, 2015, Altice US Finance II Corporation issued \$300,000 aggregate principal amount of its 7 3/4% Senior Notes due 2025 (the "Cequel 2025 Senior Notes"). Following the Cequel Acquisition, Altice US Finance II Corporation was merged into Cequel and the Cequel 2025 Senior Notes became the obligation of the Cequel Senior Notes Co-Issuers.

Also on June 12, 2015, Altice US Finance S.A., an indirect subsidiary of Altice, issued \$320,000 principal amount of 7 3/4% Senior Notes due 2025 (the "Cequel Holdco Notes"), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Cequel Acquisition. The Cequel Holdco Notes were automatically exchanged into an equal aggregate principal amount of Cequel 2025 Senior Notes during the second quarter of 2016.

As of June 30, 2018, Cequel was in compliance with all of its financial covenants under the indentures under which the Cequel senior notes were issued.

In April 2018, Cequel Communications Holdings I, LLC and Cequel Capital Corporation each an indirect, wholly-owned subsidiary of the Company, issued \$1,050,000 aggregate principal amount of 7 1/2% senior notes due April 1, 2028. The proceeds of these notes were used in April 2018 to redeem the \$1,050,000 aggregate principal amount 6 3/8% senior notes due September 15, 2020.

Capital Expenditures

The following tables provide details of the Company's capital expenditures:

	Three Months Ended June 30,					
	2018			2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total
Customer premise equipment	\$ 57,515	\$ 23,160	\$ 80,675	\$ 52,166	\$ 24,054	\$ 76,220
Network infrastructure	58,722	23,320	82,042	38,731	19,956	58,687
Support and other	25,471	11,200	36,671	28,854	13,618	42,472
Business services	28,648	12,646	41,294	21,415	7,369	28,784
Capital purchases (cash basis)	\$ 170,356	\$ 70,326	\$ 240,682	\$ 141,166	\$ 64,997	\$ 206,163
Capital purchases (including accrued not paid)	\$ 184,775	\$ 92,267	\$ 277,042	\$ 158,749	\$ 73,250	\$ 231,999

Six Months Ended June 30,

	2018			2017		
	Cablevision	Cequel	Total	Cablevision	Cequel	Total
Customer premise equipment	\$ 119,821	\$ 41,581	\$ 161,402	\$ 99,841	\$ 52,333	\$ 152,174
Network infrastructure	93,439	61,444	154,883	113,679	45,984	159,663
Support and other	67,060	32,453	99,513	67,052	22,072	89,124
Business services	56,837	25,662	82,499	44,993	17,636	62,629
Capital purchases (cash basis)	\$ 337,157	\$ 161,140	\$ 498,297	\$ 325,565	\$ 138,025	\$ 463,590
Capital purchases (including accrued not paid)	\$ 320,533	\$ 173,174	\$ 493,707	\$ 274,369	\$ 120,574	\$ 394,943

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 the assets into service. Network infrastructure includes: (i) scalable infrastructure, such as headend equipment, (ii) line extensions, such as fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering, and (iii) upgrade and rebuild, including costs to modify or replace existing fiber/coaxial cable networks, including enhancements. Support and other capital expenditures includes costs associated with the replacement or enhancement of non-network assets, such as office equipment, buildings and vehicles. Business services capital expenditures include primarily equipment, installation, support, and other costs related to our fiber based telecommunications business.

Cash Flow Discussion

Operating Activities

Net cash provided by operating activities amounted to \$1,159,243 for the six months ended June 30, 2018 compared to \$811,107 for the six months ended June 30, 2017. The 2018 cash provided by operating activities resulted from \$1,220,814 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap contracts of \$45,199, an increase in deferred revenue of \$20,536, and an increase in amounts due to and due from affiliates of \$8,573, partially offset by a net decrease in accounts payable and accrued liabilities of \$60,778, an increase in accounts receivable of \$37,224 and an increase in other assets of \$37,877.

The 2017 cash provided by operating activities resulted from \$1,028,249 of income before depreciation and amortization and non-cash items, an increase in deferred revenue of \$10,614, and a decrease in current and other assets of \$5,934, partially offset by \$189,179 resulting from a decrease in accounts payable and accrued expenses, a net decrease of \$28,005 in amounts due to affiliates, a decrease in the liability related to interest rate swap contracts of \$8,500, and an increase in accounts receivable of \$8,006.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2018 was \$502,784 compared to \$509,956 for the six months ended June 30, 2017. The 2018 investing activities consisted primarily of capital expenditures of \$498,297, and other net cash payments of \$4,487.

The 2017 investing activities consisted primarily of capital expenditures of \$463,590, payments for acquisitions, net of cash acquired of \$43,608, and \$2,758 in other cash payments.

Financing Activities

Net cash used in financing activities amounted to \$605,062 for the six months ended June 30, 2018 compared to \$102,309 for the six months ended June 30, 2017. In 2018, the Company's financing activities consisted primarily of the redemption and repurchase of senior notes, including premiums and fees of \$2,123,756, dividends to stockholders of \$1,499,935, the repayment of credit facility debt of \$621,325, payments of collateralized indebtedness and related derivatives of \$337,124, contingent payment for acquisition of \$28,940, additions to deferred financing costs of \$22,277, and other net cash payments of \$7,324, partially offset by proceeds from credit facility debt of \$1,642,500, proceeds from the issuance of senior notes of \$2,050,000, proceeds from collateralized indebtedness of \$337,124, and contributions from noncontrolling interests of \$5,995.

In 2017, the Company's financing activities consisted primarily of proceeds from credit facility debt of \$4,977,425 and collateralized indebtedness of \$490,816, proceeds from IPO, net of fees of \$349,156, and contributions from noncontrolling interests of \$51,135, partially offset by repayments of credit facility debt of \$3,573,750, redemption of senior notes, including premiums and fees of \$979,280, dividends to stockholders of \$919,317, repayments of collateralized indebtedness and related derivative contracts of \$483,081, principal payments on capital lease obligations of \$8,061 and additions to deferred financing costs of \$7,352.

Settlements of Collateralized Indebtedness

The following table summarizes the settlement of the Company's collateralized indebtedness relating to Comcast shares that were settled by delivering cash equal to the collateralized loan value, net of the value of the related equity derivative contracts during the six months ended June 30, 2018:

Number of shares (a)		10,802,118
Collateralized indebtedness settled	\$	(337,148)
Derivatives contracts settled		24
		(337,124)
Proceeds from new monetization contracts		337,124
Net cash proceeds	\$	—

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

In April 2017, the Company entered into new monetization contracts related to 32,153,118 shares of Comcast common stock held by Cablevision, which synthetically reversed the existing contracts related to these shares (the "Synthetic Monetization Closeout"). As the existing collateralized debt matures, the Company will settle the contracts with proceeds received from the new monetization contracts. The new monetization contracts mature on April 28, 2021. The new monetization contracts provide the Company with downside protection below the hedge price of \$35.47 and upside benefit of stock price appreciation up to \$44.72 per share.

Commitments and Contingencies

As of June 30, 2018, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately \$7,872,000 as compared to approximately \$9,069,000 at December 31, 2017. This decrease relates primarily to payments made pursuant to programming commitments, offset by renewed multi-year programming agreements entered into during the six months ended June 30, 2018.

Recently Issued But Not Yet Adopted Accounting Pronouncements

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

In February 2016, the FASB issued ASU No. 2016-02, Leases, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance becomes effective for the Company on January 1, 2019 with early adoption permitted and will be applied using the modified retrospective method. Although, the Company has not yet completed the evaluation of the effect that ASU No. 2016-02 will have on its consolidated financial statements, upon adoption, the Company expects to recognize a right of use asset and liability related to substantially all operating lease arrangements on the Company's consolidated balance sheet.

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, 2018, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value on our condensed consolidated balance sheet and the collateralized indebtedness is carried at its principal value, net of discounts and the unamortized fair value adjustment for contracts that existed at the date of the Cablevision Acquisition. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,392,648 at June 30, 2018. 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, 2018, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$1,409,361. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$140,936. As of June 30, 2018, 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 \$101,007, a net asset position. For the three and six months ended June 30, 2018, we recorded a net gain of \$42,159 and \$210,511, respectively, related to our outstanding equity derivative contracts and recorded an unrealized loss of \$58,420 and \$310,996, respectively, related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2017, net liability position	\$ (109,504)
Change in fair value, net	<u>210,511</u>
Fair value as of June 30, 2018, net asset position	<u>\$ 101,007</u>

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

# of Shares Deliverable (a)	Maturity	Hedge Price per Share (a)	Cap Price (b)	
			Low	High
5,337,750	2018	\$33.61	\$ 40.33	\$ 40.33
37,617,486	2021	\$29.25- \$35.47	\$ 43.88	\$ 44.80

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

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

Fair Value of Debt

At June 30, 2018, the fair value of our fixed rate debt of \$17,976,981 was higher than its carrying value of \$17,305,645 by \$671,336. 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, 2018 would increase the estimated fair value of our fixed rate debt by \$619,120 to \$18,596,101. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

In May 2018, the Company entered into two interest rate swap contracts whereby one contract converts the interest rate on \$2,970,000 of the CSC Holdings Term Loan Facility from a one-month LIBO rate to a three-month LIBO rate minus 0.226% and the second contract converts the interest rate on \$1,496,250 of the CSC Holdings Incremental Term Loan from a one month LIBO rate to a three-month LIBO rate minus 0.226%. The objective of these swaps is to potentially pay a lower interest rate than what the Company can elect under the terms of the CSC Holdings Credit Facilities Agreement.

In April 2018, the Company entered into an interest rate swap contract which converts the interest rate on \$1,255,513 of the Cequel Term Loan B from a one month LIBO rate to a three-month LIBO rate minus 0.225%. The objective of this swap is to potentially pay a lower interest rate than what the Company can elect under the terms of the Cequel Credit Facilities Agreement.

In June 2016, a subsidiary of Cequel entered into two fixed to floating interest rate swaps. One fixed to floating interest rate swap is converting \$750,000 from a fixed rate of 1.665% to six-month LIBOR and a second tranche of \$750,000 from a fixed rate of 1.68% to six-month LIBOR. The objective of these swaps is to adjust the proportion of total debt that is subject to fixed and variable interest rates.

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statement of operations. For the three and six months ended June 30, 2018, the Company recorded a loss on interest rate swap contracts of \$12,929 and \$44,851, respectively.

As of June 30, 2018, our outstanding interest rate swap contracts in a liability position had an aggregate fair value and carrying value of \$123,470 reflected in "Liabilities under derivative contracts" on our condensed consolidated balance sheet. Our outstanding interest rate swap contracts in an asset position had an aggregate fair value and carrying value of \$369 reflected in "Derivative contracts" in our condensed consolidated balance sheet.

We do not hold or issue 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, 2018.

Changes in Internal Control

During the six months ended June 30, 2018, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company plans to migrate Cequel's customer billing system to the Cablevision billing system platform in 2018. Additionally, the Company plans to implement and upgrade certain other customer billing systems.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 15 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of our legal proceedings.

Item 6. Exhibits

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
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, 2018 filed with the Securities and Exchange Commission on August 9, 2018, formatted in XBRL (eXtensible Business ReportingLanguage): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Loss; (iv) the Condensed Consolidated Statement of Stockholders' Equity; (v) the Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

Date: August 9, 2018

ALTICE USA, INC.

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

CERTIFICATION

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

1. I have reviewed this Quarterly Report on Form 10-Q of Altice USA, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) 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
 - (c) 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; and
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: August 9, 2018

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

CERTIFICATION

I, Charles Stewart, Co-President and Chief Financial Officer 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)) 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 its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) 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
 - (c) 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; and
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: August 9, 2018

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

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Altice USA, Inc. ("Altice USA") hereby certifies, to such officer's knowledge, that Altice USA's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 (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: August 9, 2018

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

Date: August 9, 2018

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