

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

September 30, 2021

OR

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

For the transition period from

to

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
001-38126	 altice Altice USA, Inc. Delaware 1 Court Square West Long Island City, New York 11101 (516) 803-2300	38-3980194

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

Yes No

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

Yes No

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

Large Accelerated Filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

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

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

Yes No

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, par value \$0.01 per share	ATUS	NYSE
Number of shares of common stock outstanding as of October 29, 2021		454,653,611

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

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

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

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

- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, "cyber-attacks," misappropriation of data, outages, natural disasters, and other material events;
- the impact from the coronavirus ("COVID-19") pandemic;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings; and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on February 11, 2021 (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
CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 232,452	\$ 278,422
Restricted cash	264	264
Accounts receivable, trade (less allowance for doubtful accounts of \$24,369 and \$25,198)	434,011	442,581
Prepaid expenses and other current assets	170,555	200,252
Amounts due from affiliates	3,892	4,262
Derivative contracts	3,555	50,785
Total current assets	844,729	976,566
Property, plant and equipment, net of accumulated depreciation of \$7,002,823 and \$6,431,843	6,092,271	5,805,996
Right-of-use operating lease assets	227,059	241,342
Investment securities pledged as collateral	2,402,486	2,250,854
Derivative contracts	—	4,774
Other assets	81,928	87,429
Amortizable intangibles, net of accumulated amortization of \$4,891,643 and \$4,409,312	2,361,507	2,781,116
Indefinite-lived cable television franchises	13,216,355	13,068,017
Goodwill	8,206,365	8,160,566
Total assets	<u>\$ 33,432,700</u>	<u>\$ 33,376,660</u>

See accompanying notes to consolidated financial statements.

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

	September 30, 2021 (Unaudited)	December 31, 2020
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	\$ 892,694	\$ 795,576
Interest payable	237,068	252,060
Accrued employee related costs	125,492	142,116
Amounts due to affiliates	20,972	8,538
Deferred revenue	109,522	109,798
Debt	1,889,730	1,245,713
Other current liabilities	393,417	544,302
Total current liabilities	3,668,895	3,098,103
Other liabilities	146,743	192,563
Deferred tax liability	5,105,353	5,006,167
Liabilities under derivative contracts	518,246	523,150
Right-of-use operating lease liability	244,317	257,424
Long-term debt, net of current maturities	24,881,833	25,476,629
Total liabilities	34,565,387	34,554,036
Commitments and contingencies (Note 16)		
Redeemable equity	—	25,763
Stockholders' Deficiency:		
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, 268,886,795 shares issued and 268,865,047 shares outstanding as of September 30, 2021 and 297,203,087 shares issued and 290,573,672 shares outstanding as of December 31, 2020	2,689	2,972
Class B common stock: \$0.01 par value, 1,000,000,000 shares authorized, 490,086,674 issued, 185,788,232 shares outstanding as of September 30, 2021 and 185,895,903 shares outstanding as of December 31, 2020	1,858	1,859
Class C common stock: \$0.01 par value, 4,000,000,000 shares authorized, no shares issued and outstanding	—	—
Paid-in capital	—	—
Accumulated deficit	(1,100,497)	(985,641)
Treasury stock, at cost (21,748 and 6,629,415 Class A common shares at September 30, 2021 and December 31, 2020, respectively)	(1,095,950)	(980,810)
Accumulated other comprehensive income	9,421	3,646
Total Altice USA stockholders' deficiency	(1,086,529)	(1,141,030)
Noncontrolling interests	(46,158)	(62,109)
Total stockholders' deficiency	(1,132,687)	(1,203,139)
Total liabilities and stockholders' deficiency	\$ 33,432,700	\$ 33,376,660

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue (including revenue from affiliates of \$3,277, \$4,188, \$9,718 and \$11,055 respectively) (See Note 15)	\$ 2,574,882	\$ 2,433,986	\$ 7,569,711	\$ 7,359,221
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$5,294, \$3,621, \$12,026 and \$7,548, respectively) (See Note 15)	843,909	783,934	2,545,645	2,509,323
Other operating expenses (including charges from affiliates of \$3,274, \$2,413, \$9,149 and \$8,515, respectively) (See Note 15)	590,519	558,092	1,760,132	1,683,038
Restructuring and other expense	1,885	40,419	10,958	88,679
Depreciation and amortization (including impairments)	447,958	502,248	1,327,142	1,571,611
	1,884,271	1,884,693	5,643,877	5,852,651
Operating income	690,611	549,293	1,925,834	1,506,570
Other income (expense):				
Interest expense	(319,033)	(322,618)	(954,807)	(1,038,854)
Interest income	32	164	123	1,974
Gain (loss) on investments and sale of affiliate interests, net	(46,821)	314,177	151,651	56,301
Gain (loss) on derivative contracts, net	43,385	(261,597)	(109,020)	26,203
Gain (loss) on interest rate swap contracts, net	5,521	(158)	59,600	(88,725)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(250,489)	(51,712)	(250,489)
Other income, net	2,280	1,685	7,606	3,277
	(314,636)	(518,836)	(896,559)	(1,290,313)
Income before income taxes	375,975	30,457	1,029,275	216,257
Income tax expense	(105,226)	(33,186)	(279,053)	(109,047)
Net income (loss)	270,749	(2,729)	750,222	107,210
Net income attributable to noncontrolling interests	(3,896)	(1,966)	(11,573)	(1,499)
Net income (loss) attributable to Altice USA, Inc. stockholders	\$ 266,853	\$ (4,695)	\$ 738,649	\$ 105,711
Income (loss) per share:				
Basic income (loss) per share	\$ 0.59	\$ (0.01)	\$ 1.61	\$ 0.18
Basic weighted average common shares (in thousands)	454,049	571,031	460,023	593,262
Diluted income (loss) per share	\$ 0.58	\$ (0.01)	\$ 1.59	\$ 0.18
Diluted weighted average common shares (in thousands)	457,163	571,031	465,349	595,479
Cash dividends declared per common share	\$ —	\$ —	\$ —	\$ —

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 270,749	\$ (2,729)	\$ 750,222	\$ 107,210
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	(1,551)	5,183	9,984	(6,406)
Applicable income taxes	413	(1,374)	(2,657)	1,724
Unrecognized gain (loss) arising during period, net of income taxes	(1,138)	3,809	7,327	(4,682)
Amortization of actuarial gains	(11)	—	(11)	—
Applicable income taxes	3	—	3	—
Amortization of actuarial gains included in other expense, net of tax	(8)	—	(8)	—
Settlement loss (gain) included in other expense, net	(522)	122	(1,917)	895
Applicable income taxes	139	(39)	512	(246)
Settlement loss (gain) included in other expense, net, net of income taxes	(383)	83	(1,405)	649
Foreign currency translation adjustment	(619)	(582)	(140)	(1,523)
Applicable income taxes	—	—	—	—
Foreign currency translation adjustment, net	(619)	(582)	(140)	(1,523)
Other comprehensive income (loss)	(2,148)	3,310	5,774	(5,556)
Comprehensive income	268,601	581	755,996	101,654
Comprehensive income attributable to noncontrolling interests	(3,896)	(1,966)	(11,573)	(1,499)
Comprehensive income (loss) attributable to Altice USA, Inc. stockholders	\$ 264,705	\$ (1,385)	\$ 744,423	\$ 100,155

See accompanying notes to consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Deficiency	Non- controlling Interests	Total Deficiency
Balance at January 1, 2021	\$ 2,972	\$ 1,859	\$ —	\$ (985,641)	\$ (163,866)	\$ 3,646	\$ (1,141,030)	\$ (62,109)	\$ (1,203,139)
Net income attributable to stockholders	—	—	—	274,136	—	—	274,136	—	274,136
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	4,403	4,403
Pension liability adjustments, net of income taxes	—	—	—	—	—	6,356	6,356	—	6,356
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	619	619	—	619
Share-based compensation expense (equity classified)	—	—	—	27,964	—	—	27,964	—	27,964
Redeemable equity vested	—	—	—	20,131	—	—	20,131	—	20,131
Change in redeemable equity	—	—	—	2,528	—	—	2,528	—	2,528
Class A shares acquired through share repurchase program and retired	(152)	—	—	(522,521)	—	—	(522,673)	—	(522,673)
Conversion of Class B to Class A shares	1	(1)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	1	—	—	2,037	6	—	2,044	—	2,044
Other	—	—	—	(4,244)	—	—	(4,244)	4,302	58
Balance at March 31, 2021	\$ 2,822	\$ 1,858	\$ —	\$ (1,185,610)	\$ (163,860)	\$ 10,621	\$ (1,334,169)	\$ (53,404)	\$ (1,387,573)
Net income attributable to stockholders	—	—	—	197,660	—	—	197,660	—	197,660
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	3,274	3,274
Pension liability adjustments, net of income taxes	—	—	—	—	—	1,088	1,088	—	1,088
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(140)	(140)	—	(140)
Share-based compensation expense (equity classified)	—	—	—	27,385	—	—	27,385	—	27,385
Redeemable equity vested	—	—	—	3,618	—	—	3,618	—	3,618
Change in redeemable equity	—	—	—	(514)	—	—	(514)	—	(514)
Class A shares acquired through share repurchase program and retired	(58)	—	—	(202,787)	—	—	(202,845)	—	(202,845)
Issuance of common shares pursuant to employee long term incentive plan	8	—	—	(488)	9,365	—	8,885	—	8,885
Retirement of treasury stock	(59)	—	—	(154,436)	154,495	—	—	—	—
Other	—	—	—	92	—	—	92	76	168
Balance at June 30, 2021	\$ 2,713	\$ 1,858	\$ —	\$ (1,315,080)	\$ —	\$ 11,569	\$ (1,298,940)	\$ (50,054)	\$ (1,348,994)

See accompanying notes to consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income	Total Stockholders' Deficiency	Non- controlling Interest	Total Deficiency
Balance at June 30, 2021	\$ 2,713	\$ 1,858	\$ —	\$ (1,315,080)	\$ —	\$ 11,569	\$ (1,298,940)	\$ (50,054)	\$ (1,348,994)
Net income attributable to stockholders	—	—	—	266,853	—	—	266,853	—	266,853
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	3,896	3,896
Pension liability adjustments, net of income taxes	—	—	—	—	—	(1,529)	(1,529)	—	(1,529)
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(619)	(619)	—	(619)
Share-based compensation expense (equity classified)	—	—	—	24,172	—	—	24,172	—	24,172
Class A shares acquired through share repurchase program and retired	(26)	—	—	(79,384)	—	—	(79,410)	—	(79,410)
Issuance of common shares pursuant to employee long term incentive plan	2	—	—	2,956	—	—	2,958	—	2,958
Other	—	—	—	(14)	—	—	(14)	—	(14)
Balance at September 30, 2021	<u>\$ 2,689</u>	<u>\$ 1,858</u>	<u>\$ —</u>	<u>\$ (1,100,497)</u>	<u>\$ —</u>	<u>\$ 9,421</u>	<u>\$ (1,086,529)</u>	<u>\$ (46,158)</u>	<u>\$ (1,132,687)</u>

See accompanying notes to consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2020	\$ 4,572	\$ 1,862	\$ 2,039,918	\$ 390,766	\$ (163,904)	\$ (3,250)	\$ 2,269,964	\$ 9,298	\$ 2,279,262
Net loss attributable to stockholders	—	—	—	(858)	—	—	(858)	—	(858)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	(680)	(680)
Pension liability adjustments, net of income taxes	—	—	—	—	—	(9,503)	(9,503)	—	(9,503)
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(424)	(424)	—	(424)
Share-based compensation expense	—	—	27,370	—	—	—	27,370	—	27,370
Redeemable equity vested	—	—	29,479	—	—	—	29,479	—	29,479
Change in redeemable equity	—	—	13,260	—	—	—	13,260	—	13,260
Class A shares acquired through share repurchase program and retired	(312)	—	(749,686)	—	—	—	(749,998)	—	(749,998)
Issuance of common shares pursuant to employee long term incentive plan	1	—	2,495	—	11	—	2,507	—	2,507
Balance at March 31, 2020	\$ 4,261	\$ 1,862	\$ 1,362,836	\$ 389,908	\$ (163,893)	\$ (13,177)	\$ 1,581,797	\$ 8,618	\$ 1,590,415
Net income attributable to stockholders	—	—	—	111,264	—	—	111,264	—	111,264
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	213	213
Pension liability adjustments, net of income taxes	—	—	—	—	—	1,576	1,576	—	1,576
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(517)	(517)	—	(517)
Share-based compensation expense	—	—	33,683	—	—	—	33,683	—	33,683
Redeemable equity vested	—	—	59,081	—	—	—	59,081	—	59,081
Change in redeemable equity	—	—	(8,764)	—	—	—	(8,764)	—	(8,764)
Class A shares acquired through share repurchase program and retired	(258)	—	(630,979)	—	—	—	(631,237)	—	(631,237)
Issuance of common shares pursuant to employee long term incentive plan	2	—	1,939	—	24	—	1,965	—	1,965
Balance at June 30, 2020	\$ 4,005	\$ 1,862	\$ 817,796	\$ 501,172	\$ (163,869)	\$ (12,118)	\$ 1,148,848	\$ 8,831	\$ 1,157,679

See accompanying notes to consolidated financial statements.

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

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at June 30, 2020	\$ 4,005	\$ 1,862	\$ 817,796	\$ 501,172	\$ (163,869)	\$ (12,118)	\$ 1,148,848	\$ 8,831	\$ 1,157,679
Net loss attributable to stockholders	—	—	—	(4,695)	—	—	(4,695)	—	(4,695)
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	1,966	1,966
Pension liability adjustments, net of income taxes	—	—	—	—	—	3,894	3,894	—	3,894
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(582)	(582)	—	(582)
Share-based compensation expense	—	—	34,057	—	—	—	34,057	—	34,057
Redeemable equity vested	—	—	5,219	—	—	—	5,219	—	5,219
Change in redeemable equity	—	—	(5,734)	—	—	—	(5,734)	—	(5,734)
Class A shares acquired through share repurchase program and retired	(169)	—	(448,684)	—	—	—	(448,853)	—	(448,853)
Conversion of Class B to Class A shares	2	(2)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	1	—	2,389	—	2	—	2,392	—	2,392
Balance at September 30, 2020	<u>\$ 3,839</u>	<u>\$ 1,860</u>	<u>\$ 405,043</u>	<u>\$ 496,477</u>	<u>\$ (163,867)</u>	<u>\$ (8,806)</u>	<u>\$ 734,546</u>	<u>\$ 10,797</u>	<u>\$ 745,343</u>

See accompanying notes to consolidated financial statements.

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

	Nine months ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 750,222	\$ 107,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,327,142	1,571,611
Loss (gain) on investments and sale of affiliate interests, net	(151,651)	(56,301)
Loss (gain) on derivative contracts, net	109,020	(26,203)
Loss on extinguishment of debt and write-off of deferred financing costs	51,712	250,489
Amortization of deferred financing costs and discounts (premiums) on indebtedness	69,176	69,296
Share-based compensation expense	80,277	96,974
Deferred income taxes	97,046	66,983
Decrease in right-of-use assets	32,694	34,778
Provision for doubtful accounts	46,448	50,383
Other	1,434	30,466
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(35,077)	4,419
Prepaid expenses and other assets	33,381	(5,976)
Amounts due from and due to affiliates	12,804	3,377
Accounts payable and accrued liabilities	(121,503)	(132,216)
Deferred revenue	(24,829)	(14,908)
Liabilities related to interest rate swap contracts	(100,817)	138,279
Net cash provided by operating activities	<u>2,177,479</u>	<u>2,188,661</u>
Cash flows from investing activities:		
Capital expenditures	(845,067)	(729,377)
Payment for acquisitions, net of cash acquired	(340,444)	(150,115)
Other, net	(2,285)	4,827
Net cash used in investing activities	<u>(1,187,796)</u>	<u>(874,665)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	3,310,000	6,197,046
Repayment of long-term debt	(3,483,026)	(5,374,522)
Proceeds from collateralized indebtedness and related derivative contracts, net	185,105	—
Repayment of collateralized indebtedness and related derivative contracts, net	(185,105)	—
Principal payments on finance lease obligations	(60,257)	(24,692)
Purchase of shares of Altice USA Class A common stock, pursuant to a share repurchase program	(804,928)	(1,814,689)
Other	2,698	(13,451)
Net cash used in financing activities	<u>(1,035,513)</u>	<u>(1,030,308)</u>
Net increase (decrease) in cash and cash equivalents	(45,830)	283,688
Effect of exchange rate changes on cash and cash equivalents	(140)	(1,523)
Net increase (decrease) in cash and cash equivalents	<u>(45,970)</u>	<u>282,165</u>
Cash, cash equivalents and restricted cash at beginning of year	278,686	702,160
Cash, cash equivalents and restricted cash at end of period	<u>\$ 232,716</u>	<u>\$ 984,325</u>

See accompanying notes to consolidated financial statements.

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

	September 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 229,895	\$ 277,938
Restricted cash	264	264
Accounts receivable, trade (less allowance for doubtful accounts of \$24,369 and \$25,198)	434,011	442,581
Prepaid expenses and other current assets	170,555	200,252
Amounts due from affiliates	3,892	4,262
Derivative contracts	3,555	50,785
Total current assets	842,172	976,082
Property, plant and equipment, net of accumulated depreciation of \$7,002,823 and \$6,431,843	6,092,271	5,805,996
Right-of-use operating lease assets	227,059	241,342
Investment securities pledged as collateral	2,402,486	2,250,854
Derivative contracts	—	4,774
Other assets	81,928	87,429
Amortizable intangibles, net of accumulated amortization of \$4,891,643 and \$4,409,312	2,361,507	2,781,116
Indefinite-lived cable television franchises	13,216,355	13,068,017
Goodwill	8,206,365	8,160,566
Total assets	\$ 33,430,143	\$ 33,376,176

See accompanying notes to consolidated financial statements.

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

	September 30, 2021 (Unaudited)	December 31, 2020
LIABILITIES AND MEMBER'S DEFICIENCY		
Current Liabilities:		
Accounts payable	\$ 892,694	\$ 795,576
Interest payable	237,068	252,060
Accrued employee related costs	125,492	142,116
Amounts due to affiliates	20,972	8,538
Deferred revenue	109,522	109,798
Debt	1,889,730	1,245,713
Other current liabilities	393,417	543,834
Total current liabilities	<u>3,668,895</u>	<u>3,097,635</u>
Other liabilities	146,743	192,563
Deferred tax liability	5,121,419	5,033,980
Liabilities under derivative contracts	518,246	523,150
Right-of-use operating lease liability	244,317	257,424
Long-term debt, net of current maturities	24,881,833	25,476,629
Total liabilities	<u>34,581,453</u>	<u>34,581,381</u>
Commitments and contingencies (Note 16)		
Redeemable equity	—	25,763
Member's deficiency (100 membership units issued and outstanding)	(1,114,573)	(1,172,505)
Accumulated other comprehensive income	9,421	3,646
Total member's deficiency	<u>(1,105,152)</u>	<u>(1,168,859)</u>
Noncontrolling interest	(46,158)	(62,109)
Total deficiency	<u>(1,151,310)</u>	<u>(1,230,968)</u>
Total liabilities and member's deficiency	<u>\$ 33,430,143</u>	<u>\$ 33,376,176</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue (including revenue from affiliates of \$3,277, \$4,188, \$9,718 and \$11,055 respectively) (See Note 15)	\$ 2,574,882	\$ 2,433,986	\$ 7,569,711	\$ 7,359,221
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$5,294, \$3,621, \$12,026 and \$7,548, respectively) (See Note 15)	843,909	783,934	2,545,645	2,509,323
Other operating expenses (including charges from affiliates of \$3,274, \$2,413, \$9,149 and \$8,515, respectively) (See Note 15)	590,519	558,092	1,760,132	1,683,038
Restructuring and other expense	1,885	40,419	10,958	88,679
Depreciation and amortization (including impairments)	447,958	502,248	1,327,142	1,571,611
	<u>1,884,271</u>	<u>1,884,693</u>	<u>5,643,877</u>	<u>5,852,651</u>
Operating income	690,611	549,293	1,925,834	1,506,570
Other income (expense):				
Interest expense	(319,033)	(322,618)	(954,807)	(1,038,854)
Interest income	32	164	123	1,974
Gain (loss) on investments and sale of affiliate interests, net	(46,821)	313,978	151,651	55,755
Gain (loss) on derivative contracts, net	43,385	(261,597)	(109,020)	26,203
Gain (loss) on interest rate swap contracts, net	5,521	(158)	59,600	(88,725)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(250,489)	(51,712)	(250,489)
Other income, net	2,280	1,685	7,606	3,277
	<u>(314,636)</u>	<u>(519,035)</u>	<u>(896,559)</u>	<u>(1,290,859)</u>
Income before income taxes	375,975	30,258	1,029,275	215,711
Income tax expense	(105,226)	(33,132)	(276,756)	(94,790)
Net income (loss)	270,749	(2,874)	752,519	120,921
Net loss attributable to noncontrolling interests	(3,896)	(1,966)	(11,573)	(1,499)
Net income (loss) attributable to CSC Holdings, LLC sole member	<u>\$ 266,853</u>	<u>\$ (4,840)</u>	<u>\$ 740,946</u>	<u>\$ 119,422</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 270,749	\$ (2,874)	\$ 752,519	\$ 120,921
Other comprehensive income (loss):				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss)	(1,551)	5,183	9,984	(6,406)
Applicable income taxes	413	(1,374)	(2,657)	1,724
Unrecognized gain (loss) arising during period, net of income taxes	(1,138)	3,809	7,327	(4,682)
Amortization of actuarial gains	(11)	—	(11)	—
Applicable income taxes	3	—	3	—
Amortization of actuarial gains included in other expense, net of tax	(8)	—	(8)	—
Settlement loss (gain) included in other expense, net	(522)	122	(1,917)	895
Applicable income taxes	139	(39)	512	(246)
Settlement loss (gain) included in other expense, net, net of income taxes	(383)	83	(1,405)	649
Foreign currency translation adjustment	(619)	(582)	(140)	(1,523)
Applicable income taxes	—	—	—	—
Foreign currency translation adjustment, net	(619)	(582)	(140)	(1,523)
Other comprehensive income (loss)	(2,148)	3,310	5,774	(5,556)
Comprehensive income	268,601	436	758,293	115,365
Comprehensive income attributable to noncontrolling interests	(3,896)	(1,966)	(11,573)	(1,499)
Comprehensive income (loss) attributable to CSC Holdings, LLC's sole member	\$ 264,705	\$ (1,530)	\$ 746,720	\$ 113,866

See accompanying notes to consolidated financial statements.

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

	Member's Deficiency	Accumulated Other Comprehensive Income	Total Member's Deficiency	Noncontrolling Interests	Total Deficiency
Balance at January 1, 2021	\$ (1,172,505)	\$ 3,646	\$ (1,168,859)	\$ (62,109)	\$ (1,230,968)
Net income attributable to CSC Holdings' sole member	274,136	—	274,136	—	274,136
Net income attributable to noncontrolling interests	—	—	—	4,403	4,403
Pension liability adjustments, net of income taxes	—	6,356	6,356	—	6,356
Foreign currency translation adjustment, net of income taxes	—	619	619	—	619
Share-based compensation expense (equity classified)	27,964	—	27,964	—	27,964
Redeemable equity vested	20,131	—	20,131	—	20,131
Change in redeemable equity	2,528	—	2,528	—	2,528
Cash distributions to parent	(501,000)	—	(501,000)	—	(501,000)
Non-cash distributions to parent	(748)	—	(748)	—	(748)
Other	(4,056)	—	(4,056)	4,302	246
Balance at March 31, 2021	<u>(1,353,550)</u>	<u>10,621</u>	<u>(1,342,929)</u>	<u>(53,404)</u>	<u>(1,396,333)</u>
Net income attributable to CSC Holdings' sole member	199,957	—	199,957	—	199,957
Net income attributable to noncontrolling interests	—	—	—	3,274	3,274
Pension liability adjustments, net of income taxes	—	1,088	1,088	—	1,088
Foreign currency translation adjustment, net of income taxes	—	(140)	(140)	—	(140)
Share-based compensation expense (equity classified)	27,385	—	27,385	—	27,385
Redeemable equity vested	3,618	—	3,618	—	3,618
Change in redeemable equity	(514)	—	(514)	—	(514)
Cash distributions to parent	(184,478)	—	(184,478)	—	(184,478)
Non-cash distributions to parent	(19,660)	—	(19,660)	—	(19,660)
Other	257	—	257	76	333
Balance at June 30, 2021	<u>(1,326,985)</u>	<u>11,569</u>	<u>(1,315,416)</u>	<u>(50,054)</u>	<u>(1,365,470)</u>
Net income attributable to CSC Holdings' sole member	266,853	—	266,853	—	266,853
Net income attributable to noncontrolling interests	—	—	—	3,896	3,896
Pension liability adjustments, net of income taxes	—	(1,529)	(1,529)	—	(1,529)
Foreign currency translation adjustment	—	(619)	(619)	—	(619)
Share-based compensation expense	24,172	—	24,172	—	24,172
Cash distributions to parent	(77,957)	—	(77,957)	—	(77,957)
Non-cash distributions to parent	(754)	—	(754)	—	(754)
Other	98	—	98	—	98
Balance at September 30, 2021	<u>\$ (1,114,573)</u>	<u>\$ 9,421</u>	<u>\$ (1,105,152)</u>	<u>\$ (46,158)</u>	<u>\$ (1,151,310)</u>

See accompanying notes to consolidated financial statements.

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

	Member's Equity	Accumulated Other Comprehensive Loss	Total Member's Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2020	\$ 2,047,397	\$ (3,250)	\$ 2,044,147	\$ 9,298	\$ 2,053,445
Net income attributable to CSC Holdings' sole member	10,802	—	10,802	—	10,802
Net loss attributable to noncontrolling interests	—	—	—	(680)	(680)
Pension liability adjustments, net of income taxes	—	(9,503)	(9,503)	—	(9,503)
Foreign currency translation adjustment, net of income taxes	—	(424)	(424)	—	(424)
Share-based compensation expense	27,370	—	27,370	—	27,370
Redeemable equity vested	29,479	—	29,479	—	29,479
Change in redeemable equity	13,260	—	13,260	—	13,260
Cash distributions to parent	(720,350)	—	(720,350)	—	(720,350)
Non-cash distributions to parent	(150,602)	—	(150,602)	—	(150,602)
Balance at March 31, 2020	<u>1,257,356</u>	<u>(13,177)</u>	<u>1,244,179</u>	<u>8,618</u>	<u>1,252,797</u>
Net income attributable to CSC Holdings' sole member	113,460	—	113,460	—	113,460
Net income attributable to noncontrolling interests	—	—	—	213	213
Pension liability adjustments, net of income taxes	—	1,576	1,576	—	1,576
Foreign currency translation adjustment	—	(517)	(517)	—	(517)
Share-based compensation expense	33,683	—	33,683	—	33,683
Redeemable equity vested	59,081	—	59,081	—	59,081
Change in redeemable equity	(8,764)	—	(8,764)	—	(8,764)
Cash distributions to parent	(652,383)	—	(652,383)	—	(652,383)
Non-cash contributions from parent	35,415	—	35,415	—	35,415
Balance at June 30, 2020	<u>837,848</u>	<u>(12,118)</u>	<u>825,730</u>	<u>8,831</u>	<u>834,561</u>
Net loss attributable to CSC Holdings' sole member	(4,840)	—	(4,840)	—	(4,840)
Net income attributable to noncontrolling interests	—	—	—	1,966	1,966
Pension liability adjustments, net of income taxes	—	3,894	3,894	—	3,894
Foreign currency translation adjustment	—	(582)	(582)	—	(582)
Share-based compensation expense	34,057	—	34,057	—	34,057
Redeemable equity vested	5,219	—	5,219	—	5,219
Change in redeemable equity	(5,734)	—	(5,734)	—	(5,734)
Cash distributions to parent	(431,100)	—	(431,100)	—	(431,100)
Non-cash contributions from parent	52,421	—	52,421	—	52,421
Balance at September 30, 2020	<u>\$ 487,871</u>	<u>\$ (8,806)</u>	<u>\$ 479,065</u>	<u>\$ 10,797</u>	<u>\$ 489,862</u>

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 752,519	\$ 120,921
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including impairments)	1,327,142	1,571,611
Loss (gain) on investments and sale of affiliate interests, net	(151,651)	(55,755)
Loss (gain) on derivative contracts, net	109,020	(26,203)
Loss on extinguishment of debt and write-off of deferred financing costs	51,712	250,489
Amortization of deferred financing costs and discounts (premiums) on indebtedness	69,176	69,296
Share-based compensation expense	80,277	96,974
Deferred income taxes	85,298	119,780
Decrease in right-of-use assets	32,694	34,778
Provision for doubtful accounts	46,448	50,383
Other	1,434	30,466
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade	(35,077)	4,419
Prepaid expenses and other assets	33,281	(5,976)
Amounts due from and due to affiliates	(8,358)	(60,540)
Accounts payable and accrued liabilities	(120,934)	(132,211)
Deferred revenue	(24,829)	(14,908)
Liabilities related to interest rate swap contracts	(100,817)	138,279
Net cash provided by operating activities	2,147,335	2,191,803
Cash flows from investing activities:		
Capital expenditures	(845,067)	(729,377)
Payments for acquisitions, net of cash acquired	(340,444)	(150,115)
Other, net	(2,285)	619
Net cash used in investing activities	(1,187,796)	(878,873)
Cash flows from financing activities:		
Proceeds from long-term debt	3,310,000	6,197,046
Repayment of long-term debt	(3,483,026)	(5,374,522)
Proceeds from collateralized indebtedness and related derivative contracts, net	185,105	—
Repayment of collateralized indebtedness and related derivative contracts, net	(185,105)	—
Distributions to parent	(763,435)	(1,803,833)
Principal payments on finance lease obligations	(60,257)	(24,692)
Other	(10,724)	(19,164)
Net cash used in financing activities	(1,007,442)	(1,025,165)
Net increase (decrease) in cash and cash equivalents	(47,903)	287,765
Effect of exchange rate changes on cash and cash equivalents	(140)	(1,523)
Net increase (decrease) in cash and cash equivalents	(48,043)	286,242
Cash, cash equivalents and restricted cash at beginning of year	278,202	698,003
Cash, cash equivalents and restricted cash at end of period	\$ 230,159	\$ 984,245

See accompanying notes to consolidated financial statements.

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

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

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

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

The accompanying consolidated financial statements ("consolidated financial statements") of Altice USA include the accounts of Altice USA and its majority-owned subsidiaries and the accompanying consolidated financial statements of CSC Holdings include the accounts of CSC Holdings and its majority-owned subsidiaries. Altice USA is a holding company and has no business operations independent of its CSC Holdings subsidiary, whose operating results and financial position are consolidated into Altice USA. The consolidated balance sheets and statements of operations of Altice USA are essentially identical to the consolidated balance sheets and statements of operations of CSC Holdings, with the following exceptions: Altice USA primarily has additional cash and deferred taxes on its consolidated balance sheet. In addition, CSC Holdings and its subsidiaries have certain intercompany receivables from and payables to Altice USA. Differences between Altice USA's results of operations and those of CSC Holdings for the three and nine months ended September 30, 2021 include income taxes recorded by Altice USA and for the three and nine months ended September 30, 2020 include gain on investments and sale of affiliate interests, net and income tax expense recorded by Altice USA.

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

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

NOTE 2. BASIS OF PRESENTATION

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

The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

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, 2021.

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

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

of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. See Note 12 for a discussion of fair value estimates.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

NOTE 3. COMMON STOCK

Share Repurchase Plan

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of \$2,000,000, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of \$5,000,000 that took effect following the completion in August 2019 of the \$2,000,000 repurchase program. In November 2020, the Board of Directors authorized an additional incremental \$2,000,000 of share repurchases bringing the total amount of cumulative share repurchases authorized to \$9,000,000. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors.

For the nine months ended September 30, 2021, Altice USA repurchased an aggregate of 23,593,728 shares for a total purchase price of approximately \$804,928. From inception through September 30, 2021, Altice USA repurchased an aggregate of 285,507,773 shares for a total purchase price of approximately \$7,808,698. These acquired shares were retired and the cost of these shares was recorded in stockholders' deficiency in the consolidated balance sheet of Altice USA. As of September 30, 2021, Altice USA had approximately \$1,191,302 of availability remaining under the incremental share repurchase program and had 454,653,279 combined Class A and Class B shares outstanding.

Common Stock of Altice USA

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

	Shares of Common Stock Outstanding	
	Class A Common Stock	Class B Common Stock
Balance at December 31, 2020	290,573,672	185,895,903
Conversion of Class B common stock to Class A common stock	107,671	(107,671)
Option exercises	1,080,548	—
Repurchase and retirement of Class A common shares in connection with the Company's share repurchase plan (discussed above)	(23,593,728)	—
Treasury shares reissued	696,884	—
Balance at September 30, 2021	<u>268,865,047</u>	<u>185,788,232</u>

In June 2021, Altice USA retired 5,930,783 shares of Class A common stock of Altice USA held by Neptune Holding US Limited Partnership ("Neptune LP") upon the dissolution of Neptune LP. As Neptune LP was a consolidated entity, these shares had been reflected on our consolidated balance sheets as treasury stock. As a result of dissolution of Neptune LP, we recorded a reclassification from treasury stock to accumulated deficit in the consolidated balance sheet of Altice USA.

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NOTE 4. REVENUE

The following table presents the composition of revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Broadband	\$ 989,410	\$ 941,237	\$ 2,952,136	\$ 2,747,129
Video	877,422	867,021	2,675,861	2,766,608
Telephony	99,943	115,995	310,298	358,347
Residential revenue	1,966,775	1,924,253	5,938,295	5,872,084
Business services and wholesale revenue	440,813	362,215	1,180,039	1,092,309
News and advertising	143,625	124,177	380,462	326,348
Mobile	20,456	19,722	60,355	57,944
Other	3,213	3,619	10,560	10,536
Total revenue	\$ 2,574,882	\$ 2,433,986	\$ 7,569,711	\$ 7,359,221

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 nine months ended September 30, 2021, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,841 and \$195,735, respectively. For the three and nine months ended September 30, 2020, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,264 and \$193,454, respectively.

Customer Contract Costs

Deferred enterprise commission costs are included in other noncurrent assets in the consolidated balance sheets and totaled \$8,353 and \$19,959 as of September 30, 2021 and December 31, 2020, respectively.

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

Concentration of Credit Risk

The Company had one customer that represented 10% or more of its consolidated net trade receivables at September 30, 2021, however the Company did not have a single customer that represented 10% or more of its consolidated revenues for the three or nine months ended September 30, 2021.

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NOTE 5. NET INCOME (LOSS) PER SHARE

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

The following table presents a reconciliation of weighted average shares used in the calculations of the basic and diluted net income per share attributable to Altice USA stockholders for the three and nine months ended September 30, 2021 and the nine months ended September 30, 2020:

	Three Months Ended September 30,	Nine Months Ended September 30,	
	2021	2021	2020
	(in thousands)		
Basic weighted average shares outstanding	454,049	460,023	593,262
Effect of dilution:			
Stock options	3,114	5,311	2,200
Restricted stock	—	15	17
Diluted weighted average shares outstanding	<u>457,163</u>	<u>465,349</u>	<u>595,479</u>
Weighted average shares excluded from diluted weighted average shares outstanding:			
Anti-dilutive shares	26,453	9,381	25,649
Performance stock units and restricted stock whose performance metrics have not been achieved.	<u>8,618</u>	<u>8,704</u>	<u>8,139</u>

Diluted net loss per common share attributable to Altice USA stockholders for the three months ended September 30, 2020 excludes the effects of weighted average common stock equivalents of 30,651, as they were anti-dilutive. It also excludes performance stock units and restricted stock aggregating \$8,893 as the performance metrics had not been achieved.

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

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NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Nine Months Ended September 30,	
	2021	2020
<u>Non-Cash Investing and Financing Activities:</u>		
<i>Altice USA and CSC Holdings:</i>		
Property and equipment accrued but unpaid	\$ 238,163	\$ 217,927
Notes payable issued to vendor for the purchase of equipment and other assets	61,316	86,132
Unsettled purchases of shares of Altice USA, Inc. Class A common stock, pursuant to a share repurchase program	—	15,399
Right-of-use assets acquired in exchange for finance lease obligations	107,708	110,800
Other non-cash investing and financing transactions	500	10,032
<i>CSC Holdings:</i>		
Distributions to parent	21,162	62,766
<u>Supplemental Data:</u>		
<i>Altice USA and CSC Holdings:</i>		
Cash interest paid	897,404	1,143,526
Income taxes paid, net	177,218	72,303

NOTE 7. RESTRUCTURING AND OTHER EXPENSE

The Company's restructuring and other expense is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Contractual payments for terminated employees	\$ 1,615	\$ 5,440	\$ 4,770	\$ 48,748
Facility realignment costs	310	4,411	2,044	6,470
Impairment of right-of-use operating lease assets	(44)	26,621	2,943	28,937
Transaction costs related to certain transactions not related to the Company's operations	4	3,947	1,201	4,524
	<u>\$ 1,885</u>	<u>\$ 40,419</u>	<u>\$ 10,958</u>	<u>\$ 88,679</u>

As of September 30, 2021, the outstanding amounts due to terminated employees of \$5,418 and the outstanding amounts related to facility realignment costs of \$5,557 are reflected in other current and other long-term liabilities in the Company's consolidated balance sheet.

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NOTE 8. LEASES

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

Balance sheet information related to our leases is presented below:

	Balance Sheet location	September 30, 2021	December 31, 2020
<i>Operating leases:</i>			
Right-of-use lease assets	Right-of-use operating lease assets	\$ 227,059	\$ 241,342
Right-of-use lease liability, current	Other current liabilities	35,176	38,296
Right-of-use lease liability, long-term	Right-of-use operating lease liability	244,317	257,424
<i>Finance leases:</i>			
Right-of-use lease assets	Property, plant and equipment	251,092	170,155
Right-of-use lease liability, current	Current portion of long-term debt	99,334	63,454
Right-of-use lease liability, long-term	Long-term debt	107,754	96,183

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease expense, net	\$ 14,142	\$ 14,647	\$ 42,688	\$ 44,500
<i>Finance lease expense:</i>				
Amortization of assets	16,404	8,898	40,716	20,318
Interest on lease liabilities	2,373	1,820	6,595	4,324
Total finance lease expense	18,777	10,718	47,311	24,642
	\$ 32,919	\$ 25,365	\$ 89,999	\$ 69,142

Other information related to leases is presented below:

	As of September 30,	
	2021	2020
Right-of-use assets acquired in exchange for operating lease obligations	\$ 17,373	\$ 20,163
Cash Paid For Amounts Included In Measurement of Liabilities:		
Operating cash flows related to finance leases	6,595	4,324
Operating cash flows related to operating leases	45,361	47,958
Weighted Average Remaining Lease Term:		
Operating leases	8.6 years	9.3 years
Finance leases	2.2 years	2.8 years
Weighted Average Discount Rate:		
Operating leases	5.55 %	5.80 %
Finance leases	4.77 %	5.42 %

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

	Finance leases	Operating leases
2021 (excluding the nine months ended September 30, 2021)	\$ 26,935	\$ 1,195
2022	103,494	55,071
2023	68,386	48,695
2024	18,792	44,681
2025	303	35,384
Thereafter	1	172,703
Total future minimum lease payments, undiscounted	217,911	357,729
Less: Imputed interest	(10,823)	(78,236)
Present value of future minimum lease payments	<u>\$ 207,088</u>	<u>\$ 279,493</u>

NOTE 9. INTANGIBLE ASSETS

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

	As of September 30, 2021			As of December 31, 2020			Estimated Useful Lives
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships	\$ 6,113,669	\$ (3,885,700)	\$ 2,227,969	\$ 6,052,598	\$ (3,478,742)	\$ 2,573,856	3 to 18 years
Trade names	1,081,083	(964,996)	116,087	1,081,083	(894,189)	186,894	2 to 5 years
Other amortizable intangibles	58,398	(40,947)	17,451	56,747	(36,381)	20,366	1 to 15 years
	<u>\$ 7,253,150</u>	<u>\$ (4,891,643)</u>	<u>\$ 2,361,507</u>	<u>\$ 7,190,428</u>	<u>\$ (4,409,312)</u>	<u>\$ 2,781,116</u>	

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Amortization expense related to amortizable intangible assets	<u>\$ 155,223</u>	<u>\$ 172,589</u>	<u>\$ 482,331</u>	<u>\$ 556,719</u>

The carrying amount of indefinite-lived cable television franchises and goodwill is presented below:

	Indefinite-lived Cable Television Franchises	Goodwill
Balance as of December 31, 2020	\$ 13,068,017	\$ 8,160,566
Indefinite-lived cable television franchises and goodwill recorded in connection with acquisitions	148,338	45,799
Balance as of September 30, 2021	<u>\$ 13,216,355</u>	<u>\$ 8,206,365</u>

In April 2021, the Company completed its acquisition of the cable assets of Morris Broadband, LLC in North Carolina for cash of approximately \$12,184. In connection with the acquisition, the Company recorded indefinite-lived cable television franchise rights of \$148,338, customer relationships of \$58,777, and goodwill of \$33,497 based on a preliminary allocation of the purchase price. In addition, the Company recorded property, plant and equipment of \$71,586.

In June 2021, Lightpath completed an acquisition for an aggregate net cash purchase price of approximately \$28,260, subject to certain closing adjustments as set forth in the asset purchase agreement, and recorded customer relationships of \$2,294, goodwill of \$12,302, and property, plant and equipment of \$14,649.

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NOTE 10. DEBT

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

Date Issued	Maturity Date	Interest Rate	September 30, 2021		December 31, 2020	
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Senior Notes:						
November 15, 2011	November 15, 2021	6.750 %	\$ 1,000,000	\$ 998,502	\$ 1,000,000	\$ 989,917
September 27, 2012	September 15, 2022	5.875 %	649,024	630,626	649,024	617,333
May 23, 2014	June 1, 2024	5.250 %	750,000	707,483	750,000	697,041
October 18, 2018	April 1, 2028	7.500 %	4,118	4,113	4,118	4,112
November 27, 2018	April 1, 2028	7.500 %	1,045,882	1,044,540	1,045,882	1,044,424
July 10 and October 7, 2019	January 15, 2030	5.750 %	2,250,000	2,283,702	2,250,000	2,286,097
June 16, 2020	December 1, 2030	4.625 %	2,325,000	2,367,815	2,325,000	2,370,502
May 13, 2021	November 15, 2031	5.000 %	500,000	498,201	—	—
			<u>8,524,024</u>	<u>8,534,982</u>	<u>8,024,024</u>	<u>8,009,426</u>
CSC Holdings Senior Guaranteed Notes:						
September 23, 2016	April 15, 2027	5.500 %	1,310,000	1,306,365	1,310,000	1,305,955
January 29, 2018	February 1, 2028	5.375 %	1,000,000	994,064	1,000,000	993,490
November 27, 2018	May 15, 2026	5.500 %	—	—	1,498,806	1,487,644
January 24, 2019	February 1, 2029	6.500 %	1,750,000	1,747,442	1,750,000	1,747,245
June 16, 2020	December 1, 2030	4.125 %	1,100,000	1,095,572	1,100,000	1,095,283
August 17, 2020	February 15, 2031	3.375 %	1,000,000	996,899	1,000,000	996,692
May 13, 2021	November 15, 2031	4.500 %	1,500,000	1,494,604	—	—
			<u>7,660,000</u>	<u>7,634,946</u>	<u>7,658,806</u>	<u>7,626,309</u>
CSC Holdings Restricted Group Credit Facility:						
Revolving Credit Facility	January 31, 2024 (c)	2.334 % (b)	150,000	143,141	625,000	616,027
Term Loan B	July 17, 2025	2.334 %	2,872,500	2,863,325	2,895,000	2,884,065
Incremental Term Loan B-3	January 15, 2026	2.334 %	1,243,125	1,239,366	1,252,688	1,248,293
Incremental Term Loan B-5	April 15, 2027	2.584 %	2,955,000	2,936,547	2,977,500	2,956,807
			<u>7,220,625</u>	<u>7,182,379</u>	<u>7,750,188</u>	<u>7,705,192</u>
Lightpath Senior Notes:						
September 29, 2020	September 15, 2028	5.625 %	415,000	406,865	415,000	406,176
Lightpath Senior Secured Notes:						
September 29, 2020	September 15, 2027	3.875 %	450,000	441,419	450,000	440,487
Lightpath Term Loan	November 30, 2027	3.750 %	595,500	580,033	600,000	582,808
Lightpath Revolving Credit Facility		(d)	—	—	—	—
			<u>1,460,500</u>	<u>1,428,317</u>	<u>1,465,000</u>	<u>1,429,471</u>
Collateralized indebtedness (see Note 11)			<u>1,759,017</u>	<u>1,697,235</u>	<u>1,699,566</u>	<u>1,617,506</u>
Finance lease obligations (see Note 8)			<u>207,088</u>	<u>207,088</u>	<u>159,637</u>	<u>159,637</u>
Notes payable and supply chain financing (e)			<u>86,616</u>	<u>86,616</u>	<u>183,690</u>	<u>174,801</u>
			<u>26,917,870</u>	<u>26,771,563</u>	<u>26,940,911</u>	<u>26,722,342</u>
Less: current portion of credit facility debt			(78,750)	(78,750)	(78,750)	(78,750)
Less: current portion of senior notes			(1,649,024)	(1,629,128)	(1,000,000)	(989,917)
Less: current portion of finance lease obligations			(99,334)	(99,334)	(63,454)	(63,454)
Less: current portion of notes payable and supply chain financing			(82,518)	(82,518)	(113,592)	(113,592)
			<u>(1,909,626)</u>	<u>(1,889,730)</u>	<u>(1,255,796)</u>	<u>(1,245,713)</u>
Long-term debt			<u>\$ 25,008,244</u>	<u>\$ 24,881,833</u>	<u>\$ 25,685,115</u>	<u>\$ 25,476,629</u>

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums and with respect to certain notes, a fair value adjustment resulting from the acquisitions of Cequel Corporation and Cablevision Systems Corporation.

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- (b) At September 30, 2021, \$139,465 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$ 2,185,535 of the facility was undrawn and available, subject to covenant limitations.
- (c) The revolving credit facility of an aggregate principal amount of \$2,475,000 is priced at LIBOR plus 2.25%. In March 2021, a lender under the revolving credit facility extended the maturity date and reduced the interest rate on its aggregate principal amount of \$200,000 which had an original maturity date of November 2021 and was priced at LIBOR plus 3.25%.
- (d) There were no borrowings outstanding under the Lightpath Revolving Credit Facility which provides for commitments in an aggregate principal amount of \$100,000. Borrowings bear interest at a rate per annum equal to the adjusted LIBOR 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, 2.25% per annum and (ii) with respect to any eurodollar loan, 3.25% per annum.
- (e) Includes \$75,125 related to supply chain financing agreements that are required to be repaid within one year from the date of the respective agreement. The decrease in the principal amount at September 30, 2021 includes a \$59,451 reclassification to collateralized indebtedness in connection with the maturity of a monetization contract related to the synthetic monetization closeout transaction in November 2019.

In May 2021, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 5.500% and mature on November 15, 2031 and \$500,000 in aggregate principal amount of senior notes that bear interest at a rate of 5.000% which also mature on November 15, 2031. The net proceeds from the sale of these notes were used to early redeem the \$1,498,806 aggregate principal amount of CSC Holdings' 5.500% senior guaranteed notes due May 15, 2026, plus pay accrued interest and the associated premium related to the early redemption of these notes. The remaining proceeds were used for general corporate purposes, including repayment of borrowings under the CSC Holdings revolving credit facility and share repurchases. In connection with the early redemption, the Company recognized a loss on the extinguishment of debt aggregating \$51,712, reflecting the early redemption premium and the write-off of unamortized deferred financing costs related to these notes.

For financing purposes, the Company has two debt silos: CSC Holdings and Lightpath. The CSC Holdings silo is structured as a restricted group (the "Restricted Group") and an unrestricted group, which includes certain designated subsidiaries and investments (the "Unrestricted Group"). The Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries excluding Cablevision Lightpath LLC ("Lightpath"), a 50.01% owned subsidiary of the Company, which became an unrestricted subsidiary in September 2020. These Restricted Group subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings. The Lightpath silo includes all of its operating subsidiaries which are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by Lightpath.

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

As of September 30, 2021, CSC Holdings and Cablevision Lightpath were in compliance with applicable financial covenants under their respective credit facilities and with applicable financial covenants under each respective indenture by which the senior guaranteed notes, senior secured notes and senior notes were issued.

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of September 30, 2021, including notes payable and collateralized indebtedness (see Note 11), but excluding finance lease obligations (see Note 8), are as follows:

2021	\$	1,034,339
2022		795,983
2023		1,841,383
2024		978,889
2025		2,823,750
Thereafter		19,236,438

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NOTE 11. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

Prepaid Forward Contracts

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

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

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts was terminated prior to its scheduled maturity date, the Company would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of September 30, 2021, 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 September 30, 2021.

In January 2021, the Company settled collateralized indebtedness and an equity derivative contract aggregating \$185,105 upon maturity related to 5,337,750 shares of Comcast common stock held by us, with proceeds of \$185,105 received in the current period pursuant to the synthetic monetization closeout transaction in November 2019. In connection with this transaction the Company recorded (i) a decrease in notes payable of \$59,451 and (ii) an increase in collateralized debt of \$59,451.

Interest Rate Swap Contracts

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheet, with changes in fair value reflected in the consolidated statement of operations. As of September 30, 2021, the Company did not hold and has not issued derivative instruments for trading or speculative purposes.

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at	
		September 30, 2021	December 31, 2020
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, short-term	\$ 3,555	\$ 5,132
Prepaid forward contracts	Derivative contracts, short-term	—	45,653
Interest rate swap contracts	Derivative contracts, long-term	—	4,774
		3,555	55,559
Liability Derivatives:			
Prepaid forward contracts	Other current liabilities	—	(45,653)
Interest rate swap contracts	Other current liabilities	(6,756)	—
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(356,873)	(247,853)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(161,373)	(275,297)
		\$ (525,002)	\$ (568,803)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Gain (loss) on derivative contracts related to change in the value of equity derivative contracts related to Comcast common stock	\$ 43,385	\$ (261,597)	\$ (109,020)	\$ 26,203
Change in the fair value of Comcast common stock included in gain (loss) on investments	(46,821)	312,714	151,632	55,412
Gain (loss) on interest rate swap contracts, net of a gain of \$74,835 recorded in the nine months 2020 period in connection with the early termination of the swap agreements discussed below	5,521	(158)	59,600	(88,725)

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

In addition, in March 2020, the Company executed amendments to two interest swap contracts that reduced the fixed rate of interest that the Company was paying on an aggregate notional value of \$1,000,000 and extended the maturity date of the contracts to January 15, 2025 from January 15, 2022.

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

The following is a summary of interest rate swap contracts outstanding at September 30, 2021:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
December 2018	January 2025	\$ 500,000	Fixed rate of 1.53%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2025	500,000	Fixed rate of 1.625%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9155%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9025%	Three-month LIBOR
March 2020	January 2025	500,000	Fixed rate of 1.458%	Three-month LIBOR
March 2020	January 2022	500,000	Three-month LIBOR	Fixed rate of 2.733%

NOTE 12. FAIR VALUE MEASUREMENT

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

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

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis and their classification under the fair value hierarchy:

	Fair Value Hierarchy	September 30, 2021	December 31, 2020
Assets:			
Money market funds	Level I	\$ 159,001	\$ 50,236
Investment securities pledged as collateral	Level I	2,402,486	2,250,854
Prepaid forward contracts	Level II	—	45,653
Interest rate swap contracts	Level II	3,555	9,906
Liabilities:			
Prepaid forward contracts	Level II	356,873	293,506
Interest rate swap contracts	Level II	168,129	275,297

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

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

Fair Value of Financial Instruments

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

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Credit Facility Debt, Collateralized Indebtedness, Senior Notes, Senior Guaranteed Notes, Senior Secured Notes, Notes Payable, and Supply Chain Financing

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities. The fair value of notes payable is based primarily on the present value of the remaining payments discounted at the borrowing cost. The carrying value of outstanding amounts related to supply chain financing agreements approximates the fair value due to their short-term maturity (less than one year).

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

	Fair Value Hierarchy	September 30, 2021		December 31, 2020	
		Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility debt	Level II	\$ 7,762,412	\$ 7,816,125	\$ 8,288,000	\$ 8,350,188
Collateralized indebtedness	Level II	1,697,235	1,751,341	1,617,506	1,692,724
Senior guaranteed notes and senior secured notes	Level II	8,076,365	8,214,982	8,066,796	8,567,858
Senior notes	Level II	8,941,847	8,990,552	8,415,602	9,024,990
Notes payable and supply chain financing	Level II	86,616	86,426	174,801	175,251
		<u>\$ 26,564,475</u>	<u>\$ 26,859,426</u>	<u>\$ 26,562,705</u>	<u>\$ 27,811,011</u>

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

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

NOTE 13. INCOME TAXES

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

Altice USA

For the three and nine months ended September 30, 2021, Altice USA recorded a tax expense of \$105,226 and \$279,053 on pre-tax income of \$375,975 and \$1,029,275, respectively, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and state tax expense.

For the three and nine months ended September 30, 2020, Altice USA recorded a tax expense of \$33,186 and \$109,047 on pre-tax income of \$30,457 and \$216,257, respectively, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the Coronavirus Aid, Relief and Economic Security ("CARES Act") enacted in March 2020. In addition, income tax expense of \$16,878 was recognized in the three months ended September 30, 2020 as a result of the reevaluation of the Company's deferred tax liability in connection with the tax rate increase in New Jersey for 2020 through 2023, enacted in September 2020.

CSC Holdings

For the three and nine months ended September 30, 2021, CSC Holdings recorded a tax expense of \$105,226 and \$276,756 on pre-tax income of \$375,975 and \$1,029,275, respectively, resulting in an effective tax rate that was

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higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and state tax expense.

For the three and nine months ended September 30, 2020, CSC Holdings recorded a tax expense of \$3,132 and \$94,790 on pre-tax income of \$30,258 and \$215,711, respectively, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the CARES Act. In addition, income tax expense of \$16,878 was recognized in the three months ended September 30, 2020 as a result of the reevaluation of the Company's deferred tax liability in connection with the tax rate increase in New Jersey for 2020 through 2023, enacted in September 2020.

NOTE 14. SHARE-BASED COMPENSATION

The following table presents share-based compensation expense recognized by the Company and unrecognized compensation cost:

	Share-Based Compensation				Unrecognized Compensation Cost As of September 30, 2021
	Three Months Ended September 30,		Nine Months Ended September 30,		
	2021	2020	2021	2020	
Carry Unit Plan	\$ —	\$ 1,498	\$ 803	\$ 8,555	\$ —
Awards issued pursuant to LTIP:					
Stock Option Awards	21,886	27,601	70,582	73,277	77,110
Performance Stock Units	2,286	4,958	8,136	13,278	52,765
Restricted Awards	178	653	756	1,864	97
	<u>\$ 24,350</u>	<u>\$ 34,710</u>	<u>\$ 80,277</u>	<u>\$ 96,974</u>	<u>\$ 129,972</u>

Carry Unit Plan

The following table summarizes activity relating to the Company's Carry Unit Plan:

	Number of Time Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2020	6,875,000	\$ 3.41
Vested	(6,875,000)	3.41
Balance, September 30, 2021	<u>—</u>	

The weighted average fair value per unit was \$3.89 as of December 31, 2020.

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Stock Option Awards

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

	Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
Balance at December 31, 2020	37,062,146	\$ 25.52	8.69	\$ 457,608
Granted	1,102,435	33.66		
Exercised	(1,368,156)	17.47		
Forfeited	(1,406,985)	27.45		
Balance at September 30, 2021	<u>35,389,440</u>	<u>26.01</u>	<u>7.94</u>	<u>23,844</u>
Options exercisable at September 30, 2021	<u>4,287,028</u>	<u>\$ 21.02</u>	<u>6.20</u>	<u>\$ 9,168</u>

(a) The aggregate intrinsic value is calculated as the difference between the exercise price and the closing price of Altice USA's Class A common stock at the respective date. The total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of approximately 2.25 years.

The following weighted-average assumptions were used to calculate the fair values of stock option awards granted during the nine months ended September 30, 2021:

Risk-free interest rate	1.02%
Expected life (in years)	6.26
Dividend yield	—%
Volatility	33.02%
Grant date fair value	\$10.88

Performance Stock Unit Awards

As of September 30, 2021, the Company had 7,071,416 PSUs outstanding. The PSUs have a weighted average grant date fair value of \$10.65 per unit. The total unrecognized compensation cost related to the outstanding PSUs is expected to be recognized over a weighted-average period of approximately 4.38 years.

Lightpath Plan Awards

In the third quarter of 2021, Lightpath Management Incentive Aggregator LLC ("LMIA") established a Management Incentive Plan (the "Lightpath Plan") for the benefit of employees of Lightpath by issuing equity interests in LMIA which holds an equivalent number of equity interests in Lightpath Holdings LLC ("Holdings"), the parent of Lightpath. These equity interests allow employees to participate in the long-term growth of Lightpath. The Lightpath Plan provides for an aggregate of 650,000 Class A-1 management incentive units and 350,000 Class A-2 management incentive units for issuance.

In the third quarter of 2021, 433,225 Class A-1 management incentive units and 216,617 Class A-2 management incentive units ("Award Units") were granted to certain employees of Lightpath. Vested units will be redeemed upon a partial exit, a change in control or the completion of an initial public offering, as defined in the Holdings LLC agreement. The grant date fair value of the Award Units granted and outstanding aggregated \$ 43,600 and will be expensed in the period in which a partial exit or a liquidity event is consummated.

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NOTE 15. AFFILIATE AND RELATED PARTY TRANSACTIONS

Affiliate and Related Party Transactions

Altice USA is controlled by Patrick Drahi who also controls Next Private B.V., formerly Altice Europe N.V. ("Altice Europe") and its subsidiaries and other entities.

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

The following table summarizes the revenue and expenses related to services provided to or received from affiliates and related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 3,277	\$ 4,188	\$ 9,718	\$ 11,055
Operating expenses:				
Programming and other direct costs	\$ (5,294)	\$ (3,621)	\$ (12,026)	\$ (7,548)
Other operating expenses, net	(3,274)	(2,413)	(9,149)	(8,515)
Operating expenses, net	(8,568)	(6,034)	(21,175)	(16,063)
Net charges	\$ (5,291)	\$ (1,846)	\$ (11,457)	\$ (5,008)
Capital Expenditures	\$ 11,320	\$ 4,577	\$ 31,530	\$ 15,478

Revenue

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

Programming and other direct costs

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

Other operating expenses, net

Other operating expenses primarily include charges for services provided by certain subsidiaries of Altice Europe and other related parties.

Capital Expenditures

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

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

	September 30, 2021	December 31, 2020
Due from other affiliates and related parties	\$ 3,892	\$ 4,262
Due to:		
Altice Europe	\$ 19,942	\$ 7,938
Other affiliates and related parties	1,030	600
	\$ 20,972	\$ 8,538

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

CSC Holdings

During the three and nine months ended September 30, 2021 and 2020, CSC Holdings made cash equity distribution payments to Altice USA. Also, CSC Holdings recorded net non-cash equity contributions (distributions) during the three and nine months ended September 30, 2021 and 2020, respectively, which represent the non-cash settlement of intercompany balances with Altice USA. These balances primarily include amounts due to/due from Altice USA pursuant to a tax sharing agreement between the entities. See summary below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cash distribution payments to Altice USA	\$ (77,957)	\$ (431,100)	\$ (763,435)	\$ (1,803,833)
Non-cash equity contributions (distributions), net, from Altice USA	(754)	52,421	(21,162)	(62,766)

NOTE 16. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Company common stock in Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, Altice Europe, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934 ("34 Act"), Rule 10b-5 promulgated thereunder, and Section 20 of the 34 Act against Altice USA, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June of 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which the Company moved to dismiss in July of 2019. The Company moved to dismiss the complaint in the Eastern District of New York in October 2019. On June 26, 2020, the state Court granted the Company's motion to dismiss. Plaintiffs in the New York State action filed a notice of appeal on July 21, 2020 and moved for leave to file an amended complaint on September 4, 2020. On September 23, 2020, the federal district court granted the Company's motion to dismiss with leave for plaintiff to refile. On October 7, 2020, plaintiffs filed a second amended complaint in the Eastern District of New York. Following negotiations with the state and federal court plaintiffs, the parties executed a Memorandum of Understanding on February 12, 2021 to settle the litigation and executed final settlement documentation on July 20, 2021. That settlement remains subject to court approval.

On June 23, 2020, a purported stockholder of the Company filed a complaint in the Court of Chancery of the State of Delaware, derivatively on behalf of the Company, against Patrick Drahi, Next Alt S.A.R.L., and those directors of the Company who are members of the Compensation Committee (collectively, the "Director Defendants"). The Company is also named as a nominal defendant in the complaint. The complaint alleges that the Director Defendants breached their fiduciary duties to the Company's stockholders, and wasted corporate assets, by approving certain equity grants for Patrick Drahi. The complaint seeks rescission of the equity awards, monetary damages, and costs and disbursements for the plaintiff. On October 15, 2020, the Director Defendants answered the complaint and the Company filed a general denial of liability.

The Company intends to vigorously defend these lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of these matters on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of

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these matters will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

On November 6, 2018, Sprint Communications Company L.P ("Sprint") filed a complaint in the U.S. District Court for the District of Delaware alleging that the Company infringes Sprint's patents purportedly by providing Voice over Internet Protocol ("VoIP") services. On December 3, 2018, Sprint filed a second complaint alleging that the Company infringes Sprint's patents purportedly by providing certain VOD related services. The lawsuits are part of a pattern of litigation that was initiated as far back as 2005 by Sprint against numerous broadband and telecommunications providers, which has resulted in judgments and settlements of significant value for Sprint. The Company intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due, but it could be material to the Company's consolidated results of operations or cash flows for any one period.

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

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

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

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

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

The preparation of our consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses. For a complete discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2020.

Overview

Our Business

We principally provide broadband communications and video services in the United States and market our services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. We deliver broadband, video, telephony, and mobile services to more than five million residential and business customers. Our footprint extends across 21 states through a fiber-rich hybrid-fiber coaxial ("HFC") broadband network and a fiber-to-the-home ("FTTH") network with approximately 9.2 million total passings as of September 30, 2021. Additionally, we offer news programming and content, advertising services, as well as a full service mobile offering to consumers across our footprint.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information, see "Risk Factors" and "Business-Competition" included in our Annual Report on Form 10-K for the year ended December 31, 2020.

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

We derive revenue principally through monthly charges to residential customers of our broadband, video, and telephony services. We also derive revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, installation and home shopping commissions. Our residential broadband, video, and telephony services accounted for approximately 39%, 35%, and 4%, respectively, of our consolidated revenue for the nine months ended September 30, 2021. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and SMB customers, including broadband, telephony, networking and video services. For the nine months ended September 30, 2021, 16% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics, and affiliation fees for news programming, which accounted for approximately 5% of our consolidated revenue for the nine months ended September 30, 2021. Our mobile and other revenue for the nine months ended September 30, 2021 accounted for approximately 1% of our consolidated revenue.

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

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

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, video and telephony providers and delivery systems, including broadband communications companies, wireless data and

telephony providers, satellite-delivered video signals, Internet-delivered video content, and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T, Inc. and its DirecTV subsidiary, Lumen Technologies, Inc., DISH Network Corporation, Frontier Communications Corporation and Verizon Communications Inc. Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances, or preference, negatively impacts the demand for our services. For more information on our competitive landscape, see "Risk Factors" and "Business-Competition" included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Our programming costs, which are the most significant component of our operating expenses, have increased and are expected to continue to increase primarily as a result of contractual rate increases. See "Results of Operations" below for more information regarding the 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 we may continue to do so in the future. Our FTTH network build, which would enable us to deliver more than 10 Gbps broadband speeds to meet the growing data needs of residential and business customers, is underway. In addition, we launched our full service mobile offering to consumers across our footprint in September 2019. We may incur greater than anticipated capital expenditures in connection with these initiatives, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing them as planned. See "Liquidity and Capital Resources- Capital Expenditures" for additional information regarding our capital expenditures.

Certain Transactions

The following transactions had an impact in the periods covered by this Management's Discussion and Analysis of Financial Condition and Results of Operations:

In June 2021, Lightpath completed an acquisition for an aggregate purchase price of approximately \$28,260 and the operating results of the acquired business were consolidated as of the acquisition date.

In April 2021, the Company completed its acquisition of the cable assets of Morris Broadband, LLC in North Carolina and the operating results of the acquired business were consolidated as of the acquisition date.

In December 2020, the Company completed the sale of a 49.99% interest in its Lightpath fiber enterprise business (the "Lightpath Transaction") based on an implied enterprise value of \$3.2 billion. The Company retained a 50.01% interest in the Lightpath business and maintained control of Cablevision Lightpath LLC ("Lightpath"), the entity holding the interest in the Lightpath business. Accordingly, the Company continues to consolidate the operating results of the Lightpath business.

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey and the operating results of the acquired business were consolidated as of the acquisition date.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, interest expense, interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits, and transaction expenses.

We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance and evaluate management's effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period-to-period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company's ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

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

Results of Operations - Altice USA (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
Broadband	\$ 989,410	\$ 941,237	\$ 2,952,136	\$ 2,747,129
Video	877,422	867,021	2,675,861	2,766,608
Telephony	99,943	115,995	310,298	358,347
Residential revenue	1,966,775	1,924,253	5,938,295	5,872,084
Business services and wholesale revenue	440,813	362,215	1,180,039	1,092,309
News and advertising	143,625	124,177	380,462	326,348
Mobile	20,456	19,722	60,355	57,944
Other	3,213	3,619	10,560	10,536
Total revenue	2,574,882	2,433,986	7,569,711	7,359,221
Operating expenses:				
Programming and other direct costs	843,909	783,934	2,545,645	2,509,323
Other operating expenses	590,519	558,092	1,760,132	1,683,038
Restructuring and other expense	1,885	40,419	10,958	88,679
Depreciation and amortization (including impairments)	447,958	502,248	1,327,142	1,571,611
Operating income	690,611	549,293	1,925,834	1,506,570
Other income (expense):				
Interest expense, net	(319,001)	(322,454)	(954,684)	(1,036,880)
Gain (loss) on investments and sale of affiliate interests, net	(46,821)	314,177	151,651	56,301
Gain (loss) on derivative contracts, net	43,385	(261,597)	(109,020)	26,203
Gain (loss) on interest rate swap contracts, net	5,521	(158)	59,600	(88,725)
Loss on extinguishment of debt and write-off of deferred financing costs	—	(250,489)	(51,712)	(250,489)
Other income, net	2,280	1,685	7,606	3,277
Income before income taxes	375,975	30,457	1,029,275	216,257
Income tax expense	(105,226)	(33,186)	(279,053)	(109,047)
Net income (loss)	270,749	(2,729)	750,222	107,210
Net income attributable to noncontrolling interests	(3,896)	(1,966)	(11,573)	(1,499)
Net income (loss) attributable to Altice USA, Inc. stockholders	\$ 266,853	\$ (4,695)	\$ 738,649	\$ 105,711

The following is a reconciliation of net income (loss) to Adjusted EBITDA and Operating Free Cash Flow (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 270,749	\$ (2,729)	\$ 750,222	\$ 107,210
Income tax expense	105,226	33,186	279,053	109,047
Other income, net	(2,280)	(1,685)	(7,606)	(3,277)
Loss (gain) on interest rate swap contracts, net	(5,521)	158	(59,600)	88,725
Loss (gain) on derivative contracts, net	(43,385)	261,597	109,020	(26,203)
Loss (gain) on investments and sales of affiliate interests, net	46,821	(314,177)	(151,651)	(56,301)
Loss on extinguishment of debt and write-off of deferred financing costs	—	250,489	51,712	250,489
Interest expense, net	319,001	322,454	954,684	1,036,880
Depreciation and amortization (including impairments)	447,958	502,248	1,327,142	1,571,611
Restructuring and other expense	1,885	40,419	10,958	88,679
Share-based compensation	24,350	34,710	80,277	96,974
Adjusted EBITDA	1,164,804	1,126,670	3,344,211	3,263,834
Less: Capital Expenditures (cash)	309,172	201,572	845,067	729,377
Operating Free Cash Flow	\$ 855,632	\$ 925,098	\$ 2,499,144	\$ 2,534,457

The following is a reconciliation of net cash flow from operating activities to Free Cash Flow (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net cash flows from operating activities	\$ 698,314	\$ 659,120	\$ 2,177,479	\$ 2,188,661
Less: Capital Expenditures (cash)	309,172	201,572	845,067	729,377
Free Cash Flow	\$ 389,142	\$ 457,548	\$ 1,332,412	\$ 1,459,284

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

	September 30, 2021	June 30, 2021 (f)	September 30, 2020 (f)
	(in thousands)		
Total passings (a)	9,212.5	9,195.1	8,987.9
Total customer relationships (b)(c)	5,027.6	5,051.4	5,040.9
Residential	4,646.0	4,670.7	4,663.5
SMB	381.6	380.7	377.5
Residential customers:			
Broadband	4,388.1	4,401.3	4,363.5
Video	2,803.0	2,870.5	3,035.1
Telephony	2,057.1	2,118.4	2,279.5
Penetration of total passings (d)	54.6 %	54.9 %	56.1 %
ARPU(e)(g)	\$ 140.73	\$ 142.24	\$ 138.16

- (a) Represents the estimated number of single residence homes, apartments and condominium units passed by the broadband network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our broadband network. Broadband services were not available to approximately 30 thousand passings and telephony services were not available to approximately 500 thousand passings.
- (b) Represents number of households/businesses that receive at least one of the Company's fixed-line services.
- (c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. 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. Amounts as of September 30, 2021 and June 30, 2021 include 37.3 thousand customer relationships (35.1 thousand residential and 2.2 thousand SMB) that were acquired from Morris Broadband, LLC in April 2021.
- (d) Represents the number of total customer relationships divided by total passings.
- (e) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) derived from the sale of broadband, video and telephony services to residential customers for the quarter by the average number of total residential customers for the same period.
- (f) Customer metrics as of September 30, 2021 include customers that were not disconnected pursuant to the New York legislation ("NY Order") enacted in May 2021 that required us, during the pendency of the New York declared COVID-19 State of Emergency and a period thereafter, to maintain broadband, video and voice services for non-paying customers and offer deferred payment plans to customers experiencing financial difficulty. The NY Order was lifted at the end of June 2021, coinciding with the end of the declared COVID-19 State of Emergency in New York, and we have subsequently resumed normal disconnect policies. Customer metrics as of September 30, 2021 also include certain customers impacted by storms in Louisiana in 2020 that have not been disconnected pursuant to our normal disconnect policies. Customer metrics as of September 30, 2020 include customers that were not disconnected pursuant to the Keep Americans Connected pledge ("Pledge") that the Company made in response to the COVID-19 pandemic and customers that had not been disconnected pursuant to the New Jersey Executive Order No. 126 ("NJ Order") enacted in April 2020 that protected New Jersey residents from disconnection of internet and voice services for non-payment. However, the metrics as of September 30, 2020 exclude new customers with students in the household that were receiving broadband services for free ("Optimum Advantage"). See table below for details.

	June 30, 2021		September 30, 2020	
	NY Order	Storms	Pledge and NJ Order	Optimum Advantage Customers
	<i>Included</i>	<i>Included</i>	<i>Included</i>	<i>(Excluded)</i>
	(in thousands)			
Total customer relationships	8.4	4.0	22.4	(1.4)
Residential	7.3	3.7	22.4	(1.4)
SMB	1.1	0.3	—	—
Residential customers:				
Broadband	7.2	3.4	22.1	(1.4)
Video	4.1	2.1	2.4	—
Telephony	3.3	1.0	9.5	—

(g) ARPU for the September 30, 2020 period reflects a reduction of \$5.51 due to credits that we anticipated to be issued to video customers as a result of credits the Company expected to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees.

Altice USA- Comparison of Results for the Three and Nine Months Ended September 30, 2021 compared to the Three and Nine Months Ended September 30, 2020

Broadband Revenue

Broadband revenue for the three and nine months ended September 30, 2021 was \$989,410 and \$2,952,136, respectively, while broadband revenue for the three and nine months ended September 30, 2020 was \$941,237 and \$2,747,129, respectively. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Broadband revenue increased \$48,173 (5%) and \$205,007 (7%) for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. The increase for the three month period was due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, partially offset by a decline in broadband customers. The increase for the nine month period was due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers

Video Revenue

Video revenue for the three and nine months ended September 30, 2021 was \$877,422 and \$2,675,861, respectively, and video revenue for the three and nine months ended September 30, 2020 was \$867,021 and \$2,766,608, respectively. Video revenue is derived principally through monthly charges to residential customers of our video services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing customers, and changes in programming packages. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Video revenue increased \$10,401 (1%) for the three months ended September 30, 2021 compared to the three months ended September 30, 2020. The increase is due to estimated credits of \$76,700 recorded during the third quarter of 2020 expected to be issued to customers as a result of \$73,300 of credits the Company expected to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees ("RSN Credits"). This increase was partially offset by lower revenue due to a decline in video customers.

Video revenue decreased \$90,747 (3%) for the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. The decrease was primarily due to a decline in video customers and lower pay-per-view and video-on-demand revenue, partially offset by the RSN Credits recorded in the 2020 period and higher average recurring video revenue per video customer, primarily driven by certain rate increases.

Telephony Revenue

Telephony revenue for the three and nine months ended September 30, 2021 was \$99,943 and \$310,298, respectively, and for the three and nine months ended September 30, 2020 was \$115,995 and \$358,347, respectively. Telephony revenue is derived principally through monthly charges to residential customers of our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Telephony revenue decreased \$16,052 (14%) and \$48,049 (13%) for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. The decrease was due to a decline in telephony customers and lower average revenue per telephony customer.

Business Services and Wholesale Revenue

Business services and wholesale revenue for the three and nine months ended September 30, 2021 was \$440,813 and \$1,180,039, respectively, and for the three and nine months ended September 30, 2020 was \$362,215 and \$1,092,309, respectively. Business services and wholesale revenue is derived primarily from the sale of fiber-based telecommunications services to the business market, and the sale of broadband, video and telephony services to SMB customers.

Business services and wholesale revenue increased \$78,598 (22%) and \$87,730 (8%) for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. Approximately \$69,300 of the increase in the three and nine month period ended September 30, 2021 was due to an early termination of a backhaul contract for air strands which resulted in the recognition of deferred revenue and termination fees over the amended term. The remaining incremental deferred revenue and termination fees of approximately \$31,100 will be recorded in the fourth quarter of 2021. In addition, other increases were due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes and for the three months ended September 30, 2021 an increase in the average number of SMB customers. For the nine months ended September 30, 2021, the increase was partially offset by a decrease resulting from revenue related to an infeasible right of use contract recorded in the second quarter of 2020 and a decrease in the average number of SMB customers for the respective periods.

News and Advertising Revenue

News and advertising revenue for the three and nine months ended September 30, 2021 was \$143,625 and \$380,462, respectively, and for the three and nine months ended September 30, 2020 was \$124,177 and \$326,348, respectively. News and advertising revenue is primarily derived from the sale of (i) advertising inventory available on the programming carried on our cable television systems, (ii) advertising on over the top ("OTT") platforms, (iii) digital advertising, and (iv) data analytics. News and advertising revenue also includes affiliation fees for news programming.

News and advertising revenue increased \$19,448 (16%) and \$54,114 (17%) for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. The increases were primarily due to an increase in advertising revenue, primarily for linear advertising.

Mobile Revenue

Mobile revenue for the three and nine months ended September 30, 2021 was \$20,456 and \$60,355, respectively, and for the three and nine months ended September 30, 2020 was \$19,722 and \$57,944, respectively, and relates to sales of devices and mobile services. Mobile revenue increased \$734 (4%) and \$2,411 (4%) for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020. As of September 30, 2021, we had approximately 181,000 mobile lines compared to approximately 162,000 mobile lines as of September 30, 2020.

Other Revenue

Other revenue for the three and nine months ended September 30, 2021 and 2020 was \$3,213 and \$10,560, respectively, and for the three and nine months ended September 30, 2020 was \$3,619 and \$10,536, respectively. Other revenue includes revenue from other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three and nine months ended September 30, 2021 amounted to \$843,909 and \$2,545,645, and \$783,934 and \$2,509,323, for the three and nine months ended September 30, 2020, respectively. Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of VOD and pay-per-view) and are generally paid on a per-customer basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of video service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes. Additionally, these costs include the costs of mobile devices sold to our customers and direct costs of providing mobile services.

The increases of \$59,975 (8%) and \$36,322 (1%) for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 were primarily attributable to the following:

	Three Months	Nine Months
Increase in programming costs primarily due to \$75,300 in estimated RSN Credits recorded in the three months ended September 30, 2020 (see discussion below) and net contractual rate increases, partially offset by decreases due to lower video customers, lower pay-per-view and video-on-demand costs, as well as additional credits recorded for the nine month period in 2021	\$ 50,567	\$ 31,938
Increase in costs primarily from digital media and linear advertising spots for resale	5,306	6,789
Decrease in costs of mobile devices	(1,366)	(10,715)
Increase in costs due to certain tax refunds recorded in 2020	11,033	11,033
Other net decreases, including costs related to an infeasible right of use contract recorded in the second quarter of 2020	(5,565)	(2,723)
	<u>\$ 59,975</u>	<u>\$ 36,322</u>

Programming costs

Programming costs aggregated \$681,778 and \$2,076,413 for the three and nine months ended September 30, 2021 and \$631,211 and \$2,044,475 for the three and nine months ended September 30, 2020, respectively. Programming costs for the three and nine months ended September 30, 2020 included estimated RSN Credits of \$75,300 that the Company expected to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks. Our programming costs in 2021 will continue to be impacted by changes in programming rates, which we expect to increase, and by changes in the number of video customers.

Other Operating Expenses

Other operating expenses for the three and nine months ended September 30, 2021 amounted to \$590,519 and \$1,760,132, and for the three and nine months ended September 30, 2020 amounted to \$558,092 and \$1,683,038, respectively. Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third-party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

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

Other operating expenses also include costs related to the operation and maintenance of our call center facilities that handle customer inquiries and billing and collection activities and sales and marketing costs, which include

advertising production and placement costs associated with acquiring and retaining customers. These costs vary period to period and certain of these costs, such as sales and marketing, may increase with intense competition. Additionally, other operating expenses include various other administrative costs, including legal fees, and product development costs.

The increases in other operating expenses of \$32,427 (6%) and \$77,094 (5%), for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 were attributable to the following:

	Three Months	Nine Months
Increase in repairs and maintenance costs	\$ 11,742	\$ 29,932
Increase in marketing costs	8,605	33,724
Increase in utility costs, including costs related to winter storm Uri in the first quarter of 2021	2,131	10,597
Favorable resolution of a tax matter in the 2020 periods	5,598	5,598
Increase (decrease) in legal fees, including legal settlements	(10,147)	862
Net increase (decrease) in labor costs and benefits, offset by a decrease in capitalizable activity	6,699	(10,984)
Increase (decrease) in bad debt expense	9,767	(3,935)
Other net increases (decreases)	(1,968)	11,300
	<u>\$ 32,427</u>	<u>\$ 77,094</u>

Restructuring and Other Expense

Restructuring and other expense for the three and nine months ended September 30, 2021 amounted to \$1,885 and \$10,958, as compared to \$40,419 and \$88,679 for the three and nine months ended September 30, 2020, respectively. These amounts primarily related to severance and other employee related costs resulting from headcount reductions, facility realignment costs and impairments of certain ROU assets. We may incur additional restructuring expenses in the future as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the three and nine months ended September 30, 2021 amounted to \$447,958 and \$1,327,142, as compared to \$502,248 and \$1,571,611 for the three and nine months ended September 30, 2020, respectively.

The decreases in depreciation and amortization of \$54,290 (11%) and \$244,469 (16%) for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 were due to certain fixed assets and intangible assets becoming fully depreciated or amortized and due to the acceleration of amortization in 2020 of certain customer relationship intangible assets. These decreases were partially offset by increases in depreciation and amortization as a result of asset additions in 2021.

Adjusted EBITDA

Adjusted EBITDA amounted to \$1,164,804 and \$3,344,211 for the three and nine months ended September 30, 2021 as compared to \$1,126,670 and \$3,263,834 for the three and nine months ended September 30, 2020, respectively.

Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, interest expense, interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net income (loss) to Adjusted EBITDA above.

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 was due to the increase in revenue, partially offset by an increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

Operating Free Cash Flow

Operating free cash flow was \$855,632 and \$2,499,144 for the three and nine months ended September 30, 2021 as compared to \$925,098 and \$2,534,457 for the three and nine months ended September 30, 2020, respectively. The

decrease in operating free cash flow for the three and nine months ended September 30, 2021 as compared to the same periods in 2020 was due to an increase in capital expenditures, partially offset by an increase in Adjusted EBITDA.

Free Cash Flow

Free cash flow was \$389,142 and \$1,332,412 for the three and nine months ended September 30, 2021 as compared to \$457,548 and \$1,459,284 for the three and nine months ended September 30, 2020, respectively. The decrease in free cash flow in the three month period is primarily due an increase in capital expenditures, partially offset by an increase in cash flows from operating activities. The decrease in free cash flow in the nine month period is primarily due an increase in capital expenditures and a decrease in cash flows from operating activities.

Interest Expense

Interest expense, net was \$319,001 and \$954,684 for the three and nine months ended September 30, 2021 as compared to \$322,454 and \$1,036,880 for the three and nine months ended September 30, 2020, respectively. The decreases of \$3,453 and \$82,196 for the three and nine months ended September 30, 2021 as compared to the three and nine months ended September 30, 2020 were attributable to the following:

	Three Months	Nine Months
Decrease due primarily to lower interest rates on our indebtedness	\$ (5,118)	\$ (85,628)
Lower interest income	132	1,851
Other net increases, primarily amortization of deferred financing costs and original issue discounts	1,533	1,581
	<u>\$ (3,453)</u>	<u>\$ (82,196)</u>

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

Gain (loss) on investments, net was \$(46,821) and \$151,651 for the three and nine months ended September 30, 2021 as compared to \$314,177 and \$56,301 for the three and nine months ended September 30, 2020, respectively and consists primarily of the increase (decrease) in the fair value of Comcast common stock owned by the Company for the periods. The effects of these gains (losses) are partially offset by the losses (gains) on the related equity derivative contracts, net described below.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and nine months ended September 30, 2021 amounted to \$43,385 and \$(109,020) compared to \$(261,597) and \$26,203 for the three and nine months ended September 30, 2020 and includes realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by losses (gains) on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Gain (Loss) on Interest Rate Swap Contracts, net

Gain (loss) on interest rate swap contracts, net was \$5,521 and \$59,600 for the three and nine months ended September 30, 2021 compared to \$(158) and \$(88,725) for the three and nine months ended September 30, 2020, respectively. These amounts represent the increase or decrease in the fair value of interest rate swap contracts and for the nine month period in 2020 also includes the gain recognized in connection with the early termination of two interest rate swap contracts. These swap contracts are not designated as hedges for accounting purposes.

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

Loss on extinguishment of debt and write-off of deferred financing costs amounted to \$51,712 for the nine months ended September 30, 2021 and \$250,489 for the three and nine months ended September 30, 2020.

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

	Nine Months Ended September 30, 2021	Three and Nine Months Ended September 30, 2020
CSC Holdings 5.500% Senior Guaranteed Notes due 2026	\$ 51,712	\$ —
CSC Holdings 5.375% Senior Guaranteed Notes due 2023	—	26,721
CSC Holdings 10.875% Senior Notes due 2025	—	35,375
CSC Holdings 7.75% Senior Notes due 2025	—	136,249
CSC Holdings 6.625% Senior Guaranteed Notes due 2025	—	52,144
	<u>\$ 51,712</u>	<u>\$ 250,489</u>

Other Income, net

Other income, net amounted to \$2,280 and \$7,606 for the three and nine months ended September 30, 2021 compared to \$1,685 and \$3,277 for the three and nine months ended September 30, 2020, respectively. These amounts include dividends received on Comcast common stock owned by the Company and the non-service cost/benefit components of the Company's pension plan.

Income Tax Expense

For the three and nine months ended September 30, 2021, Altice USA recorded a tax expense of \$105,226 and \$279,053 on pre-tax income of \$375,975 and \$1,029,275, respectively, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and state tax expense.

For the three and nine months ended September 30, 2020, Altice USA recorded a tax expense of \$33,186 and \$109,047 on pre-tax income of \$30,457 and \$216,257, respectively, resulting in an effective tax rate that was higher than the U.S. statutory tax rate. The higher tax rate was due to the impact of certain non-deductible expenses and certain state tax expense adjustments, partially offset by a benefit resulting from the Coronavirus Aid, Relief and Economic Security ("CARES Act") enacted in March 2020. In addition, income tax expense of \$16,878 was recognized in the three months ended September 30, 2020 as a result of the reevaluation of the Company's deferred tax liability in connection with the tax rate increase in New Jersey for 2020 through 2023, enacted in September 2020.

CSC HOLDINGS, LLC

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss) attributable to Altice USA shareholders	\$ 266,853	\$ (4,695)	\$ 738,649	\$ 105,711
Less: items included in Altice USA's consolidated statements of operations:				
Income tax expense	—	54	2,297	14,257
Gain on sale of affiliate interest recorded by Altice USA	—	(199)	—	(546)
Net income (loss) attributable to CSC Holdings' sole member	<u>\$ 266,853</u>	<u>\$ (4,840)</u>	<u>\$ 740,946</u>	<u>\$ 119,422</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 270,749	\$ (2,874)	\$ 752,519	\$ 120,921
Income tax expense	105,226	33,132	276,756	94,790
Other income, net	(2,280)	(1,685)	(7,606)	(3,277)
Loss (gain) on interest rate swap contracts, net	(5,521)	158	(59,600)	88,725
Loss (gain) on derivative contracts, net	(43,385)	261,597	109,020	(26,203)
Loss (gain) on investments and sales of affiliate interests, net	46,821	(313,978)	(151,651)	(55,755)
Loss on extinguishment of debt and write-off of deferred financing costs	—	250,489	51,712	250,489
Interest expense, net	319,001	322,454	954,684	1,036,880
Depreciation and amortization (including impairments)	447,958	502,248	1,327,142	1,571,611
Restructuring and other expense	1,885	40,419	10,958	88,679
Share-based compensation	24,350	34,710	80,277	96,974
Adjusted EBITDA	1,164,804	1,126,670	3,344,211	3,263,834
Less: Capital expenditures (cash)	309,172	201,572	845,067	729,377
Operating Free Cash Flow	\$ 855,632	\$ 925,098	\$ 2,499,144	\$ 2,534,457

The following is a reconciliation of CSC Holdings' net cash flow from operating activities to Free Cash Flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net cash flows from operating activities	\$ 697,575	\$ 662,625	\$ 2,147,335	\$ 2,191,803
Less: Capital expenditures (cash)	309,172	201,572	845,067	729,377
Free Cash Flow	\$ 388,403	\$ 461,053	\$ 1,302,268	\$ 1,462,426

LIQUIDITY AND CAPITAL RESOURCES

Altice USA has no operations independent of its subsidiaries. Funding for our subsidiaries has generally been provided by cash flow from their respective operations, cash on hand and borrowings under the revolving credit facility and the proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the revolving credit facility or accessing the capital markets has been based upon an ongoing review of the funding needs of the business, the optimal allocation of cash resources, the timing of cash flow generation and the cost of borrowing under the revolving credit facility, debt securities and syndicated term loans. We target a year-end leverage ratio of 4.5x to 5.0x for our CSC Holdings debt silo over time. We calculate our consolidated net leverage ratio as net debt to L2QA EBITDA (Adjusted EBITDA for the two most recent consecutive fiscal quarters multiplied by 2.0).

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

We believe existing cash balances, operating cash flows and availability under the CSC Holdings revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe amounts available under the CSC Holdings revolving credit facility will be available when, and if, needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets or other conditions. The obligations of the financial institutions under the revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

In the longer term, we may not be able to generate sufficient cash from operations to fund anticipated capital expenditures, meet all existing future contractual payment obligations and repay our debt at maturity. As a result, we could be dependent upon our continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt obligations. We intend to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating stock repurchases and discretionary uses of cash.

Debt Outstanding

The following tables summarize the carrying value of our outstanding debt, net of unamortized deferred financing costs, discounts and premiums (excluding accrued interest), as well as interest expense for the nine months ended September 30, 2021.

	CSC Holdings Restricted Group	Lightpath	Other Unrestricted Entities	Altice USA/CSC Holdings
Debt outstanding:				
Credit facility debt	\$ 7,182,379	\$ 580,033	\$ —	\$ 7,762,412
Senior guaranteed notes	7,634,946	—	—	7,634,946
Senior secured notes	—	441,419	—	441,419
Senior notes	8,534,982	406,865	—	8,941,847
Subtotal	23,352,307	1,428,317	—	24,780,624
Finance lease obligations	207,088	—	—	207,088
Notes payable and supply chain financing	86,616	—	—	86,616
Subtotal	23,646,011	1,428,317	—	25,074,328
Collateralized indebtedness relating to stock monetizations (a)	—	—	1,697,235	1,697,235
Total debt	\$ 23,646,011	\$ 1,428,317	\$ 1,697,235	\$ 26,771,563
Interest expense:				
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing	\$ 846,406	\$ 51,432	\$ —	\$ 897,838
Collateralized indebtedness relating to stock monetizations (a)	—	—	56,969	56,969
Total interest expense	\$ 846,406	\$ 51,432	\$ 56,969	\$ 954,807

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

The following table provides details of our outstanding credit facility debt, net of unamortized discounts and deferred financing costs as of September 30, 2021:

	Maturity Date	Interest Rate	Principal	Carrying Value
<i>CSC Holdings</i>				
Revolving Credit Facility (a)	January 31, 2024 (b)	2.334%	\$ 150,000	\$ 143,141
Term Loan B	July 17, 2025	2.334%	2,872,500	2,863,325
Incremental Term Loan B-3	January 15, 2026	2.334%	1,243,125	1,239,366
Incremental Term Loan B-5	April 15, 2027	2.584%	2,955,000	2,936,547
			7,220,625	7,182,379
<i>Lightpath</i>				
Revolving Credit Facility (c)	November 30, 2025	—%	—	—
Term Loan	November 30, 2027	3.750%	595,500	580,033
			\$ 7,816,125	\$ 7,762,412

- (a) At September 30, 2021, \$139,465 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$2,185,535 of the facility was undrawn and available, subject to covenant limitations.
- (b) The revolving credit facility of an aggregate principal amount of \$2,475,000 matures in January 2024 and is priced at LIBOR plus 2.25%. In March 2021, a lender under the revolving credit facility extended the maturity date and reduced the interest rate on its aggregate principal amount of \$200,000 which had an original maturity date of November 2021 and was priced at LIBOR plus 3.25%.

- (c) There were no borrowings outstanding under the Lightpath Revolving Credit Facility which provides for commitments in an aggregate principal amount of \$100,000. Borrowings bear interest at a rate per annum equal to the adjusted LIBOR 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, 2.25% per annum and (ii) with respect to any eurodollar loan, 3.25% per annum.

Payment Obligations Related to Debt

As of September 30, 2021, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as notes payable and supply chain financing, and the value deliverable at maturity under monetization contracts, but excluding finance lease obligations (see Note 8 to our consolidated financial statements) are as follows:

	CSC Holdings Restricted Group	Lightpath	Other Unrestricted Entities (a)	Altice USA/ CSC Holdings
2021	\$ 1,306,543	\$ 7,207	\$ 8,541	\$ 1,322,291
2022	1,834,943	68,973	33,886	1,937,802
2023	1,084,468	69,358	1,776,378	2,930,204
2024	1,948,746	68,038	—	2,016,784
2025	3,743,859	68,596	—	3,812,455
Thereafter	20,883,650	1,570,335	—	22,453,985
Total	\$ 30,802,209	\$ 1,852,507	\$ 1,818,805	\$ 34,473,521

- (a) Includes \$1,776,378 related to the Company's collateralized indebtedness (including related interest). This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts or (ii) delivering cash from the net proceeds on new monetization contracts.

CSC Holdings Restricted Group

For financing purposes, the Company is structured as a restricted group (the "Restricted Group") and an unrestricted group, which includes certain designated subsidiaries and investments (the "Unrestricted Group"). The CSC Holdings Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries, excluding Lightpath which became an unrestricted subsidiary in September 2020. These subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings.

Sources of cash for the Restricted Group include primarily cash flow from the operations of the businesses in the Restricted Group, borrowings under its credit facility and issuance of securities in the capital markets, contributions from its parent, and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital broadband, video and telephony services, including costs to build our FTTH network; debt service; distributions made to its parent to fund share repurchases; other corporate expenses and changes in working capital; and investments that it may fund from time to time.

CSC Holdings Credit Facility

In October 2015, a wholly-owned subsidiary of Altice USA, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which currently provides U.S. dollar term loans currently in an aggregate principal amount of \$3,000,000 (\$2,872,500 outstanding at September 30, 2021) (the "CSC Term Loan Facility", and the term loans extended under the CSC Term Loan Facility, the "CSC Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of \$2,475,000 (\$150,000 outstanding at September 30, 2021) (the "CSC Revolving Credit Facility" and, together with the CSC Term Loan Facility, the "CSC Credit Facilities"), which are governed by a credit facilities agreement entered into by, inter alios, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017, January 12, 2018, October 15, 2018, January 24, 2019, February 7, 2019, May 14, 2019, and October 3, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement").

In October 2018, CSC Holdings entered into a \$1,275,000 (\$1,243,125 outstanding at September 30, 2021) incremental term loan facility (the "Incremental Term Loan B-3") and in October 2019, CSC Holdings entered into a

\$3,000,000 (\$2,955,000 outstanding at September 30, 2021) incremental term loan facility ("Incremental Term Loan B-5") under its existing credit facilities agreement.

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

CSC Holdings Senior Guaranteed Notes and Senior Notes

In May 2021, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 4.500% and mature on November 15, 2031 and \$500,000 in aggregate principal amount of senior notes that bear interest at a rate of 5.000% which also mature on November 15, 2031. The net proceeds from the sale of these notes were used to early redeem the \$1,498,806 aggregate principal amount of CSC Holdings' 5.500% senior guaranteed notes due May 15, 2026, plus pay accrued interest and the associated premium related to the early redemption of these notes. The remaining proceeds were used for general corporate purposes, including repayment of borrowings under the CSC Holdings revolving credit facility and share repurchases. In connection with the early redemptions, the Company recognized a loss on the extinguishment of debt aggregating \$51,712, reflecting the early redemption premium and the write-off of unamortized deferred financing costs on these notes.

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

Lightpath Debt

Lightpath was financed independently outside of the Restricted Group. In September 2020, Lightpath issued \$450,000 in aggregate principal amount of senior secured notes and \$415,000 in aggregate principal amount of senior notes. Also, in November 2020, Lightpath entered into a credit agreement which provides a term loan in an aggregate principal amount of \$600,000 and revolving loan commitments in an aggregate principal amount of \$100,000. As of September 30, 2021, there were no borrowings outstanding under the Lightpath revolving credit facility. See Note 10 to our consolidated financial statements for further information regarding the Lightpath credit agreement and the Lightpath senior and senior secured notes.

Capital Expenditures

The following table presents the Company's capital expenditures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Customer premise equipment	\$ 61,154	\$ 18,484	\$ 153,389	\$ 127,667
Network infrastructure	153,528	111,675	430,811	366,877
Support and other	63,701	43,132	171,595	142,984
Business Services	30,789	28,281	89,272	91,849
Capital purchases (cash basis)	\$ 309,172	\$ 201,572	\$ 845,067	\$ 729,377
Right-of-use assets acquired in exchange for finance lease obligations	\$ 29,993	\$ 32,236	\$ 107,708	\$ 110,800
Notes payable issued to vendor for the purchase of equipment and other assets	27,498	74,550	61,316	86,132
Change in accrued and unpaid purchases and other	(6,000)	9,554	31,502	44,449
Capital purchases (accrual basis)	\$ 360,663	\$ 317,912	\$ 1,045,593	\$ 970,758

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

Other Transactions

In April 2021, the Company completed its acquisition of the cable assets of Morris Broadband, LLC in North Carolina for cash of approximately \$312,184.

In June 2021, Lightpath completed an acquisition for an aggregate cash purchase price of approximately \$28,260, subject to certain closing adjustments as set forth in the asset purchase agreement.

Cash Flow Discussion

Altice USA

Operating Activities

Net cash provided by operating activities amounted to \$2,177,479 for the nine months ended September 30, 2021 compared to \$2,188,661 for the nine months ended September 30, 2020.

The 2021 cash provided by operating activities resulted from \$2,413,520 of income before depreciation and amortization and non-cash items, a decrease in prepaid expenses and other assets of \$33,381, and a net increase in amounts due to affiliates of \$12,804, partially offset by a decrease in accounts payable and accrued liabilities of \$121,503, a decrease in liabilities related to interest rate swap contracts of \$100,817, an increase in accounts receivable of \$35,077, and a decrease in deferred revenue of \$24,829.

The 2020 cash provided by operating activities resulted from \$2,195,686 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap contracts of \$138,279, a decrease in accounts receivable of \$4,419, and a net increase in amounts due to affiliates of \$3,377, partially offset by a decrease in accounts payable and accrued expenses of \$132,216, an increase in prepaid expenses and other assets of \$5,976, and a decrease in deferred revenue of \$14,908.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2021 was \$1,187,796 compared to \$874,665 for the nine months ended September 30, 2020. The 2021 investing activities consisted primarily of capital expenditures of \$845,067 and payments for acquisitions of \$340,444. The 2020 investing activities consisted primarily of capital expenditures of \$729,377 and payments for acquisitions of \$150,115.

Financing Activities

Net cash used in financing activities amounted to \$1,035,513 for the nine months ended September 30, 2021, compared to \$1,030,308 for the nine months ended September 30, 2020. In 2021, the Company's financing activities consisted of the repayment of long-term debt of \$3,483,026, repurchase of common stock pursuant to a share repurchase program of \$804,928, repayment of collateralized indebtedness and related derivative contracts, net of \$185,105, and principal payments on finance lease obligations of \$60,257, partially offset by proceeds from long-term debt of \$3,310,000, proceeds from collateralized indebtedness, net of \$185,105, and other net cash receipts of \$2,698.

In 2020, the Company's financing activities consisted of the repayment of long-term debt of \$5,374,522, the repurchase of common stock pursuant to a share repurchase program of \$1,814,689, principal payments on finance lease obligations of \$24,692, and other net cash payments of \$13,451, partially offset by proceeds from long-term debt of \$6,197,046.

CSC Holdings

Operating Activities

Net cash provided by operating activities amounted to \$2,147,335 for the nine months ended September 30, 2021, compared to \$2,191,803 for the nine months ended September 30, 2020. The 2021 cash provided by operating activities resulted from \$2,404,069 of income before depreciation and amortization and non-cash items, a decrease in prepaid expenses and other assets of \$33,281, partially offset by an increase in accounts receivable of \$35,077, a decrease in deferred revenue of \$24,829, a decrease in accounts payable and accrued expenses of \$120,934, a decrease in liabilities related to interest rate swap contracts of \$100,817 and a net decrease in amounts due to affiliates of \$8,358.

The 2020 cash provided by operating activities resulted from \$2,262,740 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of \$138,279, and a

decrease in accounts receivable of \$4,419, partially offset by a decrease in accounts payable and accrued liabilities of \$132,211, a net decrease in amounts due to affiliates of \$60,540, an increase in prepaid expenses and other assets of \$5,976, and a decrease in deferred revenue of \$14,908.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2021 was \$1,187,796, compared to \$878,873 for the nine months ended September 30, 2020. The 2021 investing activities consisted primarily of capital expenditures of \$845,067 and payments for acquisitions of \$340,444. The 2020 investing activities consisted primarily of capital expenditures of \$729,377 and payments for acquisitions of \$150,115.

Financing Activities

Net cash used in financing activities amounted to \$1,007,442 for the nine months ended September 30, 2021, compared to \$1,025,165 for the nine months ended September 30, 2020. In 2021, the Company's financing activities consisted of repayment of long-term debt of \$3,483,026, distributions to its parent of \$763,435, repayment of collateralized indebtedness and related derivative contracts, net of \$185,105, principal payments on finance lease obligations of \$60,257, and other net cash payments of \$10,724, partially offset by proceeds from long term debt of \$3,310,000 and proceeds from collateralized indebtedness, net of \$185,105.

In 2020, the Company's financing activities consisted of the repayment of long-term debt of \$5,374,522, distributions to its parent of \$1,803,833, principal payments on finance lease obligations of \$24,692, and other net cash payments of \$19,164, partially offset by proceeds from long-term debt of \$6,197,046.

Commitments and Contingencies

As of September 30, 2021, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately \$8,402,000 as compared to approximately \$6,780,000 at December 31, 2020. This increase relates primarily to renewed multi-year programming agreements entered into during the nine months ended September 30, 2021, partially offset by payments made pursuant to programming commitments.

Share Repurchase Program

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of \$2,000,000, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of \$5,000,000 that took effect following the completion in August 2019 of the \$2,000,000 repurchase program. In November 2020, the Board of Directors authorized an additional incremental \$2,000,000 of share repurchases bringing the total amount of cumulative share repurchases authorized to \$9,000,000. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors.

For the nine months ended September 30, 2021, Altice USA repurchased an aggregate of 23,593,728 shares for a total purchase price of approximately \$804,928. From inception through September 30, 2021, Altice USA repurchased an aggregate of 285,507,773 shares for a total purchase price of approximately \$7,808,698. These acquired shares were retired and the cost of these shares was recorded in stockholders' deficiency in the consolidated balance sheet of Altice USA. As of September 30, 2021, Altice USA had approximately \$1,191,302 of availability remaining under the incremental share repurchase program and had 454,653,279 combined Class A and Class B shares outstanding.

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 September 30, 2021, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value in our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of discounts. These discounts are being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,697,235 at September 30, 2021. 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 September 30, 2021, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$2,402,486. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$240,249. As of September 30, 2021, 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 \$356,873, a net liability position. For the nine months ended September 30, 2021, we recorded a net loss of \$109,020 related to our outstanding equity derivative contracts and recorded an unrealized gain of \$151,632 related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2020, net liability position	\$ (247,853)
Change in fair value, net	(109,020)
Fair value as of September 30, 2021, net liability position	<u>\$ (356,873)</u>

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

# of Shares Deliverable	Maturity	Hedge Price per Share (a)	Cap Price (b)
42,955,236	2023	\$40.95	\$ 49.55

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

Fair Value of Debt

At September 30, 2021, the fair value of our fixed rate debt, comprised of our collateralized debt, senior guaranteed and senior secured notes, senior notes and notes payable, of \$19,043,301 was higher than its carrying value of \$18,802,063 by \$241,238. 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, comprised of our term loans and revolving credit facilities, 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 September 30, 2021 would increase the estimated fair value of our fixed rate debt by \$807,739 to \$19,851,040. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values in our consolidated balance sheets, with changes in fair value reflected in the consolidated statements of operations. See Note 11 to our Consolidated Financial Statements for a summary of interest rate swap contracts outstanding at September 30, 2021. The Company's outstanding interest rate 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 nine months ended September 30, 2021, the Company recorded a gain on interest rate swap contracts of \$59,600.

The following represents the location of the assets and liabilities associated with the Company's equity derivative contracts and interest rate swap contracts within the consolidated balance sheets:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at September 30, 2021
Asset Derivatives:		
Interest rate swap contracts	Derivative contracts, short-term	\$ 3,555
Prepaid forward contracts	Derivative contracts, short-term	—
Interest rate swap contracts	Derivative contracts, long-term	—
		3,555
Liability Derivatives:		
Interest rate swap contracts	Other current liabilities	—
Prepaid forward contracts	Other current liabilities	(6,756)
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(356,873)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(161,373)
		\$ (525,002)

As of September 30, 2021, we did not hold and have not issued derivative instruments for trading or speculative purposes.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of Altice USA's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined under SEC rules). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control

During the nine months ended September 30, 2021, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

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

Under difficult economic conditions, including prolonged unemployment and employment furloughs, demand for our products and services could decline and some customers may be unable or unwilling to pay for our products and services. Additionally, in order to prioritize the demands of the business, we may delay or reprioritize certain capital investments or new initiatives, products or services, which may adversely affect our business in the future.

Governmental and non-governmental initiatives to reduce the transmission of COVID-19, such as the imposition of restrictions on work and public gatherings and the promotion of social distancing, along with new government service, collection, pricing or rebate mandates, have impacted and will continue to impact our operations and financial results. These measures include New Jersey executive orders enacted in April and October 2020 that required us to maintain broadband service and not impose late fees for certain non-paying customers and recent New York legislation enacted in May 2021 that required us, to maintain broadband, video and voice services for certain non-paying customers through June 24, 2021 and offer deferred payment plans and maintain these services to certain customers experiencing financial difficulty through December 21, 2021. Our suppliers and vendors also may be affected by such measures in their ability to provide products and services to us and these measures could also make it more difficult for us to serve our customers.

If these events occur and were to continue, our revenue, operating margins and cash flows may be materially reduced.

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

Various events could disrupt our networks, infrastructure and facilities and could impair our operating activities and negatively impact our reputation and financial results.

Our network, infrastructure and facilities are critical to our operating activities.

Events such as natural disasters, power outages, accidents, maintenance failures, telecommunications failures, degradation of plant assets, terrorist attacks and similar events pose risks of potentially significant service disruptions or possible shutdowns. While we develop and maintain system redundancy and disaster recovery plans designed to mitigate network and system-related disruptions and to expeditiously recover from such events, these measures may be ineffective or inadequate and our disaster recovery planning may not be sufficient for all eventualities.

Large expenditures may be necessary to repair or replace damaged property, networks and system infrastructure following one of the identified or similar events or to protect property, networks and infrastructure from other events in the future. Moreover, the amount and scope of insurance that we maintain against losses resulting from any such events may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result. A significant shutdown or service disruption could result in damage to our reputation and credibility, customer dissatisfaction and ultimately a loss of customers or revenue. Any significant loss of customers or revenue, or significant increase in costs of serving those customers, could adversely affect our growth, financial condition and results of operations. Further, any of such events could lead to claims against us and could result in regulatory penalties, particularly if we encounter difficulties in restoring service to our customers on a timely basis or if the related losses are found to be the result of our practices or failures.

The combined effects of extreme weather and climate change also impact this risk. Portions of our geographic service areas have experienced multiple severe weather and storm events over the past several years. Severe weather events and other natural disasters, including, storms, floods, tornadoes, rising sea levels, solar events, electromagnetic events, or other natural disasters, could result in severe business disruptions, property damage, prolonged service disruption, significant decreases in revenues and earnings, or significant additional costs, reputational and regulatory consequences.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Issuer

Set forth below is information related to transactions under the Company's share repurchase program for the quarter ended September 30, 2021.

	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1) (2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
July 1- July 31	670,885	\$ 31.23	283,585,879	\$ 1,249,759,190
August 1- August 31	1,921,894	30.42	285,507,773	1,191,302,219
September 1- September 30	—	—	285,507,773	1,191,302,219

(1) On June 8, 2018, the Company's Board of Directors authorized the repurchase of up to \$2.0 billion of Altice USA Class A common stock. On July 30, 2019, the Board of Directors authorized an incremental three-year share repurchase program of \$5.0 billion, to take effect following the completion of the June 2018 repurchase program. In November 2020, the Board of Directors authorized an additional incremental \$2.0 billion of share repurchases bringing the total amount of cumulative share repurchases authorized to \$9.0 billion. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. The programs do not have an expiration date and may be suspended at any time at the discretion of the Board of Directors.

(2) This column reflects the cumulative number of shares acquired pursuant to the repurchase program at the end of the respective period.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
10.1	Transition Agreement and Separation Agreement with Abdelhakim Boubazine
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 September 30, 2021 filed with the Securities and Exchange Commission on November 4, 2021 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statements of Stockholders' Equity (Deficiency); (v) the Consolidated Statements of Cash Flows; and (vi) the Combined Notes to Consolidated Financial Statements.
104	The cover page from this quarterly report on Form 10-Q formatted in Inline XBRL.

SIGNATURES

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

ALTICE USA, INC.

Date: November 4, 2021

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



September 9, 2021

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

Dear Hakim:

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

1. **Transition Period and Separation.**

(a) As of the date hereof, you and the Company agree that you will cease to be employed as the Company’s President, Telecom and Chief Operating Officer and immediately become employed as Senior Advisor to the Company’s Chief Executive Officer (the “**CEO**”) through December 31, 2021 (the “**Separation Date**”). Accordingly, as of the date hereof, you will no longer serve as an executive officer or Section 16 reporting person of the Company. During the period beginning on the date hereof and ending on the Separation Date, or such earlier date as your employment with the Company terminates (the “**Transition Period**”), you shall cooperate with the Company to transition the duties from your prior position to the appropriate Company parties and, in your capacity as Senior Advisor to the CEO, you shall advise on, and continue to provide operational and technical advice to the Company and perform such other duties in all cases consistent with your experience as the Company may from time to time reasonably request.

(b) During the Transition Period, the Company will continue to pay your base salary at the rate in effect as of the date hereof, and you will continue to participate in the Company’s benefit plans, subject to the terms thereof, in a manner consistent with your employment preceding this Agreement. In addition, you will receive a bonus for the fiscal year 2021 in an amount as described more fully in the Separation Agreement attached hereto.

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

2. Equity.

You and the Company acknowledge and agree that you were granted on December 19, 2018 428,654 options to purchase Class A common stock of the Company pursuant to the Altice USA 2017 Long Term Incentive Plan and award agreement and were granted on January 29, 2020 2,000,000 options to purchase Class A common stock of the Company pursuant to the Altice USA Amended and Restated 2017 Long Term Incentive Plan (“Plan”) and award agreement, (collectively, the “**Options**”) and the “**Option Award Agreement**”) and 173,120 performance-based restricted stock units with a Performance Target Share Price of \$50, and 421,867 with a Performance Target Share Price of \$60 (the “**PSUs**”) pursuant to the Plan and associated award agreements (collectively, the “**PSU Award Agreement**”). The parties hereto acknowledge and agree that the Options and PSUs shall remain outstanding and shall be subject to the terms and conditions of the Plans, the Option Award Agreement and the PSU Award Agreement. For the avoidance of doubt, you shall not be entitled to any additional grants of options to purchase Class A common stock of the Company or PSUs.

3. Separation Benefits.

Upon the Separation Date or, if earlier, the date your employment is terminated by the Company without cause or you voluntarily terminate your employment pursuant to an Approved Early Resignation (defined below), you will be entitled to the Separation Payment and benefits described in the Separation Agreement, attached as Exhibit A; provided, that (i) you execute and do not revoke the Separation Agreement prior to the applicable revocation period stated therein, and (ii) you continue to comply with any confidentiality, non-disparagement and any other restrictive covenants applicable to you. “**Approved Early Resignation**” means any resignation prior to December 31, 2021 that has been agreed to, in writing, by the CEO. If, prior to the Separation Date, the Company terminates your employment for Cause (defined as a termination based on (i)

commission of an act of fraud, embezzlement, misappropriation, willful misconduct, gross negligence or breach of fiduciary duty against the Company or an affiliate thereof, or (ii) commission of any act or omission that results in a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any crime involving moral turpitude or any felony), or you voluntarily resign for any reason other than pursuant to an Approved Early Resignation, you will be entitled to receive only the base salary and earned or accrued, but unpaid, benefits up to the final date of your employment.

4. Non-Disparagement.

You represent, warrant and agree, for yourself and any other representatives while they are acting on your behalf, that you (and they) have not and will not engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to the good will of, or the business or personal reputations of, any of the Releasees. This provision applies not only to verbal communications but also to all written communications including but not limited to communications through social media/social networking sites such as Facebook, Twitter and the like. Altice represents, warrants and agrees, to instruct, in writing, Mr. Patrick Drahi, Mr. Dexter Goei, Mr. Michael Grau, Ms. Colleen Schmidt, Mr. Nick Brown, and Ms. Lisa Anselmo not to engage in any publicly disparaging conduct including, but not limited to, making directly or indirectly disparaging or negative statements that are intended to or are reasonably likely to do damage to the good will of, or your business or personal reputation.

5. Confidentiality, Non-Compete, and Non-Solicitation.

You represent, warrant and agree to remain bound by the Company's Confidential Information Policy, and all Confidentiality, Non-Compete and Non-Solicitation provisions included in your Altice USA 2017 Long Term Incentive Plan Form of Nonqualified Stock Option Award Agreement, according to its terms, or until such time as you execute the Separation Agreement, attached as Exhibit A.

6. Release.

In consideration for receiving the benefit of a Transition Period, salary continuation at your current base rate of pay for the Transition Period, and for the Separation benefits described in the attached, you agree that:

(a) You, on behalf of yourself, your heirs, executors, administrators and/or assigns, do hereby release and discharge Altice USA, Inc. together with its direct and indirect parent companies, subsidiaries, affiliates, joint ventures, partners, and related entities, past, present and future, and any of its or their predecessors, successors and assigns (collectively, the "Company"), and any of its or their officers, directors, employees, consultants, agents, insurers, reinsurers, shareholders, representatives and assigns, past, present and future, (collectively with the

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

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

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

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

7. **Choice of Law; Forum; Waiver of Jury Trial; Contract Interpretation.**

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

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

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

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

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

8. **Public Statements.**

The Company agrees to provide you with the opportunity to review its public written disclosures (internal and external) about your resignation and transition services, prior to the requisite filing date, or public release.

9. **Miscellaneous.**

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

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

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

/s/ Colleen R. Schmidt
Colleen R. Schmidt
EVP, Human Resources

Date: September 9, 2021

Accepted and Agreed to:

/s/ Abdelhakim Boubazine
Abdelhakim Boubazine

9/9/2021
Date

EXHIBIT A (Separation Agreement)

(Remainder of Page Intentionally Left Blank)



December 31, 2021

Dear Hakim:

As you know, your employment relationship with Altice USA, Inc. (the “Company” as defined more fully in Section 3(a) below) ceased as of **December 31, 2021** (the “Separation Date”). We are prepared to provide you with certain Separation Benefits (as defined in Section 2 below) as set forth in this Agreement (the “Agreement”) in exchange for your executing, delivering and performing all of the terms, conditions and obligations applicable to you under this Agreement. To receive the Separation Benefits set forth in Section 2 below, you must execute the Agreement by Adobe Sign™ electronic signature, no later than **January 21, 2022**. Upon executing the agreement by Adobe Sign™, a signed copy of the Agreement will automatically be transmitted to the Company. You also will receive the signed copy. This Agreement shall become automatically null and void after **January 21, 2022** unless it is executed by you no later than **January 21, 2022**.

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

1. Separation of Employment/Effect on Benefits

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

(b) Return of Company Property. You acknowledge and agree that you have returned to the Company all of the Company Property (as defined below), including, without limitation, Confidential and Proprietary Information (as defined in Section 4(b) below), keys, Company identification cards, access, pass and other passes, and all documents, files, equipment, computers, laptops, printers, mobile phones, monitors, telephones, pagers, tablets, VPN fobs, cameras,

wireless cards, backpacks, fax machines, credit cards, computer software, peripherals & accessories, storage devices including flash drives and access materials and other property prepared by, for or belonging to the Company (all of such property being referred to herein as “Company Property”). Notwithstanding the foregoing, in certain circumstances and solely in the



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

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

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

2. Separation Benefits

Subject to the terms and conditions contained in this Agreement, if you: (i) execute and deliver this Agreement via Adobe Sign™ by the date set forth above, and (ii) comply with all of the terms, conditions and obligations applicable to you under this Agreement, and (iii) do not revoke this Agreement during the Revocation Period, as defined in Section 9(a) below:

(a) Separation Payment. The Company will pay you \$500,000.00, subject to reduction for applicable withholding taxes and deductions (the "Separation Payment"). The Separation Payment will be paid to you in biweekly installments for the twelve (12) month period following the "Effective Date" of this Agreement (as defined in Section 9(b) below), until it is paid in full in accordance with the Company's prevailing payroll practices.

(b) Altice USA Bonus. Since your Separation Date is before payments are made pursuant to the Company's Altice USA Bonus Plan (the "Altice USA Bonus") approved by the



Company's Board of Directors for calendar year 2021, and payments are made to active participating employees, you will be eligible to receive an Altice USA Bonus with respect to calendar year 2021 despite your no longer being employed by the Company on the date on which any such bonus would typically be paid. This Alice USA Bonus will be calculated based upon your actual base salary paid to you in 2021. This amount, subject to reduction for applicable withholding taxes and deductions, will be payable to you if and when such bonuses are generally paid to similarly situated active employees and will be based on your 2021 annual target bonus percentage of 200%, as well as business performance as determined by the Company in its sole discretion, but without adjustment for your individual performance. To the extent the Compensation Committee of the Board of Directors decides to provide a discretionary positive adjustment to the business performance factor used to determine the 2021 Altice USA Bonus for similarly situated executives (direct reports to the CEO who participate in the Corporate Plan), the same discretionary positive adjustment to the business performance factor will be utilized in determining your 2021 bonus.

(c) Equity. Your vested options under the Altice USA 2017 Long Term Incentive Plan are exercisable through April 30, 2022, which is the date 120 days from your Separation Date. The vested options will be cancelled if they are not exercised prior to April 30, 2022.

(d) Health Coverage. Your Company-sponsored medical, dental and vision coverage, if any, will continue through the last day of the month in which the Separation Date occurs. Thereafter, you, and your eligible dependents, if any, may be eligible to obtain continuation coverage for a period of time thereafter pursuant to the federal COBRA statute by returning an election form and paying the required premiums on a timely basis, including a 2% COBRA administration premium. If you elect COBRA coverage, the Company will subsidize your COBRA payments for a period of three (3) months from the first day of the month following the month in which the Separation Date occurs so that you will continue to receive such benefits at the active employee rate. Further details regarding COBRA coverage and any necessary forms will be sent to you under separate cover.

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

(f) No Other Separation Benefits, Payment, Consideration or Severance Benefits. For purposes of this Agreement, the consideration set forth in this Section 2 shall be referred to as the "Separation Benefits." The Separation Benefits represent a complete settlement, release and waiver of any claims for allegedly lost wages, benefits, bonuses, or other compensation, mental, physical or other personal injuries, pain and suffering, and costs in connection with any other relief you may seek or claim you may have against the Company. You hereby confirm that all monies or remuneration of any kind or nature due to you previously have been paid. You agree that no other monies or relief are due to you, other than the payments provided for in this Agreement in consideration of your general release of all claims that you have, may have or may have had against the Releasees (as defined in Section 3(a) below).



3. Release

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

(b) The Release section of this Agreement excludes: claims arising after you sign this Agreement; claims for breach of this Agreement; claims to any vested benefits to which you are entitled under any of the Company's employee benefit plans, in accordance with the terms of the applicable plan documents; and claims that cannot be waived, such as claims for unemployment or workers' compensation, claims arising under the Federal Fair Labor Standards Act or applicable state wage and hour laws, and any claims that cannot be waived as a matter of law. Neither the Release section above nor anything else in this Agreement limits your rights to file a charge with any administrative agency (such as the U.S. Equal Employment Opportunity Commission or a



state fair employment practices agency) or to participate in an agency investigation or other administrative proceeding. However, you give up all rights to any money or other personal benefit from any administrative charge, investigation, or other administrative proceeding.

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

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

4. Confidentiality

(a) Agreement. Except as set forth in Section 6, you hereby agree to keep the existence and terms of this Agreement confidential and not to disclose them to any persons other than to your legal, financial and/or tax advisors or to members of your immediate family (all of whom shall also be bound by the foregoing confidentiality covenant) or as required by law, rule, regulation or judicial process.

(b) Confidential and Proprietary Information. You hereby represent, warrant and agree that: (i) during the course of your employment, you were provided and/or have had access to Confidential and Proprietary Information (as defined below), (ii) you have not removed, nor shall you at any time (including after the Separation Date) remove from any Company facility any Confidential and Proprietary Information and/or documents, materials, or copies thereof containing any Confidential and Proprietary Information (including, without limitation, electronic data in any form), and (iii) you shall retain in strict confidence and shall not use for any purpose whatsoever or divulge, disseminate, copy, disclose to any third party, or otherwise use any Confidential and Proprietary Information. You further understand and agree that all Confidential and Proprietary Information has been divulged or made available to you in confidence and that it would be damaging to the Company if any such Confidential and Proprietary Information were disclosed to any competitor of the Company or any third party or person. Further, you agree not to discuss any information that you have obtained through your employment about the Company or any of its present or former officers, directors, executives, employees, representatives, or shareholders, or any aspects of your tenure as an employee or the termination of such employment (whether or not such information constitutes Confidential and Proprietary Information) with any reporter, author, producer or similar person or entity, or take any other action seeking to publicize or disclose any such information in any way likely to result in such information being made



available to the general public in any form, including books, articles, or writings of any kind, film, videotape, audiotape, Internet websites or any other medium. As used in this Agreement, “Confidential and Proprietary Information” means any non-public information of a confidential or proprietary nature of any of the Releasees, including, without limitation: (i) information of a commercially sensitive, proprietary or personal nature or that, if disclosed, could have an adverse effect on any of the Releasees’ standing in the community, its or their business reputations, operations or competitive positions, (ii) information and documents that have been designated or treated as confidential, (iii) financial data; customer, vendor or shareholder lists or data; advertising, business, sales or marketing plans, tactics and strategies; projects; technical or strategic information about any of the Company's businesses; plans or strategies to market or distribute the services or products of such businesses; plans, tactics, or strategies for third-party negotiations, including but not limited to planned or actual collective bargaining negotiations; economic or commercially sensitive information, policies, practices, procedures or techniques; trade secrets and other intellectual property; merchandising, advertising, marketing or sales strategies or plans; litigation theories or strategies; terms of agreements with third parties and third party trade secrets; information about any of the Releasees’ (to the extent applicable) employees, agents, compensation (including, but not limited to, bonuses, incentives and commissions), or other human resources policies, plans and procedures, or any other non-public material or information relating to any of the Releasees, and (iv) any information (personal, proprietary or otherwise) you learned about any officer, director or member of management of the Company, whether prior, during or subsequent to your employment by the Company.

5. Physical and Intellectual Property

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

6. Exception for Disclosure Pursuant to Law

Nothing in this Agreement shall prohibit or restrict you from making any disclosure of information required or expressly protected by law, including providing truthful testimony regarding your employment with the Company, or any Company matter, if required to do so by court order or legal or administrative process, provided however, that you give the Company written notice of such court order or legal or administrative process within three (3) business days of your receipt of the court order or legal or administrative process notification, or earlier if the return date is less than three (3) business days from your receipt of the court order or legal or administrative process notification, sent by facsimile and overnight mail to the General Counsel,



Altice USA, Inc., 1 Court Square, Long Island City, NY 11120, facsimile number (929-418-4699). In the event you receive a subpoena or other judicial process or request of a governmental authority to provide information subject to the attorney-client and/or work product privileges, you shall immediately inform the General Counsel at the facsimile number above and shall take all reasonable steps necessary to maintain the privileged nature of such information. In addition, nothing in this Agreement shall prohibit or restrict you from: (i) cooperating, participating or assisting in any investigation or proceeding brought by any federal, state or local regulatory or law enforcement agency or legislative body, or any self-regulatory organization, or the Company's legal, compliance or human resources officers; or (ii) reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. If you make a report or disclosure pursuant to the foregoing subsection (ii), you are not required to obtain prior authorization from the Company to make such report or disclosure and you are not required to notify the Company that you have done so. Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

7. Further Cooperation

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



You further agree to perform all acts and execute any and all documents that may be necessary to carry out the provisions of this Paragraph.

8. Right to Counsel/Voluntary Waiver

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

9. Revocation

(a) Right to Revoke. You may revoke this Agreement within seven (7) days after the date on which you sign it (the “Revocation Period”). This Agreement will not be binding or enforceable until that seven- (7) day Revocation Period has expired. If you decide to revoke this Agreement, you must notify us of your revocation in a letter signed by you and received by Colleen Schmidt, 1 Court Square, Long Island City, NY 11120 no later than the seventh (7th) day after you signed this Agreement. A letter of revocation that is not post-marked by the seventh (7th) day after you have signed the Agreement will be invalid and will not revoke this Agreement.

(b) Effective Date of Agreement. If you have not revoked this Agreement in accordance with this Section 9, the eighth (8th) day after the date on which you sign the Agreement shall be the “Effective Date” of the Agreement.

10. Post-Employment Restrictions

(a) Non-Disparagement. You represent, warrant and agree, for yourself and any other representatives while they are acting on your behalf, that you (and they) have not and will not engage in any disparaging conduct, including but not limited to making disparaging or negative statements, that is intended to or does damage to the good will of, or the business or personal reputations of, any of the Releasees. This provision applies not only to verbal communications but also to all written communications including but not limited to communications through social media/social networking sites such as Facebook, Twitter and the like. Altice represents, warrants and agrees, to instruct, in writing, Mr. Patrick Drahi, Mr. Dexter Goei, Mr. Michael Grau, Ms. Colleen Schmidt, Mr. Nick Brown, and Ms. Lisa Anselmo not to engage in any publicly disparaging conduct including, but not limited to, making directly or indirectly disparaging or negative statements that are intended to or are reasonably likely to do damage to the good will of, or your business or personal reputation.

(b) Confidential Information. You acknowledge and agree that your obligation not to disclose Confidential Information as set forth in detail in Section 4 above continues in full force



and effect not only for the duration of your employment with the Company, but also upon and after your employment with the Company ceases. You hereby acknowledge and agree that due to your position with the Company and your knowledge of the Company's Confidential and Proprietary Information (as that term is defined in Section 4(b) above), your employment by or affiliation with certain entities, or your solicitation of the Company's employees, customers, consultants, or vendors, would be detrimental to the Company.

(c) Non-Competition. You further hereby acknowledge and agree that the services rendered by you for the Company are special and unique and that a part of the consideration set forth in this Agreement is in exchange for your promises set forth in this Section 10. You hereby represent, warrant and confirm that, you have not and will not for the period of time during which you are receiving the Separation Benefits under this Agreement, directly or indirectly, become employed by, assist, consult to, advise in any manner or have any material interest in, any Competitive Entity, with which you would hold a role or position similar to any role or position you held with the Company, or for whom you would provide services similar to those you provided to the Company, during the twenty-four (24) months preceding the Separation Date or in which you would have responsibility for or access to confidential information similar or relevant to that which you had access to during the twenty-four (24) months preceding the Separation Date. A "Competitive Entity" shall mean any multiple system operator and any person, entity or business that competes with any of the Company's cable television, video programming distribution, advertising, voice-over internet protocol, telephone, broadband, on-line data, content and wired or wireless data businesses, or mobile phone/data and MVNO business, as well as such other businesses as the Company engages in as of the Separation Date. Your agreement not to compete is limited to within 100 miles of the office(s), whether home or business, from which you reported, primarily worked or provided substantial services on behalf of the Company during the twenty- four (24) months preceding the Separation Date. Ownership of not more than one percent (1%) of the outstanding stock of any publicly traded company shall not, by itself, constitute a violation of this provision.

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

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



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

(e) Reasonableness of Restraints and Modification. You agree that you and the Company have attempted to limit your right to solicit and compete as applicable only to the extent permitted by applicable law and necessary to protect the Company from unfair competition. If a court of competent jurisdiction determines that the restrictions in this Section 10 are too long in duration or too broad in scope to be reasonable and enforceable, the court shall amend such a provision only so much as is necessary for the restrictions to be reasonable and enforceable.

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

(a) This Agreement shall be deemed to be made under, and in all respects shall be interpreted, construed and governed by and in accordance with, the laws of the State of New York without reference to its conflict of law principles except to the extent preempted by the Employee Retirement Income Security Act of 1974 (“ERISA”).

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

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

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

12. Additional Provisions

(a) Breach of Agreement. You hereby acknowledge and agree that your breach or threatened breach of Sections 4, 5, 6, 7, or 10 of this Agreement will cause irreparable harm to the Company for which monetary damages alone will not provide an adequate remedy.



Accordingly, the Company, in addition to any other rights or remedies available to it under this Agreement or otherwise, will be entitled to an injunction to be issued by any court of competent jurisdiction restraining you from committing or continuing any violation of these provisions, without the necessity of showing actual damage and without any bond or other security being required. You hereby further acknowledge that all Separation Benefits in Section 2 of this Agreement are subject to forfeiture, recoupment, or clawback if you violate the Post-Employment Restrictions described in Section 10 above as reasonably determined by the Company in its sole discretion.

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

(c) Non-Admission of Liability. The parties agree and acknowledge that the agreement by the Company described herein, and the settlement and termination of any asserted or unasserted claims against any of the Releasees, are not and shall not be construed to be an admission of any violation of any federal, state or local statute or regulation, or of any duty owed, contractual or otherwise, by any of the Releasees to you.

(d) Indemnification. You hereby agree to indemnify and hold harmless each Releasee, against any and all damages or liabilities (including, without limitation, tax liabilities), expenses and costs that may arise out of or that are in any way related to a breach or failure to perform by you of any of the terms and provisions of this Agreement.

(e) Entire Agreement. This Agreement sets forth the entire agreement of the parties concerning any separation benefits which may be due to you in connection with the termination of your employment on the Separation Date, and supersedes any and all prior agreements, discussions, understandings, promises and expectations with respect to the subject matter thereof. This Agreement may be modified only by a written instrument signed by you and by the Company.

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

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



invalid or unenforceable portion, provided, however, if Section 3(a) above is held illegal, invalid or unenforceable, the Company shall be released from any obligations under Section 2 above.

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

(i) Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code ("Section 409A") or are exempt therefrom and, accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered so as to be in compliance therewith. The parties hereby acknowledge and agree that (i) the Separation Benefit due to you under Section 2 of this Agreement is payable or provided to you on account of your "separation from service" within the meaning of Section 409A; and (ii) each installment of the Separation Benefit payable to you under Section 2 of this Agreement is intended to be treated as a separate payment for purposes of Section 409A that is exempt from Section 409A, to the maximum extent possible, under the "short-term deferral" exemption of Treasury Regulation Section 1.409A-1(b)(4) and/or the "window program" exemption of Treasury Regulation Section 1.409A-1(b)(9)(iii). In no event may you, directly or indirectly, designate the calendar year of any payment under this Agreement.

13. Acknowledgments and Waivers Including Express Waiver Under the ADEA

By signing below, you certify and acknowledge as follows:

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

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

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

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



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

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

(g) That this Agreement may be revoked by you within seven (7) calendar days after you execute this Agreement, in accordance with Section 9(a) above, and it shall not become effective until the expiration of such seven- (7) day Revocation Period.

(h) Employee acknowledges and agrees that this Agreement may be executed by electronic signature, including but not limited to signature by Adobe Sign™, which shall have the same legal validity and enforceability as a manually executed signature or use of a paper-based recordkeeping system. Employee hereby waives any objection to electronic signature. Employee understands and agrees that “electronic signature” includes, without limitation, electronically scanned and transmitted versions of a signature, including but not limited to PDF versions.

We wish you luck in your future endeavors.

Sincerely yours,

Colleen R. Schmidt
EVP, Human Resources

Date: December 31, 2021

Accepted and Agreed to:

Abdelhakim Boubazine

Date

CERTIFICATION

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

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

Date: November 4, 2021

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

CERTIFICATION

I, Michael J. Grau, Chief Financial Officer of Altice USA, Inc., certify that:

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

Date: November 4, 2021

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

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Altice USA, Inc. ("Altice USA") hereby certifies, to such officer's knowledge, that Altice USA's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (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: November 4, 2021

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

Date: November 4, 2021

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