

## CURRENT REPORT

of

### CEQUEL COMMUNICATIONS HOLDINGS I, LLC

May 7, 2013

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Pursuant to (i) Section 4.14(a) of the indenture, dated as of November 4, 2009 (the “2009 Indenture”), by and among Cequel Communications Holdings I, LLC, a Delaware limited liability company (“Cequel”), Cequel Capital Corporation, a Delaware corporation (“Cequel Capital”, and together with Cequel, the “Issuers”), and U.S. Bank National Association, as trustee (the “Trustee”), as amended, relating to the Issuers’ 8.625% Senior Notes due 2017 (the “2017 Notes”) and (ii) Section 4.12 of the indenture, dated as of October 25, 2012 (the “2012 Indenture”), by and among Cequel (as successor by merger to Cequel Communications Escrow I, LLC), Cequel Capital (as successor by merger to Cequel Communications Escrow Capital Corporation) and the Trustee, relating to the Issuers’ 6.375% Senior Notes due 2020 (the “2020 Notes”, and together with the 2017 Notes, the “Notes”), Cequel is furnishing the information contained herein to holders of the Notes.

#### Earnings Release for the Three Months Ended March 31, 2013

On May 7, 2013, Cequel issued a press release reporting its financial results for the three months ended March 31, 2013 (the “Earnings Announcement”). A copy of the Earnings Announcement is attached to this Current Report as Exhibit 99.1.

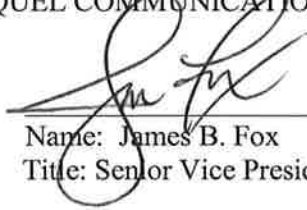
#### Replay of Earnings Call

On May 7, 2013, Cequel held a conference call to discuss its financial results for the three months ended March 31, 2013. A replay of the call is available on Cequel’s website ([www.suddenlink.com](http://www.suddenlink.com)).

## SIGNATURES

Pursuant to the requirements of Section 4.14(a) of the 2009 Indenture and Section 4.12(a) of the 2012 Indenture, Cequel has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

A handwritten signature in black ink, appearing to read "J. B. Fox", is written over a horizontal line.

Name: James B. Fox

Title: Senior Vice President and Chief Accounting Officer

May 7, 2013

Press Release Attached Starting on the Next Page

## FOR IMMEDIATE RELEASE

ST. LOUIS (May 7, 2013) – Cequel Communications Holdings I, LLC (“Cequel,” and together with its subsidiaries, the “Company” or “Suddenlink”) today reported financial and operating results for the first quarter 2013.

“Our results continue to be among the best in the industry, with pro forma, year-over-year revenue growth of 6.4 percent and EBITDA growth before non-recurring expenses of 9.4 percent,” said Suddenlink Chairman and CEO Jerry Kent. “Clearly, we’re benefiting from the steps we’ve taken to build out our world-class infrastructure and national backbone, augmented by Project Imagine and our unrelenting focus on providing a superior level of customer care.”

### First Quarter 2013 Highlights

Operating results and metrics and year-over-year changes described below are presented on a pro forma basis to include the acquisition and contribution of all of the capital stock of Excell Communications, Inc. (“Excell”) on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, as if those transactions had been consummated on January 1, 2012.

- First quarter revenues of \$539.0 million grew 6.4% compared to the first quarter of the prior year.
- Excluding the impact of non-recurring expenses, Adjusted EBITDA (as defined herein) for the first quarter 2013 was \$208.3 million, representing growth of 9.4%, compared to the same period in the prior year. Adjusted EBITDA for the first quarter 2013, including the impact of non-recurring expenses, was \$206.9 million, representing growth of 13.8%, compared to the same period in the prior year.
- Free Cash Flow (as defined herein) of \$38.1 million for the first quarter 2013 grew \$26.9 million compared to the first quarter 2012, an increase of 242.7%.
- Total average monthly revenue per basic video customer (“ARPU”) for the first quarter was \$148.59, an increase of 9.7% compared to the first quarter of the prior year.
- Revenue Generating Units (“RGUs”) were 3,568,700, an increase of 93,100, or a 2.7% year-over-year.
- Bundled residential customers represented 64.8% of total residential customer relationships at March 31, 2013, an increase from 62.7% at March 31, 2012, primarily from growth in triple play customer relationships, which represented 25.0% of total residential customer relationships at March 31, 2013, versus 23.9% at March 31, 2012.
- Non-video residential customers represented 18.8% of total residential customer relationships at March 31, 2013, an increase of 11.4% compared to the prior year.
- Commercial revenue grew 17.0% versus the first quarter of 2012, including 24.3% year-over-year growth in our commercial high-speed data, on-net and off-net carrier and telephone revenues on a combined basis.

### First Quarter 2013 Compared to First Quarter 2012

First quarter 2013 revenues rose 6.4%, largely attributable to the increase in residential high-speed Internet, telephone, advanced digital video and broadcast retransmission revenue, growth in revenues from our commercial business, including carrier services and growth in advertising revenue. Residential revenue growth resulted from increases in the number of new telephone, high-speed Internet and digital video customers, an increase in the penetration of existing customers for these services, the impact of

video and high-speed Internet rate increases, including broadcast retransmission rate increases, incremental service revenues from high definition television (“HDTV”) and digital video recorded (“DVR”) services as more customers purchased advanced video services from us during the trailing twelve months and the impact from the shift of customers to higher speed Internet products. Offsetting this residential growth in part was a decrease in revenue due to basic video customer losses, the impact of bundling and promotional discounts, digital customers purchasing fewer digital tiers of service during the trailing twelve months and decreased premium revenues. Revenues for our commercial business grew due to increases in commercial high-speed data and telephone customers and from increases in cell tower and backhaul revenues from carrier customers. Advertising revenue increased due primarily to increased local and national advertising, particularly in the automotive sector.

Video service revenues increased 2.3% due primarily to video rate increases, higher broadcast retransmission revenue and customer growth in our digital and advanced video services, including converter rental revenue for high-definition and DVR capable digital converters. Offsetting this growth, in part, were the year-over-year basic video customer losses, the impact of digital customers purchasing fewer digital tiers of service on average and decreased premium revenues.

High-speed Internet service revenues rose 14.0% due primarily to an increase in residential high-speed Internet customers, growth in home networking revenues, the impact of residential rate increases and the shift of customers to higher speed Internet products, growth in our commercial high-speed data services to small and medium sized businesses and growth in carrier services, including fiber to the tower, and optical Internet and transport revenues.

Telephone service revenues grew 7.7% due primarily to an increase in residential telephone customers and growth in our commercial telephone services to small and medium sized businesses.

Advertising revenues increased 10.1% due largely to higher local and national advertising sales revenue in part due to increased automotive advertising and a new advertising contract in one of our markets.

Other revenues increased 8.0% due primarily to increases in administrative fee and other pass-through and service fee revenues, increases in commercial installation revenue and increases in security service revenues.

Our commercial lines of business, embedded in the video, high-speed Internet, telephone service and other revenues described above, are comprised of commercial and bulk video, commercial high-speed data, fiber based on- and off-net carrier services and commercial telephone. Commercial revenue totaled \$70.1 million, or 13.0% of total revenue, in the first quarter of 2013, representing growth of 17.0% versus the first quarter of 2012. Our commercial high-speed data and telephone revenue grew 20.5% year-over-year on a combined basis.

Operating costs and expenses decreased 2.3%, primarily due to lower certain non-recurring expenses in the first quarter of 2013, offset in part by higher programming costs, including broadcast retransmission consent expenses, increased net compensation and employee related costs, increased commercial circuit costs, increased expenses associated with our ad sales business, increased marketing expenses and increased property taxes. The first quarter of 2012 includes \$8.5 million of non-recurring expenses, primarily consisting of \$8.0 million of March 2012 distribution related expenses. The first quarter of 2013 includes approximately \$1.4 million of non-recurring expenses which are primarily associated with due diligence costs.

Excluding the impact of non-recurring expenses described above, Adjusted EBITDA for the first quarter 2013 would have been \$208.3 million, an increase of 9.4% compared to the first quarter last year, with Adjusted EBITDA margin of 38.7%, a 110 basis point improvement from the first quarter 2012. Including those non-recurring expenses, Adjusted EBITDA for the first quarter 2013 was \$206.9 million, an increase of 13.8% from the same quarter last year, resulting in an Adjusted EBITDA margin of 38.4%, a 250 basis point improvement from the first quarter 2012.

Income from operations for the first quarter 2013 was \$45.7 million, a decrease of 40.1%, compared to \$77.4 million for the first quarter 2012, as a result of increased depreciation and amortization expense.

During the first quarter of 2012, we also recorded a loss on the extinguishment of debt of \$14.2 million, a change in the fair value of derivative instruments of \$10.9 million and a loss on termination of derivative instruments of \$6.6 million, none of which were present in the three months ended March 31, 2013.

Net loss was \$17.0 million for the first quarter 2013, compared to net loss of \$26.4 million for the first quarter 2012. Net loss for the first quarter 2012 was impacted by the loss on the extinguishment of debt, change in the fair value of derivative instruments and loss on termination of derivative instruments, discussed above, none of which were present in the three months ended March 31, 2013.

### **Key Operating Metrics**

At March 31, 2013, Suddenlink served approximately 1.4 million residential customers, and Suddenlink's RGUs were comprised of 1,211,900 basic video, 853,100 digital video, 1,026,200 residential high-speed Internet and 477,500 residential telephone customers. Suddenlink's approximately 3.6 million RGUs as of March 31, 2013 increased 93,100, or 2.7%, over the prior year. In addition, as of March 31, 2012, Suddenlink served approximately 53,200 commercial high-speed data and 25,500 commercial telephone customers, not included in our RGU or customer relationship totals.

Approximately 64.8% of Suddenlink's residential customers subscribe to bundled services, compared to 62.7% a year ago. Approximately 346,400 of Suddenlink's residential customers receive video, high-speed Internet and telephone services as part of a triple play bundle, representing 25.0% of Suddenlink's total residential customer relationships. Growth of 15,500 triple play customers from the first quarter of 2012 represented an increase of 4.7%. Non-video residential customers of approximately 260,100 at March 31, 2013 represent 18.8% of total residential customer relationships, and grew 11.4%.

Suddenlink's ARPU for the first quarter of 2013 was \$148.59, an increase of 9.7% compared to the first quarter of 2012.

Basic video customers increased by approximately 700 customers while digital video customers increased by approximately 15,600 customers during the first quarter of 2013. During the trailing twelve months, basic video customers decreased by approximately 35,200, or 2.8%, while digital video customers increased by approximately 57,600, or 7.2%. Estimated basic penetration at March 31, 2013, was 39.7% of estimated homes passed. Digital penetration to basic customers was 70.4%.

Residential high-speed Internet customers increased by approximately 24,100 during the first quarter of 2013, and increased 46,400, or 4.7%, during the trailing twelve months. At March 31, 2013, estimated residential high-speed Internet penetration was 34.5% of high-speed Internet capable homes passed. During the first quarter of 2013, commercial high-speed data customers increased by approximately 1,300. During the trailing twelve months, commercial high-speed data customers increased by approximately 4,500, or 9.2%. These commercial customers are not included in total RGU counts.

Residential telephone customers grew by approximately 5,800 during the first quarter of 2013, and 24,300, or 5.4%, during the trailing twelve months ended March 31, 2013. At March 31, 2013, estimated residential telephone penetration was 18.9% of telephone capable homes passed. During the first quarter of 2013, commercial telephone customers increased by approximately 1,400 customers, and increased by approximately 5,900 over the trailing twelve months ended March 31, 2013, or 30.1%. These commercial customers purchase 2.9 lines on average and are not included in total RGU counts.

### **Liquidity and Capital Resources**

The following discussion of liquidity and capital resources is presented on an actual basis and does not include historical pro forma adjustments reflecting the acquisition and contribution of Excell in November 2012 and the divestiture of immaterial assets in 2012.

At March 31, 2013, the Company had approximately \$259.4 million of cash on hand with \$16.4 million of outstanding letters of credit, which reduced the availability under our revolving credit facility to approximately \$483.6 million. Pro forma for the payment of the Deferred Fee (as defined herein), borrowing of the Incremental Term Loans (as defined herein) and the redemption of \$400.0 million aggregate principal amount of Senior Notes due 2017, as of March 31, 2013, we would have had approximately \$68.9 million of cash on hand.

Net cash provided by operating activities was \$154.7 million for the three months ended March 31, 2013, compared to \$154.3 million for the three months ended March 31, 2012. This increase is due primarily to improved operating results and net changes in current assets and liabilities due to timing of payments for accrued expenses and other payables, offset in part by the timing of payments for accrued interest.

Capital expenditures for the three months ended March 31, 2013 were \$98.2 million, compared to \$97.5 million for the three months ended March 31, 2012. During 2013, we expect capital expenditures to be approximately \$340.0 million to \$350.0 million. The increase in capital expenditures from our previously announced guidance is a result of expected capital expenditures necessary to begin the process to replace our use of a third-party telephone service provider with our own internal platform and resources, and from increased levels of customer premise equipment supporting an increased demand for our TiVo product.

In March 2013, we began an initiative to replace our use of a third-party telephone service provider with our own internal platform and resources. The majority of the migration activity relating to this initiative will take place in 2014, and we expect to complete this process by early 2015. We expect to incur up to \$50 million of additional non-recurring operating expenses and capital expenditures through early 2015 to complete this transaction, but also expect to significantly reduce telephone operating expenses when completed.

Free Cash Flow for the quarter ended March 31, 2013 was \$38.1 million, compared to \$11.1 million for the quarter ended March 31, 2012. The increase in Free Cash Flow for the first quarter of 2013 as compared to the same period in 2012 is due to improved operating results and a decrease in cash interest expense.

The Senior Secured Leverage Ratio (Consolidated Secured Debt to Adjusted Pro Forma EBITDA) for Suddenlink as defined in and calculated in accordance with our Credit Agreement was 2.59x at March 31, 2013.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indenture governing Cequel's 8.625% Senior Notes due 2017 (the "2017 Notes") was 6.05x at March 31, 2013.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indenture governing Cequel's 6.375% Senior Notes due 2020 was 5.77x at March 31, 2013.

#### **Deferred Fee**

In April 2013, we distributed \$64.6 million to Cequel Corporation, our indirect parent, which was used to pay a transaction fee to our stockholders (the "Deferred Fee").

#### **Debt Amendment, Borrowing and Redemption**

On April 12, 2013, we received approval from the lenders under our credit facility to amend the term loan facility of the credit facility to reduce the interest rate on the term loans to the prime rate plus 1.75% or the LIBOR rate plus 2.75%, with a LIBOR floor of 0.75%. There is a 101 soft call on repricings for six months from the amendment date.

On April 26, 2013, we borrowed \$300.0 million of incremental term loans (the "Incremental Term Loans") under our credit facility. The Incremental Term Loans have the same terms as the existing term loans under our credit facility. The proceeds of the Incremental Term Loans will be used to redeem a portion of the outstanding 2017 Notes.

On April 16, 2013, we issued a redemption notice for \$400.0 million aggregate principal amount of the outstanding 2017 Notes. This redemption, plus the applicable redemption premium of approximately \$25.9 million will be financed using the proceeds of the Incremental Term Loans and cash on hand. The \$400.0 million of 2017 Notes will be redeemed on May 16, 2013. After such redemption, the aggregate principal amount of the remaining 2017 Notes will be approximately \$712.6 million.

### **Conference Call**

As previously announced, the Company will host a conference call to discuss its first quarter results at 11:00 p.m. (Eastern Time) on Tuesday, May 7, 2013. The dial-in information for the earnings call is as follows:

Within the United States	866-394-9561
International	281-312-0031
Password	Cequel Communications
Conference ID	43091923

A replay of this earnings call will be available at the Investor Relations link on the Company's website ([suddenlink.com](http://suddenlink.com)) shortly after the conclusion of the call.

During the conference call, representatives of the Company may discuss and answer one or more questions concerning the Company's business and financial matters. The responses to these questions, as well as other matters discussed during the call, may contain information that has not been previously disclosed.

### **Quarterly Report**

The information in this press release should be read in conjunction with the financial statements and footnotes contained in the Company's quarterly report for the quarter ended March 31, 2013 which will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) on May 7, 2013.

### **Current Report**

A current report containing this earnings release will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) shortly after the conference call on May 7, 2013.

### **Use of Non-GAAP Financial Measures**

The Company uses certain measures that are not defined by Generally Accepted Accounting Principles ("GAAP") to evaluate various aspects of its business. Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. Adjusted EBITDA is a non-GAAP financial measure defined as net income/(loss), plus interest expense, (benefit)/provision for income taxes, depreciation, amortization, non-cash share based compensation expense, (gain)/loss on sale of cable assets, loss on termination of derivative instruments, changes in fair value of derivative instruments, other expenses and loss on extinguishment of debt. Free Cash Flow is a non-GAAP financial measure defined as Adjusted EBITDA, less capital expenditures and cash interest expense. Adjusted EBITDA and Free Cash Flow may not be necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA and Free Cash Flow have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow from operations or other combined income or cash flow data prepared in accordance with GAAP. A reconciliation of Net Loss to Adjusted



EBITDA is provided in Table 9. A reconciliation of Net Cash from Operating Activities to Free Cash Flow is provided in Table 10.

The Company believes that Adjusted EBITDA and Free Cash Flow provide information useful to investors in assessing the Company's ability to fund operations, service its debt and make additional investments from internally generated funds. In addition, Adjusted EBITDA generally correlates to the covenant calculations under the Credit Agreement.

### **Company Description**

The Company, doing business as Suddenlink Communications, is the seventh largest cable system operator in the United States. Suddenlink makes its services available over its advanced hybrid-fiber coaxial network to approximately 3.1 million homes in the United States as of March 31, 2013. Suddenlink serves approximately 1.4 million customers as of March 31, 2013. The Company's customer base is clustered geographically with approximately 96% of our basic video customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, Missouri, California and Ohio and 89% of our basic video customers located within our top 20 primary systems. Suddenlink simplifies its customers' lives through one call for support, one connection, and one bill for TV, Internet, telephone, and other services.

### **Cautionary Note Regarding Forward-Looking Statements**

Some statements in this Press Release are known as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may relate to, among other things:

- competition for video, high-speed Internet and telephone customers;
- our ability to achieve anticipated customer and revenue growth and to successfully introduce new products and services;
- our ability to complete our capital investment plans on time and on budget;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products or services;
- increasing programming costs and delivery expenses related to our products and services;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions;
- our substantial indebtedness;
- 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; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in our Annual Report for the year ended December 31, 2012.

These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Press Release that are not historical facts. When used in this Press Release, the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are

important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to the Company and speak only as of the date on which this Press Release is posted on the Company's website ([www.suddenlink.com](http://www.suddenlink.com)). The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in the Company's subsequent reports furnished to holders of the Notes.

**Tables:**

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**TABLE 1**

**Cequel Communications Holdings I, LLC**  
**Consolidated Statements of Operations (unaudited)**  
(in thousands)

	Three Months Ended		Percent Change
	March 31,		
	2013	2012	
	Actual	Actual	
Revenues:			
Video	\$ 289,579	\$ 283,763	2.0%
High Speed Internet	154,237	135,632	13.7%
Telephone	49,349	45,813	7.7%
Advertising Sales	19,750	17,986	9.8%
Other	26,036	21,800	19.4%
Total Revenues	538,951	504,994	6.7%
Costs and Expenses:			
Operating (excluding depreciation and amortization)	217,673	208,888	-4.2%
Selling, general and administrative (excluding non-cash share based compensation expense)	114,348	114,290	0.0%
Operating costs and expenses	332,021	323,178	-2.7%
Adjusted EBITDA	206,930	181,816	13.8%
<i>Adjusted EBITDA Margin (a)</i>	38.4%	36.0%	
Depreciation and amortization	156,577	104,394	-50.0%
Non-cash share based compensation expense	4,417	426	-939.3%
Loss/(gain) on sale of cable assets	281	(289)	197.2%

Income from operations	45,655	77,285	-40.9%
Interest expense, net	(66,560)	(75,720)	12.1%
Loss on termination of derivatives	-	(6,565)	NM
Change in fair value of derivatives	-	(10,933)	NM
Loss on extinguishment of debt	-	(14,202)	NM
Loss before income taxes	(20,905)	(30,135)	30.6%
Benefit for income taxes	3,878	3,584	8.2%
Net loss	\$ (17,027)	\$ (26,551)	35.9%

(a) Represents Adjusted EBITDA as a percentage of total revenue.

**TABLE 2**  
**Cequel Communications Holdings I, LLC**  
**Pro Forma Consolidated Statements of Operations (unaudited)**  
**(in thousands)**

	Three Months Ended		Percent Change
	March 31,		
	2013 Actual	2012 Pro-Forma (b)	
Revenues:			
Video	\$ 289,579	\$ 283,192	2.3%
High Speed Internet	154,237	135,338	14.0%
Telephone	49,349	45,813	7.7%
Advertising Sales	19,750	17,939	10.1%
Other	26,036	24,119	8.0%
Total Revenues	538,951	506,401	6.4%
Costs and Expenses:			
Operating (excluding depreciation and amortization)	217,673	209,751	-3.8%
Selling, general and administrative (excluding non-cash share based compensation expense)	114,348	114,736	0.3%
Operating costs and expenses	332,021	324,487	-2.3%
Adjusted EBITDA	206,930	181,914	13.8%
Adjusted EBITDA Margin (a)	38.4%	35.9%	
Depreciation and amortization	156,577	104,389	-50.0%
Non-cash share based compensation expense	4,417	425	-939.3%
Loss/(gain) on sale of cable assets	281	(289)	197.2%
Income from operations	45,655	77,389	-41.0%

Interest expense, net	(66,560)	(75,720)	12.1%
Loss on termination of derivatives	-	(6,565)	NM
Change in fair value of derivatives	-	(10,933)	NM
Loss on extinguishment of debt	-	(14,202)	NM
Loss before income taxes	(20,905)	(30,031)	30.4%
Benefit for income taxes	3,878	3,584	8.2%
Net loss	\$ <u>(17,027)</u>	\$ <u>(26,447)</u>	35.6%

(a) Represents Adjusted EBITDA as a percentage of total revenue.

(b) Pro forma to include the acquisition and contribution of all of the capital stock of Excell on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, as if those transactions had been consummated on January 1, 2012.

**TABLE 3**  
**Cequel Communications Holdings I, LLC**  
**Condensed Consolidated Balance Sheets (unaudited)**  
**(in thousands)**

	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 259,400	\$ 208,482
Accounts receivable, net	178,475	181,783
Deferred tax asset	8,668	9,742
Prepaid expenses and other assets	23,851	19,267
Total current assets	<u>470,394</u>	<u>419,274</u>
Property, plant and equipment, net	1,884,647	1,893,067
Intangible assets, net	5,206,880	5,255,641
Other long-term assets, net	24,710	20,734
Total assets	<u>\$ 7,586,631</u>	<u>\$ 7,588,716</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Accounts payable and accrued expenses	\$ 319,625	\$ 301,939
Deferred revenue	140,315	138,465
Current portion of long-term debt	22,000	22,000
Other current liabilities	6,859	4,279
Total current liabilities	<u>488,799</u>	<u>466,683</u>
Long-term debt, less current portion	4,883,294	4,893,262
Deferred tax liabilities	690,206	697,011
Other long-term liabilities	10,827	5,645
Total liabilities	<u>6,073,126</u>	<u>6,062,601</u>
Total member's equity	<u>1,513,505</u>	<u>1,526,115</u>
Total liabilities and member's equity	<u>\$ 7,586,631</u>	<u>\$ 7,588,716</u>

**TABLE 4**  
**Cequel Communications Holdings I, LLC**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**

(in thousands)

	Three Months Ended	
	March 31,	
	2013	2012
Net cash provided by operating activities	\$ 154,708	\$ 154,320
Net cash used in investing activities	(98,166)	(101,534)
Net cash used in financing activities	(5,624)	(4,890)
Increase in cash and cash equivalents	50,918	47,896
Cash and cash equivalents, beginning of period	208,482	128,663
Cash and cash equivalents, end of period	\$ 259,400	\$ 176,559

**TABLE 5**  
**Cequel Communications Holdings I, LLC**  
**Capital Expenditures (unaudited)**  
(in thousands)

	Three Months Ended	
	March 31,	
	2013	2012
Customer premise equipment	\$ 40,915	\$ 39,340
Scalable infrastructure	3,548	10,402
Line extensions	1,548	1,850
Upgrade/rebuild	3,879	1,011
Commercial	11,143	6,165
Support capital	37,131	38,767
	\$ 98,164	\$ 97,535

**TABLE 6**  
**Cequel Communications Holdings I, LLC**  
**Summary Operating Statistics (unaudited)**  
Approximate as of:

	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012
	Actual	Actual	Actual
<b>Revenue Generating Units (RGU):</b>			
Basic video customers (a)	1,211,900	1,211,200	1,250,200
Digital video customers (b)	853,100	837,500	796,400
Residential high-speed Internet customers (c)	1,026,200	1,002,100	982,600
Residential telephone customers (d)	477,500	471,700	453,200
<b>Total RGUs (e)</b>	<b>3,568,700</b>	<b>3,522,500</b>	<b>3,482,400</b>
<b>Quarterly net customer additions (losses):</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Basic video customers	700	(19,100)	(2,000)
Digital video customers	15,600	4,900	29,100
Residential high-speed Internet customers	24,100	5,300	31,200
Residential telephone customers	5,800	1,900	14,600
<b>Total RGUs (e)</b>	<b>46,200</b>	<b>(7,000)</b>	<b>72,900</b>
<b>Average Revenue per Unit (ARPU):</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Pro forma average monthly revenue per basic video customer (f)	\$ 148.59	\$ 142.83	\$ 134.80
<b>Residential Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>

Total customer relationships (g)	1,385,300	1,371,700	1,391,200
Double play relationships (h)	550,800	542,700	539,200
Double play penetration (i)	39.8%	39.6%	38.8%
Triple play relationships (j)	346,400	342,200	330,900
Triple play penetration (k)	25.0%	24.9%	23.8%
Total bundled customers (l)	897,200	884,900	870,100
Bundled penetration (m)	64.8%	64.5%	62.5%
Non-video customer relationships (n)	260,100	246,800	234,900
Non-video as a % of total customer relationships (o)	18.8%	18.0%	16.9%
<b>Estimated Customer Penetration:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Estimated basic penetration (p)	39.7%	39.8%	41.5%
Estimated digital penetration (q)	70.4%	69.1%	63.7%
Estimated residential high-speed Internet penetration (r)	34.5%	33.9%	33.6%
Estimated residential telephone penetration (s)	18.9%	18.8%	18.5%
<b>Commercial Customers:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Commercial data (t)	53,200	51,900	48,800
Commercial telephone (u)	25,500	24,100	19,600
<b>Commercial Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Total customer relationships (v)	78,800	77,700	74,100
Double play relationships (w)	24,600	23,800	21,700
Double play penetration (x)	31.2%	30.6%	29.3%
Triple play relationships (y)	7,200	6,800	5,600
Triple play penetration (z)	9.1%	8.8%	7.6%
Total bundled customers (aa)	31,800	30,600	27,200
Bundled penetration (bb)	40.4%	39.4%	36.7%

**TABLE 7**

**Cequel Communications Holdings I, LLC**  
**Pro Forma Summary Operating Statistics (unaudited)**  
**Approximate as of:**

	<u>Mar. 31,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>	<u>Mar. 31,</u> <u>2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (cc)</u>
<b>Revenue Generating Units (RGU):</b>			
Basic video customers (a)	1,211,900	1,211,200	1,247,100
Digital video customers (b)	853,100	837,500	795,500
Residential high-speed Internet customers (c)	1,026,200	1,002,100	979,800
Residential telephone customers (d)	477,500	471,700	453,200
<b>Total RGUs (e)</b>	<b>3,568,700</b>	<b>3,522,500</b>	<b>3,475,600</b>
<b>Quarterly net customer additions (losses):</b>	<b>Actual</b>	<b>Pro Forma (cc)</b>	<b>Pro Forma (cc)</b>
Basic video customers	700	(16,200)	(1,900)
Digital video customers	15,600	5,700	29,000
Residential high-speed Internet customers	24,100	8,100	31,100
Residential telephone customers	5,800	1,900	14,600
<b>Total RGUs (e)</b>	<b>46,200</b>	<b>(500)</b>	<b>72,800</b>
<b>Average Revenue per Unit (ARPU):</b>	<b>Actual</b>	<b>Pro Forma (cc)</b>	<b>Pro Forma (cc)</b>

Pro forma average monthly revenue per basic video customer (f)	\$	148.59	\$	143.44	\$	135.51
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<b>Customer Relationships:</b>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (cc)</u>
Total customer relationships (g)	1,385,300	1,371,700	1,386,700
Double play relationships (h)	550,800	542,700	537,900
Double play penetration (i)	39.8%	39.6%	38.8%
Triple play relationships (j)	346,400	342,200	330,900
Triple play penetration (k)	25.0%	24.9%	23.9%
Total bundled customers (l)	897,200	884,900	868,800
Bundled penetration (m)	64.8%	64.5%	62.7%
Non-video customer relationships (n)	260,100	246,800	233,400
Non-video as a % of total customer relationships (o)	18.8%	18.0%	16.8%
<b>Estimated Customer Penetration:</b>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (cc)</u>
Estimated basic penetration (p)	39.7%	39.8%	41.5%
Estimated digital penetration (q)	70.4%	69.1%	63.8%
Estimated residential high-speed Internet penetration (r)	34.5%	33.9%	33.6%
Estimated residential telephone penetration (s)	18.9%	18.8%	18.5%
<b>Commercial Customers:</b>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (cc)</u>
Commercial Internet (t)	53,200	51,900	48,700
Commercial telephone (u)	25,500	24,100	19,600
<b>Commercial Customer Relationships:</b>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (cc)</u>
Total customer relationships (v)	78,800	77,700	74,000
Double play relationships (w)	24,600	23,800	21,700
Double play penetration (x)	31.2%	30.6%	29.3%
Triple play relationships (y)	7,200	6,800	5,600
Triple play penetration (z)	9.1%	8.8%	7.6%
Total bundled customers (aa)	31,800	30,600	27,300
Bundled penetration (bb)	40.4%	39.4%	36.9%

(a) Basic video customers include all residential customers who receive video cable services. Also included are commercial or multi-dwelling accounts that are converted to equivalent basic units ("EBUs") by dividing the total bulk billed basic revenues of a particular system by the most prevalent retail rate paid by non-bulk basic customers in that market for a comparable level of service. This conversion method is consistent with methodology used in determining costs paid to programmers. Our methodology of calculating the number of basic video customers may not be identical to those used by other companies offering similar services.

(b) Digital video customers include all basic video customers that have one or more digital set-top boxes or cable cards in use.

(c) Residential high-speed Internet customers include all residential customers who subscribe to our high-speed Internet service. Excluded from these totals are all commercial high-speed data customers, including small and medium sized commercial cable modem accounts and customers who take our scalable, fiber-based enterprise network services.

(d) Residential telephone customers include all residential customers who subscribe to our telephone service. Residential customers who take multiple telephone lines are only counted once in the total. Excluded from these totals are all commercial telephone customers.

(e) Total RGUs represents the sum of basic video, digital video, residential high-speed Internet and residential telephone customers.

(f) Average revenue per basic video customer represents the total revenue for a quarter, divided by three, divided by the average basic video customers for the quarter.

(g) Residential customer relationships represent the number of residential customers who pay for at least one level of service, encompassing video, high-speed Internet or telephone services, without regard to the number of services purchased. For example, a residential customer who purchases only high-speed Internet service and no video service will count as one customer relationship,

and a residential customer who purchases both video and high-speed Internet services will also count as only one customer relationship. Customer relationships exclude EBUs.

(h) Residential double play customer numbers reflect residential customers who subscribe to two of our core services (video, high-speed Internet and telephone).

(i) Residential double play penetration represents double play customers as a percentage of customer relationships.

(j) Residential triple play customer numbers reflect residential customers who subscribe to all three of our core services (video, high-speed Internet and telephone).

(k) Residential triple play penetration represents triple play customers as a percentage of customer relationships.

(l) Total residential bundled customers represents the sum of residential double play and residential triple play customers.

(m) Bundled penetration represents total bundled customers as a percentage of customer relationships.

(n) Non-video customer relationships represents the number of residential customers who receive at least one level of service, encompassing high-speed Internet or telephone services, but do not receive video services

(o) Non-video as a % of total customer relationships represents non-video customer relationships divided by total customer relationships.

(p) Estimated basic penetration is calculated as basic video customers divided by the estimated total homes passed of the Company.

(q) Estimated digital penetration is calculated as digital video customers divided by basic video customers.

(r) Estimated residential high-speed Internet penetration is calculated as residential high-speed Internet customers divided by the estimated homes passed of the Company where residential high-speed Internet service is currently available.

(s) Estimated residential telephone penetration is calculated as residential telephone customers divided by the estimated homes passed of the Company where residential telephone service is currently available.

(t) Commercial high-speed data customers consist of commercial accounts that receive high-speed Internet service via a cable modem and commercial accounts that receive broadband service optically, via fiber connections. Commercial high-speed data customers are not included in Total RGUs.

(u) Commercial telephone customers are commercial accounts that subscribe to our telephone service. Commercial telephone customers are not included in Total RGUs.

(v) Commercial customer relationships represent the number of commercial customers who pay for at least one level of service, encompassing video, high-speed data or telephone services, without regard to the number of services purchased. For example, a commercial customer who purchases only high-speed data service and no video service will count as one customer relationship, and a commercial customer who purchases both video and high-speed data services will also count as only one customer relationship. National carrier accounts are excluded from customer relationships.

(w) Commercial double play customer numbers reflect commercial customers who subscribe to two of our core services (video, high-speed data and telephone).

(x) Commercial double play penetration represents double play commercial customers as a percentage of customer relationships.

(y) Commercial triple play customer numbers reflect commercial customers who subscribe to all three of our core services (video, high-speed data and telephone).

(z) Commercial triple play penetration represents triple play commercial customers as a percentage of customer relationships.

(aa) Total commercial bundled customers represent the sum of commercial double play and commercial triple play customers.

(bb) Bundled commercial penetration represents total bundled commercial customers as a percentage of customer relationships.

(cc) Pro forma to include the acquisition and contribution of all the capital stock of Excell on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, where applicable, as if the transactions had been consummated on January 1, 2012.

#### **TABLE 8**

#### **Cequel Communications Holdings I, LLC Calculation of Free Cash Flow (unaudited) (in thousands)**



	Three Months Ended	
	March 31,	
	2013	2012
Adjusted EBITDA	\$ 206,930	\$ 181,816
Capital expenditures	(98,164)	(97,535)
Cash interest expense	(70,713)	(73,176)
Free Cash Flow	\$ <u>38,053</u>	\$ <u>11,105</u>

**TABLE 9**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Net Loss to Adjusted EBITDA**  
**(in thousands)**

	Three Months Ended	
	March 31,	
	2013	2012
Net loss	\$ (17,027)	\$ (26,551)
Add back:		
Interest expense, net	66,560	75,720
Benefit for income taxes	(3,878)	(3,584)
Depreciation and amortization	156,577	104,394
Non-cash share based compensation	4,417	426
Loss/(gain) on sale of cable assets	281	(289)
Loss on termination of derivative instruments	-	6,565
Change in fair value of derivative instruments	-	10,933
Loss on extinguishment of debt	-	14,202
Adjusted EBITDA	\$ <u>206,930</u>	\$ <u>181,816</u>

**TABLE 10**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Net Cash from Operating Activities to Free Cash Flow**  
**(in thousands)**

	Three Months Ended	
	March 31,	
	2013	2012
Net cash provided by operating activities	\$ 154,708	\$ 154,320
Add back:		
Capital expenditures	(98,164)	(97,535)
Cash income tax benefit/(expense)	1,853	(2,634)
Interest income	(60)	(55)
Changes in assets and liabilities, net	(20,284)	(42,991)
Free Cash Flow	\$ <u>38,053</u>	\$ <u>11,105</u>

**TABLE 11**  
**Cequel Communications Holdings I, LLC**  
**Reconciliation of Cash Interest Expense**  
**(in thousands)**

	Three Months Ended	
	March 31,	
	2013	2012
Interest expense, net	\$ 66,560	\$ 75,720
Add: interest income	60	55

Add: bond premium amortization	3,969	870
Less: deferred financing amortization	(375)	(2,764)
Less: bond discount amortization	-	(304)
Add/(less): term loan premium/(discount) amortization	<u>499</u>	<u>(401)</u>
Cash interest expense	\$ <u>70,713</u>	\$ <u>73,176</u>

Source: Cequel Communications Holdings I, LLC

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