

## CURRENT REPORT

of

### CEQUEL COMMUNICATIONS HOLDINGS I, LLC

May 6, 2014

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Pursuant to (i) Section 4.12(a) of the indenture, dated as of October 25, 2012 (the “2020 Indenture”), by and among Cequel Communications Holdings I, LLC, a Delaware limited liability company (“Cequel”) (as successor by merger to Cequel Communications Escrow I, LLC), Cequel Capital Corporation, a Delaware corporation (“Cequel Capital”, and together with Cequel, the “Issuers”) (as successor by merger to Cequel Communications Escrow Capital Corporation) and U.S. Bank National Association, as trustee (the “Trustee”), relating to the Issuers’ 6.375% Senior Notes due 2020 (the “2020 Notes”); and (ii) Section 4.12(a) of the indenture dated as of May 16, 2013 (the “2021 Indenture”), by and among Cequel, Cequel Capital, and the Trustee relating to the Issuers’ 5.125% Senior Notes due 2021 (the “2021 Notes”, and together with the 2020 Notes, the “Notes”), Cequel is furnishing the information contained herein to holders of the Notes.

#### Earnings Release for the Three Months Ended March 31, 2014

On May 6, 2014, Cequel issued a press release reporting its financial results for the three months ended March 31, 2014 (the “Earnings Announcement”). A copy of the Earnings Announcement is attached to this Current Report as Exhibit 99.1.

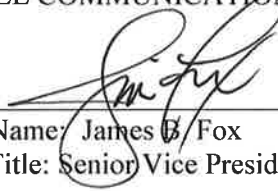
#### Replay of Earnings Call

On May 6, 2014, Cequel held a conference call to discuss its financial results for the three months ended March 31, 2014. 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 4.12(a) of each of the 2020 Indenture and the 2021 Indenture, Cequel has duly caused this Current Report to be signed on its behalf by the undersigned thereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC



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Name: James B. Fox

Title: Senior Vice President and Chief Accounting Officer

May 6, 2014

**Exhibit 99.1**

Press Release Attached Starting on the Next Page

## **Suddenlink Reports First Quarter 2014 Financial and Operating Results**

FOR IMMEDIATE RELEASE

ST. LOUIS (May 6, 2014) – 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 2014.

“The momentum we generated in the second half of 2013 continued in the first quarter of 2014, with year-over-year revenue growth of 6.0%, adjusted EBITDA growth after non-recurring expenses of 6.2%, and free cash flow growth of 80.5%,” said Suddenlink Chairman and CEO Jerry Kent. “During the first quarter, we also gained a record 22,700 customer relationships and achieved a PSU net gain, including commercial units, that was 55.3% better than the year-ago period.”

Operating results and metrics and year-over-year changes described below are presented on a pro forma basis to include the cable systems acquired from Northland Communications (“Northland”) on January 2, 2014.

### **First Quarter Highlights**

- First quarter revenues of \$575.0 million grew 6.0% compared to the first quarter of the prior year, highlighted by high speed Internet revenue growth of 15.5%.
- Before the impact of non-recurring expenses, Adjusted EBITDA (as defined herein) for the first quarter 2014 was \$222.0 million, representing growth of 6.0% compared to the same period in the prior year. Adjusted EBITDA for the first quarter 2014, after the impact of non-recurring expenses, was \$221.1 million, representing growth of 6.2% compared to the same period in the prior year.
- Free Cash Flow (as defined herein) of \$68.7 million for the first quarter 2014 grew \$30.6 million compared to the first quarter 2013, an increase of 80.5%.
- Total residential customer relationships were 1,415,000 at March 31, 2014, an increase of 17,800, or 1.3%, from March 31, 2013. We added 22,700 residential customer relationships during the first quarter 2014, representing the highest quarterly growth that Suddenlink has ever achieved.
- Including commercial, PSUs (as defined herein) were 2,911,300, an increase of 98,000, or 3.5%, over the prior year. Including commercial, RGUs (as defined herein) were 3,799,300, an increase of 130,700, or 3.6%, from March 31, 2013.
- PSU net additions improved in every category for the first quarter 2014 versus the first quarter 2013. Including commercial, our PSU net gain for the first quarter 2014 was 53,100, an improvement of 18,900, or 55.3%, compared to the first quarter 2013.
- Total average monthly revenue per basic video customer (“ARPU”) for the first quarter was \$161.93, an increase of 9.0% compared to the first quarter of the prior year.
- Bundled residential customers represented 65.9% of total residential customer relationships at March 31, 2014, an increase from 64.6% at March 31, 2013, primarily from growth in triple play customer relationships, which represented 27.3% of total residential customer relationships at March 31, 2014, versus 24.9% at March 31, 2013.
- Non-video residential customers represented 22.0% of total residential customer relationships at March 31, 2014, an increase of 17.9% compared to the prior year.

- Commercial revenue grew 13.2% versus the first quarter 2013, including 18.7% year-over-year growth in our commercial high-speed data, telephone and on-net carrier revenue on a combined basis.
- Advertising revenues increased 16.1% due largely to higher national political advertising revenue.

### **First Quarter 2014 Compared to First Quarter 2013**

First quarter 2014 revenues rose 6.0%, largely attributable to the increase in residential high-speed Internet, telephone, and advanced digital video revenues; 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 rate increases, including broadcast retransmission rate increases; incremental service revenues from high definition television (“HDTV”) and digital video recorded (“DVR”) services due to growth in customers purchasing advanced video services 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 basic video customers in the trailing twelve months; a decrease in revenue due to the impact of bundling and promotional discounts; digital customers purchasing fewer digital tiers of service; and decreased premium revenues. Revenues for our commercial business grew due to increases in commercial high-speed data and telephone customers; an increase in the penetration of customers taking these services; and increases in cell tower and backhaul revenues from carrier customers.

Video service revenues increased 1.4% 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, was the impact of basic video customer losses in the trailing twelve months; digital customers purchasing fewer digital tiers of service on average; and decreased premium revenues.

High-speed Internet service revenues rose 15.5% due primarily to an increase in residential high-speed Internet customers; growth in home networking revenues; the impact of residential rate increases; 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 2.3% due primarily to an increase in residential telephone customers and growth in our commercial telephone services to small and medium sized businesses, offset, in part, by the impact of bundle discounts to residential customers.

Advertising revenues increased 16.1% due largely to higher national political advertising revenue. Excluding political, advertising revenues increased 0.6%.

Other revenues increased 0.7% due primarily to increased administrative fee revenue, wire maintenance revenue, security service revenue and state recovery fee revenue. These were offset, in part, by decreases in installation revenue.

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 \$79.6 million, or 13.8% of total revenue, in the first quarter 2014, representing growth of 13.2% versus the first quarter 2013. Our commercial high-speed data, telephone and on-net carrier revenue grew 18.7% year-over-year on a combined basis.

Operating costs and expenses rose 5.9%, primarily due to higher programming costs, including broadcast retransmission consent expenses, and increased labor and employee related costs. Programming costs

and retransmission consent expenses grew principally as a result of higher contractual rates charged by our programming and broadcast vendors and an increased number of digital customers. Labor and employee related expenses have increased due to increased headcount and the impact of annual salary increases. The first quarter 2014 includes \$1.0 million of non-recurring expenses primarily related to the migration to our internal telephone platform and acquisition due diligence costs. The first quarter 2013 includes \$1.3 million of non-recurring expenses primarily related to acquisition due diligence costs.

Excluding the impact of non-recurring expenses described above, Adjusted EBITDA for the first quarter 2014 would have been \$222.0 million, an increase of 6.0% compared to the first quarter last year, with an Adjusted EBITDA margin of 38.6%. Including those non-recurring expenses, Adjusted EBITDA for the first quarter 2014 was \$221.1 million, an increase of 6.2% from the same quarter last year, resulting in an Adjusted EBITDA margin of 38.4%.

Income from operations for the first quarter 2014 was \$68.8 million, an increase of 48.6%, compared to \$46.3 million for the first quarter 2013, due primarily to an increase in Adjusted EBITDA and a decrease in amortization expense, offset, in part, by an increase in depreciation expense.

Net income was \$4.7 million for the first quarter 2014, compared to net loss of \$16.4 million for the first quarter 2013.

### **Key Operating Metrics**

At March 31, 2014, Suddenlink served approximately 1.4 million residential customers, and Suddenlink's RGUs were comprised of 1,187,500 basic video, 888,000 digital video, 1,103,100 residential high-speed Internet, and 527,500 residential telephone customers. Suddenlink's approximately 3.7 million RGUs as of March 31, 2014, increased 116,700, or 3.3%, over the prior year, and Suddenlink's approximately 2.8 million PSUs as of March 31, 2014, increased 84,000, or 3.1%, over the prior year. In addition, as of March 31, 2014, Suddenlink served approximately 59,400 commercial high-speed data and 33,800 commercial telephone customers, not included in our RGU or customer relationship totals. Including these commercial customers, our RGUs increased 130,700, or 3.6%, and our PSUs increased 98,000, or 3.5%, over the prior year.

Approximately 65.9% of Suddenlink's residential customers subscribe to bundled services, compared to 64.6% a year ago. Approximately 386,300 of Suddenlink's residential customers receive video, high-speed Internet, and telephone services as part of a triple play bundle, representing 27.3% of Suddenlink's total residential customer relationships. Growth of 38,600 triple play customers from the first quarter 2013 represented an increase of 11.1%. Non-video residential customers of approximately 311,300 at March 31, 2014, represent 22.0% of total residential customer relationships, and grew 17.9%.

Suddenlink's ARPU for the first quarter 2014 was \$161.93, an increase of 9.0% compared to the first quarter of 2013.

Basic video customers increased by approximately 2,400 customers and digital video customers increased by approximately 15,900 customers during the first quarter of 2014. Estimated basic penetration at March 31, 2014, was 38.0% of estimated homes passed. Digital penetration to basic customers was 74.8%.

Residential high-speed Internet customers increased by approximately 35,100 during the first quarter 2014, and increased 68,700, or 6.6%, during the trailing twelve months. At March 31, 2014, estimated residential high-speed Internet penetration was 36.2% of high-speed Internet capable homes passed. During the first quarter of 2014, commercial high-speed data customers increased by approximately 1,700. These commercial customers are not included in total RGU counts. Including these commercial customers, our high-speed Internet customers increased 74,600, or 6.9%, over the prior year.

Residential telephone customers grew by approximately 12,100 during the first quarter 2014, and 48,000, or 10.0%, during the trailing twelve months. At March 31, 2014, estimated residential telephone

penetration was 20.3% of telephone capable homes passed. During the first quarter of 2014, commercial telephone customers increased by approximately 1,800 customers, and increased by approximately 8,100 over the trailing twelve months, or 31.5%. These commercial customers purchase 2.8 lines on average and are not included in total RGU counts. Including these commercial customers, our telephone customers increased 56,100, or 11.1%, over the prior year.

### **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 cable systems acquired from Northland on January 2, 2014.

At March 31, 2014, the Company had approximately \$219.4 million of cash on hand with \$17.5 million of outstanding letters of credit, which reduced the availability under our revolving credit facility to approximately \$482.5 million.

Net cash provided by operating activities was \$170.8 million for the three months ended March 31, 2014, compared to \$154.6 million for the three months ended March 31, 2013. This increase is due to improved operating results, offset, in part, by net changes in current assets and liabilities due to timing of payments for accrued expenses and other payables.

Capital expenditures for the three months ended March 31, 2014, were \$95.4 million, compared to \$98.2 million for the three months ended March 31, 2013. During 2014, we expect capital expenditures to be approximately \$360.0 million to \$370.0 million, which includes capital expenditures for the cable systems recently acquired from Northland. This estimate could increase due to success-based opportunities in our commercial and carrier business or if we decide to significantly increase Internet speeds companywide.

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 related to this initiative will take place in 2014, and we expect to complete this process by early 2015. We expect to incur up to \$30 million of non-recurring operating expenses and \$20 million of capital expenditures through early 2015 to complete this project, but also expect to significantly reduce telephone operating expenses when completed. During the first quarter 2014, we incurred \$0.7 million in non-recurring operating expenses and \$1.7 million in capital expenditures related to this initiative. Since the inception of the initiative, we have incurred \$2.7 million in non-recurring operating expenses and \$8.0 million in capital expenditures.

Free Cash Flow for the quarter ended March 31, 2014, was \$68.7 million, compared to \$38.1 million for the quarter ended March 31, 2013. The increase in Free Cash Flow for the first quarter of 2014 as compared to the same period in 2013 is due to improved operating results and decreases in cash interest expense and capital expenditures.

The Senior Secured Leverage Ratio (Consolidated Secured Debt to Adjusted Pro Forma EBITDA) for Suddenlink as defined in and calculated in accordance with the Credit Agreement was 2.74x at March 31, 2014.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indentures governing Cequel's 6.375% Senior Notes due 2020 and 5.125% Senior Notes due 2021 was 5.27x at March 31, 2014.

### **Acquisition of Cable Systems**

On January 2, 2014, the Company acquired three cable systems from Northland for approximately \$40.6 million, subject to a working capital adjustment, which was funded using cash on hand. The cable systems involved in this transaction are located in Texas and serve nearly 12,000 residential and more than 500 commercial customers.

## Conference Call

As previously announced, the Company will host a conference call to discuss its first quarter results at 11:00 a.m. (Eastern Time) on Tuesday, May 6, 2014. The dial-in information for the earnings call is as follows:

Within the United States	866-394-7593
International	706-758-9648
Password	Cequel Communications
Conference ID	26337134

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, 2014, which will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) on May 6, 2014.

## 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 6, 2014.

## 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, provision/(benefit) for income taxes, depreciation, amortization, non-cash share based compensation expense, and (gain)/loss on sale of cable assets. 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 Income/(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, which does business as Suddenlink Communications, is the seventh largest cable 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, 2014. Suddenlink serves approximately 1.4 million customers as of March 31, 2014. The Company's customer base is clustered geographically with approximately 96% of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio, with 90% of our 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 Earnings Release are known as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Earnings Release that are not historical facts. When used in this Earnings 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 the factors set forth below:

- 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, 2013.

You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date of this Earnings Release. We undertake 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 our subsequent reports furnished to holders of our notes.

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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,		
	2014	2013	
	Actual	Actual	
Revenues:			
Video	\$ 295,077	\$ 289,578	1.9%
High Speed Internet	179,907	154,237	16.6%
Telephone	50,763	49,349	2.9%
Advertising Sales	22,922	19,750	16.1%
Other	<u>26,356</u>	<u>26,037</u>	1.2%
Total Revenues	575,025	538,951	6.7%
Costs and Expenses:			
Operating (excluding depreciation and amortization)	230,223	217,673	-5.8%
Selling, general and administrative (excluding non-cash share based compensation expense)	<u>123,733</u>	<u>114,348</u>	-8.2%
Operating costs and expenses	353,956	332,021	-6.6%
Adjusted EBITDA	<u>221,069</u>	<u>206,930</u>	6.8%
Adjusted EBITDA Margin (a)	38.4%	38.4%	
Depreciation and amortization	148,092	156,577	5.4%
Non-cash share based compensation expense	3,749	4,417	15.1%
Loss/(gain) on sale of cable assets	431	281	-53.4%
Income from operations	<u>68,797</u>	<u>45,655</u>	50.7%
Interest expense, net	<u>(56,090)</u>	<u>(66,560)</u>	15.7%
Income/(loss) before income taxes	12,707	(20,905)	160.8%
(Provision)/benefit for income taxes	(8,004)	3,878	-306.4%
Net income/(loss)	<u>\$ 4,703</u>	<u>\$ (17,027)</u>	127.6%

(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,		
	2014 Actual	2013 Pro-Forma (b)	
Revenues:			
Video	\$ 295,077	\$ 291,072	1.4%
High Speed Internet	179,907	155,703	15.5%
Telephone	50,763	49,613	2.3%
Advertising Sales	22,922	19,750	16.1%
Other	26,356	26,166	0.7%
Total Revenues	<u>575,025</u>	<u>542,303</u>	6.0%
Costs and Expenses:			
Operating (excluding depreciation and amortization)	230,223	219,287	-5.0%
Selling, general and administrative (excluding non-cash share based compensation expense)	<u>123,733</u>	<u>114,902</u>	-7.7%
Operating costs and expenses	<u>353,956</u>	<u>334,189</u>	-5.9%
Adjusted EBITDA	<u>221,069</u>	<u>208,115</u>	6.2%
Adjusted EBITDA Margin (a)	38.4%	38.4%	
Depreciation and amortization	148,092	157,134	5.8%
Non-cash share based compensation expense	3,749	4,417	15.1%
Loss on sale of cable assets	431	281	-53.4%
Income from operations	<u>68,797</u>	<u>46,283</u>	48.6%
Interest expense, net	<u>(56,090)</u>	<u>(66,560)</u>	15.7%
Income/(loss) before income taxes	12,707	(20,277)	162.7%
(Provision)/benefit for income taxes	(8,004)	3,878	-306.4%
Net income/(loss)	<u>\$ 4,703</u>	<u>\$ (16,399)</u>	128.7%

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

(b) Pro forma to include the impact of the cable systems acquired from Northland, where applicable.

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

	<b>Mar. 31, 2014 (unaudited)</b>	<b>Dec. 31, 2013</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 219,406	\$ 192,014
Accounts receivable, net	183,963	189,052
Deferred tax asset	9,785	10,404
Prepaid expenses and other assets	<u>26,726</u>	<u>25,982</u>
Total current assets	439,880	417,452
Property, plant and equipment, net	1,806,004	1,819,666
Intangible assets, net	5,027,889	5,027,184
Other long-term assets, net	<u>38,693</u>	<u>41,352</u>
Total assets	<u>\$ 7,312,466</u>	<u>\$ 7,305,654</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Accounts payable and accrued expenses	\$ 246,936	\$ 248,810
Deferred revenue	150,339	147,038
Current portion of long-term debt	97,737	97,737
Other current liabilities	<u>6,345</u>	<u>5,743</u>
Total current liabilities	501,357	499,328
Long-term debt, less current portion	4,646,398	4,654,124
Deferred tax liabilities	683,148	677,316
Other long-term liabilities	<u>15,199</u>	<u>16,974</u>
Total liabilities	5,846,102	5,847,742
Total member's equity	<u>1,466,364</u>	<u>1,457,912</u>
Total liabilities and member's equity	<u>\$ 7,312,466</u>	<u>\$ 7,305,654</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Net cash provided by operating activities	\$ 170,775	\$ 154,608
Net cash used in investing activities	(135,852)	(98,066)
Net cash used in financing activities	<u>(7,531)</u>	<u>(5,624)</u>
Increase in cash and cash equivalents	27,392	50,918
Cash and cash equivalents, beginning of period	<u>192,014</u>	<u>208,482</u>
Cash and cash equivalents, end of period	<u>\$ 219,406</u>	<u>\$ 259,400</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Customer premise equipment	\$ 33,492	\$ 40,915
Scalable infrastructure	6,393	3,548

Line extensions	3,320	1,548
Upgrade/rebuild	2,515	3,879
Commercial	6,589	11,143
Support capital	43,134	37,131
	<u>\$ 95,443</u>	<u>\$ 98,164</u>

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

	<u>Mar. 31,</u> <u>2014</u>	<u>Dec. 31,</u> <u>2013</u>	<u>Mar. 31,</u> <u>2013</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue Generating Units (RGU):</b>			
Basic video customers (a)	1,187,500	1,177,400	1,211,900
Residential high-speed Internet customers (b)	1,103,100	1,059,500	1,026,200
Residential telephone customers (c)	527,500	513,300	477,500
<b>Total PSUs (d)</b>	<b>2,818,100</b>	<b>2,750,200</b>	<b>2,715,600</b>
Digital video customers (e)	888,000	868,700	853,100
<b>Total RGUs (f)</b>	<b>3,706,100</b>	<b>3,618,900</b>	<b>3,568,700</b>
Commercial data (g)	59,400	57,300	53,200
Commercial telephone (h)	33,800	31,800	25,500
<b>Total PSUs, including commercial (i)</b>	<b>2,911,300</b>	<b>2,839,300</b>	<b>2,794,300</b>
<b>Total RGUs, including commercial (j)</b>	<b>3,799,300</b>	<b>3,708,000</b>	<b>3,647,400</b>
<b>Quarterly net customer additions (losses):</b>			
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Basic video customers	10,100	(8,600)	700
Residential high-speed Internet customers	43,600	20,400	24,100
Residential telephone customers	14,200	9,600	5,800
<b>Total PSUs</b>	<b>67,900</b>	<b>21,400</b>	<b>30,600</b>
Digital video customers	19,300	10,200	15,600
<b>Total RGUs</b>	<b>87,200</b>	<b>31,600</b>	<b>46,200</b>
Commercial data	2,100	1,300	1,300
Commercial telephone	2,000	1,900	1,400
<b>Total PSUs, including commercial</b>	<b>72,000</b>	<b>24,600</b>	<b>33,300</b>
<b>Total RGUs, including commercial</b>	<b>91,300</b>	<b>34,800</b>	<b>48,900</b>
<b>Average Revenue per Unit (ARPU):</b>			
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Pro forma average monthly revenue per basic video customer (k)	\$ 161.93	\$ 156.62	\$ 148.59
<b>Residential Customer Relationships:</b>			
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Total customer relationships (l)	1,415,000	1,380,700	1,385,300
Double play relationships (m)	546,800	536,900	550,800
Double play penetration (n)	38.6%	38.9%	39.8%
Triple play relationships (o)	386,300	374,400	346,400
Triple play penetration (p)	27.3%	27.1%	25.0%
Total bundled customers (q)	933,100	911,300	897,200
Bundled penetration (r)	65.9%	66.0%	64.8%

Non-video customer relationships (s)	311,300	287,200	260,100
Non-video as a % of total customer relationships (t)	22.1%	20.8%	18.8%
<b>Estimated Customer Penetration:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Estimated basic penetration (u)	38.0%	38.2%	39.7%
Estimated digital penetration (v)	74.8%	73.8%	70.4%
Estimated residential high-speed Internet penetration (w)	36.2%	35.3%	34.5%
Estimated residential telephone penetration (x)	20.3%	20.1%	18.9%
<b>Commercial Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Total customer relationships (y)	85,200	83,200	78,800
Double play relationships (z)	29,100	28,000	24,600
Double play penetration (aa)	34.2%	33.7%	31.2%
Triple play relationships (ab)	9,600	8,900	7,200
Triple play penetration (ac)	11.3%	10.7%	9.1%
Total bundled customers (ad)	38,700	36,900	31,800
Bundled penetration (ae)	45.4%	44.4%	40.4%

**TABLE 7**  
**Cequel Communications Holdings I, LLC**  
**Pro Forma Summary Operating Statistics (unaudited)**  
**Approximate as of:**

	<b>Mar. 31, 2014</b>	<b>Dec. 31, 2013</b>	<b>Mar. 31, 2013</b>
	<b>Actual</b>	<b>Pro Forma (af)</b>	<b>Pro Forma (af)</b>
<b>Revenue Generating Units (RGU):</b>			
Basic video customers (a)	1,187,500	1,185,100	1,220,200
Residential high-speed Internet customers (b)	1,103,100	1,068,000	1,034,400
Residential telephone customers (c)	527,500	515,400	479,500
<b>Total PSUs (d)</b>	<b>2,818,100</b>	<b>2,768,500</b>	<b>2,734,100</b>
Digital video customers (e)	888,000	872,100	855,300
<b>Total RGUs (f)</b>	<b>3,706,100</b>	<b>3,640,600</b>	<b>3,589,400</b>
Commercial data (g)	59,400	57,700	53,500
Commercial telephone (h)	33,800	32,000	25,700
<b>Total PSUs, including commercial (i)</b>	<b>2,911,300</b>	<b>2,858,200</b>	<b>2,813,300</b>
<b>Total RGUs, including commercial (j)</b>	<b>3,799,300</b>	<b>3,730,300</b>	<b>3,668,600</b>
<b>Quarterly net customer additions (losses):</b>	<b>Actual</b>	<b>Pro Forma (af)</b>	<b>Pro Forma (af)</b>
Basic video customers	2,400	(8,800)	800
Residential high-speed Internet customers	35,100	20,500	24,600
Residential telephone customers	12,100	9,700	6,000
<b>Total PSUs</b>	<b>49,600</b>	<b>21,400</b>	<b>31,400</b>
Digital video customers	15,900	10,700	15,200
<b>Total RGUs</b>	<b>65,500</b>	<b>32,100</b>	<b>46,600</b>
Commercial data	1,700	1,400	1,300
Commercial telephone	1,800	1,900	1,500

<b>Total PSUs, including commercial</b>	<u>53,100</u>	<u>24,700</u>	<u>34,200</u>
<b>Total RGUs, including commercial</b>	<u>69,000</u>	<u>35,400</u>	<u>49,400</u>

<b>Average Revenue per Unit (ARPU):</b>	<u>Actual</u>	<u>Pro Forma (af)</u>	<u>Pro Forma (af)</u>
Pro forma average monthly revenue per basic video customer (k)	\$ 161.93	\$ 156.58	\$ 148.50

<b>Residential Customer Relationships:</b>	<u>Actual</u>	<u>Pro Forma (af)</u>	<u>Pro Forma (af)</u>
Total customer relationships (l)	1,415,000	1,392,300	1,397,200
Double play relationships (m)	546,800	540,700	554,400
Double play penetration (n)	38.6%	38.8%	39.7%
Triple play relationships (o)	386,300	375,600	347,700
Triple play penetration (p)	27.3%	27.0%	24.9%
Total bundled customers (q)	933,100	916,300	902,100
Bundled penetration (r)	65.9%	65.8%	64.6%
Non-video customer relationships (s)	311,300	291,400	264,100
Non-video as a % of total customer relationships (t)	22.0%	20.9%	18.9%

<b>Estimated Customer Penetration:</b>	<u>Actual</u>	<u>Pro Forma (af)</u>	<u>Pro Forma (af)</u>
Estimated basic penetration (u)	38.0%	38.0%	39.4%
Estimated digital penetration (v)	74.8%	73.6%	70.1%
Estimated residential high-speed Internet penetration (w)	36.2%	35.1%	34.3%
Estimated residential telephone penetration (x)	20.3%	19.8%	18.7%

<b>Commercial Customer Relationships:</b>	<u>Actual</u>	<u>Pro Forma (af)</u>	<u>Pro Forma (af)</u>
Total customer relationships (y)	85,200	83,700	79,400
Double play relationships (z)	29,100	28,200	24,800
Double play penetration (aa)	34.2%	33.7%	31.2%
Triple play relationships (ab)	9,600	8,900	7,200
Triple play penetration (ac)	11.3%	10.6%	9.1%
Total bundled customers (ad)	38,700	37,100	32,000
Bundled penetration (ae)	45.4%	44.3%	40.3%

(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) 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, customers who take our broadband service optically, via fiber connections, and customers who receive our services via bulk Ethernet.

(c) 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.

(d) Total primary service units ("PSUs") represents the sum of basic video, residential high-speed Internet and residential telephone customers, not counting additional outlets within one household. This statistic is computed in accordance with guidelines of the National Cable and Telecommunications Association ("NCTA").

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

(f) Total revenue generating units ("RGUs") represents the sum of basic video, digital video, residential high-speed Internet and residential telephone customers, not counting additional outlets within one household. This statistic is computed in accordance with guidelines of the NCTA.

(g) Commercial 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.

(h) Commercial telephone customers are commercial accounts that subscribe to our telephone service.

(i) Total PSUs, including commercial, represents the sum of total PSUs, commercial data and commercial telephone customers.

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

(k) 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.

(l) 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 basic video service will count as one customer relationship, and a residential customer who purchases both basic video and high-speed Internet services will also count as only one customer relationship.

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

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

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

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

(q) Total residential bundled customers represent the sum of residential double play and residential triple play customers.

(r) Total residential bundled penetration represents the sum of residential double play and residential triple play residential customers as a percentage of customer relationships.

(s) 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

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

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

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

(w) 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.

(x) 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.

(y) 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 basic video and high-speed data services will also count as only one customer relationship. National carrier accounts are excluded from customer relationships.

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

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

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



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

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

(ae) Total commercial bundled penetration represents the sum of commercial double play and commercial triple play residential customers as a percentage of customer relationships.

(af) Pro forma to include the cable systems from acquired Northland on January 2, 2014, where applicable.

**TABLE 8**

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Adjusted EBITDA	\$ 221,069	\$ 206,930
Capital expenditures	(95,443)	(98,164)
Cash interest expense	(56,946)	(70,713)
Free Cash Flow	<u>\$ 68,680</u>	<u>\$ 38,053</u>

**TABLE 9**

**Cequel Communications Holdings I, LLC**  
**Reconciliation of Net Income/(Loss) to Adjusted EBITDA**  
**(unaudited)**  
**(in thousands)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Net income/(loss)	\$ 4,703	\$ (17,027)
Add back:		
Interest expense, net	56,090	66,560
Provision/(benefit) for income taxes	8,004	(3,878)
Depreciation and amortization	148,092	156,577
Non-cash share based compensation	3,749	4,417
Loss on sale of cable assets	431	281
Adjusted EBITDA	<u>\$ 221,069</u>	<u>\$ 206,930</u>

**TABLE 10**

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2014</b>	<b>2013</b>
Net cash provided by operating activities	\$ 170,775	\$ 154,608
Add back:		
Capital expenditures	(95,443)	(98,164)
Cash income tax expense	1,554	1,853
Interest income	(49)	(60)
Net proceeds from asset disposals	161	100
Changes in assets and liabilities, net	(8,318)	(20,284)
Free Cash Flow	<u>\$ 68,680</u>	<u>\$ 38,053</u>

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
Interest expense, net	\$ 56,090	\$ 66,560
Add: interest income	48	60
Add: bond premium amortization	513	3,969
Add: term loan premium amortization	955	499
Less: deferred financing amortization	<u>(660)</u>	<u>(375)</u>
Cash interest expense	<u>\$ 56,946</u>	<u>\$ 70,713</u>

Source: Cequel Communications Holdings I, LLC

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