

## CURRENT REPORT

of

### CABLEVISION SYSTEMS CORPORATION

("Cablevision")

and

### CSC HOLDINGS, LLC

("Holdings" and together with Cablevision, the "Issuers")

September 12, 2016

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Cablevision, pursuant to (y) Section 7.03(a) of the indenture dated as of September 23, 2009, as amended or supplemented, governing Cablevision's 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2017 and 8<sup>5</sup>/<sub>8</sub>% Series B Senior Notes due 2017 (together, the "Cablevision 2017 Notes") and (z) Section 7.03(a) of the indenture dated as of April 2, 2010, as amended or supplemented, governing Cablevision's 7<sup>3</sup>/<sub>4</sub>% Senior Notes due 2018 (the "Cablevision 2018 Notes"), 8% Senior Notes due 2020 (the "Cablevision 2020 Notes") and 5<sup>7</sup>/<sub>8</sub>% Senior Notes due 2022 (the "Cablevision 2022 Notes") and, together with the Cablevision 2017 Notes, Cablevision 2018 Notes and Cablevision 2020 Notes, the "Cablevision Notes") and Holdings, pursuant to (i) Section 7.03(1) of the indenture dated as of July 1, 1998, as amended or supplemented, governing Holdings' 7<sup>5</sup>/<sub>8</sub>% 2018 Senior Debentures (the "7<sup>5</sup>/<sub>8</sub>% 2018 Senior Debentures"), (ii) Section 7.03(1) of the indenture dated as of December 1, 1997, as amended or supplemented, governing Holdings' 7<sup>7</sup>/<sub>8</sub>% 2018 Senior Debentures (the "7<sup>7</sup>/<sub>8</sub>% 2018 Senior Debentures"), (iii) Section 7.03(a) of the indenture dated as of February 12, 2009, as amended or supplemented, governing Holdings' 8<sup>5</sup>/<sub>8</sub>% Senior Notes due 2019 and 8<sup>5</sup>/<sub>8</sub>% Series B Senior Notes due 2019 (together, the "2019 Senior Notes"), (iv) Section 7.03(a) of the indenture dated as of November 15, 2011, as amended or supplemented, governing Holdings' 6<sup>3</sup>/<sub>4</sub>% Senior Notes due 2021 and 6<sup>3</sup>/<sub>4</sub>% Series B Senior Notes due 2021 (together, the "2021 Senior Notes"), (v) Section 4.10(a)(3) of the indenture dated as of October 9, 2015, as amended or supplemented, governing Holdings' 10<sup>1</sup>/<sub>8</sub>% Senior Notes due 2023 (the "2023 Senior Notes"), (vi) Section 7.03(a) of the indenture dated as of May 23, 2014, as amended or supplemented, governing Holdings' 5<sup>1</sup>/<sub>4</sub>% Senior Notes due 2024 and 5<sup>1</sup>/<sub>4</sub>% Series B Senior Notes due 2024 (together, the "2024 Senior Notes"), (vii) Section 4.10(a)(3) of the indenture dated as of October 9, 2015, as amended or supplemented, governing Holdings' 10<sup>7</sup>/<sub>8</sub>% Senior Notes due 2025 (the "2025 Senior Notes"), together with the 7<sup>5</sup>/<sub>8</sub>% 2018 Senior Debentures, the 7<sup>7</sup>/<sub>8</sub>% 2018 Senior Debentures, the 2019 Senior Notes, the 2021 Senior Notes, the 2023 Senior Notes and the 2024 Senior Notes, the "CSC Senior Notes") and (viii) Section 4.10(a)(3) of the indenture dated as of October 9, 2015, as amended or supplemented, governing Holdings' 6<sup>5</sup>/<sub>8</sub>% Senior Guaranteed Notes due 2025 (the "2025 Senior Guaranteed Notes" and, together with CSC Senior Notes and the Cablevision Notes, the "Notes"), are furnishing the information contained herein to holders of the Notes. The Issuers do business through their subsidiaries under the "Optimum" brand.

#### The Transactions

On September 9, 2016, Holdings entered into a purchase agreement (the "Purchase Agreement") for the offer and sale of \$1,310 million aggregate principal amount of 5.5% Senior Guaranteed Notes due 2027 between Holdings, as issuer, the Guarantors and the Representative party thereto (each as defined in the Purchase Agreement). On September 9, 2016, Holdings entered into an amendment (the "Extension Amendment") to the credit facilities agreement entered into on October 9, 2015 between, *inter alios*, Holdings, certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent, as amended pursuant to the amendment dated June 20, 2016, and the incremental loan assumption agreements dated June 21, 2016, and July 21, 2016, respectively (the "Credit Facilities Agreement"), between Holdings and certain lenders party thereto (the "Extending Lenders") pursuant to which each Extending Lender agreed to extend the maturity of its term loans under the Credit Facilities Agreement to October 11, 2024 and to certain other amendments to the Credit Facilities Agreement. Holdings will use the net proceeds of the offering of the Notes (after the deduction of fees and expenses) to prepay outstanding term loans under the Credit Facilities Agreement that were not extended

pursuant to the Extension Amendment. The total aggregate principal amount of the term loans, after giving effect to the use of proceeds of the Notes, will be \$2,500,000,000 (the “Extended Term Loans”). The Extended Term Loans are expected to be established on or around October 11, 2016 (the foregoing transactions, together, the “Transactions”).

### Summary Financial Data

The following is a reconciliation of operating income to Adjusted EBITDA, Further Adjusted EBITDA and Further Adjusted EBITDA (with Estimated Cost Savings) of Holdings:

CSC Holdings, LLC						
	For the six months ended June 30,		For the year ended December 31,			Last Two Quarters Annualized as of June 30,
	2016 (Combined) <sup>(a)</sup>	2015	2015	2014	2013	2016 <sup>(a)(b)</sup>
(dollars in thousands)						
Operating income....	412,705	468,215	848,471	921,258	699,224	825,410
Share-based compensation.....	25,231	27,850	65,286	43,984	52,715	50,462
Restructuring expense (credits) <sup>(c)</sup> .....	91,535	(536)	(1,649)	2,480	23,550	183,070
Depreciation and amortization (including impairments).....	459,110	432,829	865,252	866,502	909,147	918,220
Other operating expense <sup>(d)</sup> .....	19,924	—	17,862	—	—	39,848
Adjusted EBITDA ..	1,008,505	928,358	1,795,222	1,834,224	1,684,636	2,017,010
Unrestricted Group Adjusted EBITDA <sup>(e)</sup> .....	26,339	24,323	49,021	—	—	52,678
Freewheel Adjusted EBITDA <sup>(f)</sup> .....	294	17,131	38,929	—	—	588
Further Adjusted EBITDA <sup>(g)</sup> .....	1,035,138	969,812	1,883,172	—	—	2,070,276
Estimated Cost Savings <sup>(h)</sup> .....						450,000
Further Adjusted EBITDA (with Estimated Cost Savings) <sup>(g)</sup> .....						2,520,276

(a) Represents combined financial results for the six months ended June 30, 2016. The financial results for the period June 21, 2016 to June 30, 2016 reflect a new basis of accounting (including the impact of purchase accounting adjustments) as a result of the acquisition of a 70% equity interest in Cablevision by an indirect subsidiary of Altice N.V. on June 21, 2016 (the “Acquisition”) and therefore the 2016 combined financial results are not comparable to the financial results for the 2015, 2014 and 2013 periods. For a description of the combined financial results, see Notes 2 and 4 to the unaudited condensed consolidated financial statements and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” included in Holdings’ 2016 Q2 Report. See Notes 4, 9, 13 and 14 of the unaudited condensed consolidated financial statements included in Holdings’ 2016 Q2 Report regarding costs that were contingent upon the consummation of the Acquisition that were recorded on the black line and are not reflected in the 2016 combined financial results.

(b) Last two quarters annualized financial results are two times the sum of such financial results for the six months ended June 30, 2016.

- (c) It is currently anticipated that additional restructuring expenses will be recognized in the next twelve months as Holdings continues to analyze its organizational structure.
- (d) Represents certain costs incurred in connection with the Acquisition. For the six months ended June 30, 2016, it represented primarily employee transaction bonuses.
- (e) Represents the add back for Adjusted EBITDA deficit generated by the unrestricted group under the Credit Facilities Agreement and the Notes (the "Unrestricted Group").
- (f) Represents the add back for the Adjusted EBITDA deficit generated by our Freewheel service. Cablevision measures its inventory held for sale at the lower of cost or market. As of June 30, 2016, the carrying value of inventory related to handsets used with its Freewheel service was less than \$1.0 million.
- (g) Further Adjusted EBITDA and Further Adjusted EBITDA (with Estimated Cost Savings) differ from the definition of Pro Forma Adjusted EBITDA used in the indenture governing the Notes.
- (h) Represents expected cost savings in the following areas: savings as a result of operational improvements including reduction of operational complexity and upgrade of legacy systems, network savings through productivity improvements and leveraging the high footprint density of the existing network, sales and marketing savings including through optimization of the channel mix and upgrading back office systems and other savings through elimination of duplicative functions and public company costs and business optimization.

### Certain As Adjusted Information

	<u>As of June 30, 2016</u>
	<u>(dollars in millions, except ratios)</u>
As adjusted senior net debt <sup>(a)</sup> .....	12,116
As adjusted priority net debt <sup>(b)</sup> .....	5,240
As adjusted senior secured net debt <sup>(c)</sup> .....	2,930
Ratio of as adjusted senior net debt to Further Adjusted EBITDA (with Estimated Cost Savings) .....	4.8x
Ratio of as adjusted priority net debt to Further Adjusted EBITDA (with Estimated Cost Savings) .....	2.1x
Ratio of as adjusted senior secured net debt to Further Adjusted EBITDA (with Estimated Cost Savings) .....	1.2x

- (a) As adjusted senior net debt includes the total indebtedness of the restricted group under the Credit Facilities Agreement and the Notes (the "Restricted Group") (excluding capital leases and other obligations) minus cash and cash equivalents of the Restricted Group in each case as adjusted for the Transactions and the additional utilization of \$375 million under the U.S. dollar revolving loan commitments in aggregate principal amount of \$2,105 million governed by the Credit Facilities Agreement (the "Revolving Credit Facility") after June 30, 2016.
- (b) As adjusted priority net debt includes the total indebtedness of the Restricted Group, Holdings' 2025 Senior Guaranteed Notes and the Notes minus cash and cash equivalents of the Restricted Group in each case as adjusted for the Transactions and the additional utilization of \$375 million under the Revolving Credit Facility after June 30, 2016.
- (c) As adjusted senior secured net debt includes the total indebtedness of the Restricted Group minus cash and cash equivalents of the Restricted Group in each case as adjusted for the Transactions and the additional utilization of \$375 million under the Revolving Credit Facility after June 30, 2016.

## Capitalization

The following table sets forth Holdings' cash and cash equivalents and indebtedness as of June 30, 2016, on an actual basis and on an as adjusted basis to give effect to the Transactions, including issuance and sale of the Notes, and the application of the proceeds therefrom as described under "The Transactions."

You should read this table together with "The Transactions," "Summary Financial Data" and "Certain As Adjusted Information" included in this report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and notes thereto included in Holdings' 2015 10-K and the unaudited condensed consolidated financial statements and notes thereto including in Holdings' 2016 Q1 Report and 2016 Q2 Report.

	As of June 30, 2016	
	Actual	As Adjusted
	(dollars in thousands)	
CSC Holdings, LLC cash and cash equivalents <sup>(1)</sup> .....	265,492	265,492
<i>Restricted Group</i> <sup>(2)</sup> :		
Term Loan Facility <sup>(3)</sup> .....	3,800,000	2,500,000
Revolving Credit Facility <sup>(4)</sup> .....	320,256	320,256
Notes.....	—	1,310,000
2025 Senior Guaranteed Notes <sup>(5)</sup> .....	1,000,000	1,000,000
<b>Total stock-secured/guaranteed debt</b> .....	<b>5,120,256</b>	<b>5,130,256</b>
CSC Senior Notes <sup>(6)</sup> .....	6,876,000	6,876,000
Capital lease and other obligations.....	40,734	40,734
<b>Total Restricted Group</b> .....	<b>12,036,990</b>	<b>12,046,990</b>
<i>Unrestricted Group</i> :		
Collateralized indebtedness from monetization transactions <sup>(7)</sup> .....	1,246,017	1,246,017
<b>Total Unrestricted Group</b> .....	<b>1,246,017</b>	<b>1,246,017</b>
<b>Total Restricted Group and Unrestricted Group debt</b> .....	<b>13,283,007</b>	<b>13,293,007</b>

- (1) On an as adjusted basis, as of June 30, 2016, the Restricted Group on a consolidated basis would have had \$229.3 million of cash and cash equivalents. On an as adjusted basis, as of June 30, 2016, the Unrestricted Group on a consolidated basis would have had \$36.2 million of cash and cash equivalents.
- (2) For financing purposes, we are structured as a Restricted Group and an Unrestricted Group. The businesses included in our Restricted Group and our Unrestricted Group are described in Holdings' 2015 10-K under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Overview."
- (3) Represents the total principal amount outstanding under the U.S. dollar term loans governed by the Credit Facilities Agreement (the "Term Loan Facility") as of June 30, 2016. As of June 30, 2016, the carrying value of our obligations under the Term Loan Facility, net of unamortized discounts and deferred financing costs, was \$3,697.0 million.
- (4) Represents the total principal amount outstanding under the Revolving Credit Facility as of June 30, 2016 and excludes the additional utilization of \$375 million under the Revolving Credit Facility after June 30, 2016. As of June 30, 2016, the carrying value of our obligations under the Revolving Credit Facility, net of unamortized deferred costs, was \$288.4 million. As of June 30, 2016, on an as adjusted basis and after giving effect to the increase in commitments under the Revolving Credit Facility of \$35 million on July 21, 2016 and the additional utilization of \$375 million under the Revolving Credit Facility after June 30, 2016, we would have had unused revolving facility commitments of \$1,410 million under the Revolving Credit Facility, excluding \$131.6 million of issued but undrawn letters of credit under the Credit Facility. After June 30, 2016, issued but undrawn letters of credit under the Revolving Credit Facility have decreased to \$69.4 million.
- (5) Represents the total principal amount outstanding under the 2025 Senior Guaranteed Notes as of June 30, 2016. As of June 30, 2016, the carrying value of our obligations under the 2025 Senior Guaranteed Notes, net of unamortized deferred financing costs, was \$985.9 million.
- (6) Represents the total principal amount outstanding under the CSC Senior Notes as of June 30, 2016. As of June 30, 2016, the carrying value of our obligations under the CSC Senior Notes, net of unamortized discounts, was \$6,740.2 million.

- (7) We have entered into derivative contracts to hedge our equity price risk and monetize the value of our shares of common stock of Comcast. All of our monetization transactions are obligations of our wholly-owned subsidiaries that are not part of the Restricted Group; however, Holdings provides 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). The guarantee exposure approximates the net sum of the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and the equity collar, calculated at the termination date. These obligations are secured by shares of Comcast Corporation common stock held as investment securities.

**By: Cablevision Systems Corporation and CSC Holdings, LLC**

**Dated: September 12, 2016**