
QUARTERLY REPORT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

CABLEVISION SYSTEMS CORPORATION
CSC HOLDINGS, LLC

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TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

	<u>Page</u>
Item 1. Financial Statements	
Cablevision Systems Corporation and Subsidiaries	
Consolidated Balance Sheets - June 30, 2019 (Unaudited) and December 31, 2018	4
Consolidated Statements of Operations - Three and six months ended June 30, 2019 and 2018 (Unaudited).....	6
Consolidated Statements of Comprehensive Income (Loss) - Three and six months ended June 30, 2019 and 2018 (Unaudited)	7
Consolidated Statements of Stockholder's Equity - Three and six months ended June 30, 2019 and 2018 (Unaudited).....	8
Consolidated Statements of Cash Flows - Six months ended June 30, 2019 and 2018 (Unaudited)	10
CSC Holdings, LLC and Subsidiaries	
Consolidated Balance Sheets - June 30, 2019 (Unaudited) and December 31, 2018	12
Consolidated Statements of Operations - Three and six months ended June 30, 2019 and 2018 (Unaudited).....	14
Consolidated Statements of Comprehensive Income (Loss) - Three and six months ended June 30, 2019 and 2018 (Unaudited)	15
Consolidated Statements of Member's Equity - Three and six months ended June 30, 2019 and 2018 (Unaudited).....	16
Consolidated Statements of Cash Flows - Six months ended June 30, 2019 and 2018 (Unaudited)	18
Combined Notes to Consolidated Financial Statements (Unaudited)	20
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ...	40
Item 3. Quantitative and Qualitative Disclosures About Market Risk	55
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	57
SIGNATURE	58

PART I. FINANCIAL INFORMATION

This Quarterly Report includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, “forward looking statements.” These “forward looking statements” appear throughout this Quarterly Report and relate to matters such as anticipated future growth in revenues, operating income, cash provided by operating activities and other financial measures. Words such as "expects", "anticipates", "believes", "estimates", "may", "will", "should", "could", "potential", "continue", "intends", "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. Such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors.

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

- competition for broadband, video and telephony customers from existing competitors (such as broadband communications companies, wireless data and telephony providers, direct broadcast satellite ("DBS") providers and Internet-based providers) and new competitors entering our footprint;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- increased difficulty negotiating programming agreements on favorable terms, if at all, resulting in increased costs to us and/or the loss of popular programming;
- increasing programming costs and delivery expenses related to our products and services;
- our ability to achieve anticipated customer and revenue growth, to successfully introduce new products and services and to implement our growth strategy;
- our ability to complete our capital investment plans on time and on budget, including our plan to build a fiber-to-the-home ("FTTH") network, and deploy Altice One, our home communications hub;
- our ability to develop and deploy mobile voice and data services pursuant to the agreement we entered into with Sprint in the fourth quarter of 2017, and our ability to attract customers to these services;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our current and future products and services;
- the effects of industry conditions;
- demand for digital and linear advertising products and services;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;
- technical failures, equipment defects, physical or electronic break-ins to our services, computer viruses and similar problems;

- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, “cyber-attacks,” misappropriation of data, outages, natural disasters and other material events;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings;
- our ability to successfully operate our business following the completion of our separation from Altice Europe; and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's Annual Report for the year ended December 31, 2018.

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

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made only as of the date of this Quarterly Report. Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

You should read this Quarterly Report with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all forward-looking statements by these cautionary statements.

Certain numerical figures included in this Quarterly Report have been subject to rounding adjustments. Accordingly, such numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

Item 1. Financial Statements

**CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)**

ASSETS

	June 30, 2019 (Unaudited)	December 31, 2018
Current Assets:		
Cash and cash equivalents	\$ 137,737	\$ 298,527
Restricted cash	260	257
Accounts receivable, trade (less allowance for doubtful accounts of \$15,881 and \$13,520).....	420,321	448,399
Prepaid expenses and other current assets	187,201	141,085
Amounts due from affiliates	890	4,385
Derivative contracts	—	1,975
Total current assets	746,409	894,628
Property, plant and equipment, net of accumulated depreciation of \$4,704,512 and \$4,044,671	5,814,965	5,828,881
Right-of-use operating lease assets	289,932	—
Investment securities pledged as collateral	1,816,147	1,462,626
Derivative contracts	—	109,344
Other assets	92,518	84,382
Amortizable intangibles, net of accumulated amortization of \$3,284,685 and \$2,882,787	3,865,003	4,192,824
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,138,086	8,012,416
Total assets	\$ 33,783,141	\$ 33,605,182

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDER'S EQUITY	June 30, 2019 (Unaudited)	December 31, 2018
Current Liabilities:		
Accounts payable.....	\$ 908,920	\$ 857,502
Interest Payable.....	335,063	386,475
Accrued employee related costs	133,817	139,806
Amounts due to affiliates	140,600	157,689
Deferred revenue.....	141,546	140,053
Debt.....	660,223	158,625
Other current liabilities	321,809	301,876
Total current liabilities.....	<u>2,641,978</u>	<u>2,142,026</u>
Other liabilities	238,872	271,550
Deferred tax liability.....	5,131,837	5,089,816
Liabilities under derivative contracts	289,156	132,908
Right-of-use operating lease liability	277,744	—
Long-term debt, net of current maturities.....	22,980,286	22,653,975
Total liabilities	<u>31,559,873</u>	<u>30,290,275</u>
Commitments and contingencies (Note 16)		
Redeemable equity	<u>174,931</u>	<u>130,007</u>
Stockholder's Equity:		
Common stock, \$0.01 par value, 1,000 shares authorized, 100 shares issued and outstanding	—	—
Paid-in capital	2,044,231	2,965,917
Retained earnings.....	10,441	221,471
	<u>2,054,672</u>	<u>3,187,388</u>
Accumulated other comprehensive loss	(14,474)	(11,783)
Total stockholder's equity.....	<u>2,040,198</u>	<u>3,175,605</u>
Noncontrolling interest	8,139	9,295
Total stockholder's equity.....	<u>2,048,337</u>	<u>3,184,900</u>
	<u>\$ 33,783,141</u>	<u>\$ 33,605,182</u>

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue (including revenue from affiliates of \$496, \$727, \$1,088 and \$852, respectively) (See Note 15)	\$ 2,451,081	\$ 2,364,153	\$ 4,847,648	\$ 4,693,867
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$2,087, \$3,865, \$3,774 and \$5,019, respectively) (See Note 15)	818,994	795,127	1,631,979	1,582,488
Other operating expenses (including charges from affiliates of \$2,020, \$6,255, \$4,266 and \$14,249, respectively) (See Note 15).....	569,459	575,749	1,133,891	1,158,772
Restructuring and other expense.....	11,465	9,691	26,709	13,278
Depreciation and amortization (including impairments).....	568,620	648,527	1,130,048	1,291,232
	<u>1,968,538</u>	<u>2,029,094</u>	<u>3,922,627</u>	<u>4,045,770</u>
Operating income	482,543	335,059	925,021	648,097
Other income (expense):				
Interest expense	(381,218)	(390,586)	(769,501)	(767,836)
Interest income (including interest income from affiliates and related parties of \$785 and \$2,429 in 2018).....	605	6,100	2,424	10,846
Gain (loss) on investments and sale of affiliate interests, net	103,146	(45,113)	357,871	(300,569)
Gain (loss) on derivative contracts, net	(49,624)	42,159	(226,653)	210,511
Loss on interest rate swap contracts	(26,900)	(12,929)	(50,572)	(44,851)
Loss on extinguishment of debt and write-off of deferred financing costs	(1,194)	(36,911)	(159,096)	(41,616)
Other income (expense), net.....	212	(698)	292	(12,156)
	<u>(354,973)</u>	<u>(437,978)</u>	<u>(845,235)</u>	<u>(945,671)</u>
Income (loss) before income taxes	127,570	(102,919)	79,786	(297,574)
Income tax benefit (expense).....	(41,160)	(9,101)	(18,574)	71,833
Net income (loss)	86,410	(112,020)	61,212	(225,741)
Net loss (income) attributable to noncontrolling interests	(43)	149	156	147
Net income (loss) attributable to Cablevision Systems Corporation stockholder	<u>\$ 86,367</u>	<u>\$ (111,871)</u>	<u>\$ 61,368</u>	<u>\$ (225,594)</u>

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 86,410	\$ (112,020)	\$ 61,212	\$ (225,741)
Other comprehensive income (loss):.....				
Defined benefit pension plans:				
Unrecognized actuarial gain (loss).....	(8,567)	(359)	(3,648)	4,192
Applicable income taxes	2,282	97	989	(1,131)
Unrecognized gain (loss) arising during period, net of income taxes	(6,285)	(262)	(2,659)	3,061
Settlement loss included in other expense, net	367	258	538	864
Applicable income taxes	(101)	(70)	(147)	(234)
Settlement loss included in other expense, net, net of income taxes	266	188	391	630
Foreign currency translation adjustment.....	(336)	914	(580)	914
Applicable income taxes	93	(338)	157	(338)
Foreign currency translation adjustment, net of income taxes..	(243)	576	(423)	576
Other comprehensive income (loss).....	(6,262)	502	(2,691)	4,267
Comprehensive income (loss).....	80,148	(111,518)	58,521	(221,474)
Comprehensive loss (income) attributable to noncontrolling interests	(43)	149	156	147
Comprehensive income (loss) attributable to Cablevision Systems Corporation stockholder.....	<u>\$ 80,105</u>	<u>\$ (111,369)</u>	<u>\$ 58,677</u>	<u>\$ (221,327)</u>

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
(In thousands)
(Unaudited)

	Common stock	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2019	\$ —	\$ 2,965,917	\$ 221,471	\$ (11,783)	\$ 3,175,605	\$ 9,295	\$ 3,184,900
Net loss attributable to stockholder	—	—	(24,999)	—	(24,999)	—	(24,999)
Net loss attributable to noncontrolling interests	—	—	—	—	—	(199)	(199)
Distributions to noncontrolling interests	—	—	—	—	—	(1,000)	(1,000)
Pension liability adjustments, net of income taxes	—	—	—	3,752	3,752	—	3,752
Foreign currency translation adjustment, net of income taxes	—	—	—	(181)	(181)	—	(181)
Share-based compensation expense (equity classified)	—	13,790	—	—	13,790	—	13,790
Redeemable equity vested	—	1,364	—	—	1,364	—	1,364
Change in redeemable equity	—	(61,696)	—	—	(61,696)	—	(61,696)
Distributions to Altice USA	—	(368,096)	(207,304)	—	(575,400)	—	(575,400)
Balance at March 31, 2019	\$ —	\$ 2,551,279	\$ (10,832)	\$ (8,212)	\$ 2,532,235	\$ 8,096	\$ 2,540,331
Net income attributable to stockholder	—	—	86,367	—	86,367	—	86,367
Net income attributable to noncontrolling interests	—	—	—	—	—	43	43
Pension liability adjustments, net of income taxes	—	—	—	(6,019)	(6,019)	—	(6,019)
Foreign currency translation adjustment, net of income taxes	—	—	—	(243)	(243)	—	(243)
Share-based compensation expense (equity classified)	—	16,077	—	—	16,077	—	16,077
Redeemable equity vested	—	61,702	—	—	61,702	—	61,702
Change in redeemable equity	—	(46,294)	—	—	(46,294)	—	(46,294)
Distributions to Altice USA	—	(549,550)	(65,094)	—	(614,644)	—	(614,644)
Issuance of common shares pursuant to employee long term incentive plan	—	244	—	—	244	—	244
Impact of Cheddar acquisition...	—	10,773	—	—	10,773	—	10,773
Balance at June 30, 2019	\$ —	\$ 2,044,231	\$ 10,441	\$ (14,474)	\$ 2,040,198	\$ 8,139	\$ 2,048,337

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY (Continued)
(In thousands)
(Unaudited)

	Common stock	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholder's Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2018	\$ —	\$3,534,261	\$ 1,564,154	\$ (10,022)	\$ 5,088,393	\$ 1,539	\$ 5,089,932
Net loss attributable to stockholder.....	—	—	(113,723)	—	(113,723)	—	(113,723)
Net income attributable to noncontrolling interests.....	—	—	—	—	—	2	2
Pension liability adjustments, net of income taxes	—	—	—	3,765	3,765	—	3,765
Share-based compensation expense (equity classified)..	—	21,623	—	—	21,623	—	21,623
Change in redeemable equity..	—	(3,347)	—	—	(3,347)	—	(3,347)
Adoption of ASU No. 2018-02	—	—	2,163	(2,163)	—	—	—
Balance at March 31, 2018	\$ —	\$3,552,537	\$ 1,452,594	\$ (8,420)	\$ 4,996,711	\$ 1,541	\$ 4,998,252
Net loss attributable to stockholder.....	—	—	(111,871)	—	(111,871)	—	(111,871)
Net loss attributable to noncontrolling interests.....	—	—	—	—	—	(149)	(149)
Contributions from noncontrolling interests.....	—	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	—	(74)	(74)	—	(74)
Foreign currency translation adjustment	—	—	—	576	576	—	576
Share-based compensation expense (equity classified)..	—	12,226	—	—	12,226	—	12,226
Redeemable equity vested	—	111,521	—	—	111,521	—	111,521
Change in redeemable equity..	—	(47,049)	—	—	(47,049)	—	(47,049)
Cash distributions to Altice USA.....	—	(367,437)	(1,223,563)	—	(1,591,000)	—	(1,591,000)
Impact of i24 acquisition	—	61,049	(73,578)	(2,520)	(15,049)	—	(15,049)
Balance at June 30, 2018	\$ —	\$3,322,847	\$ 43,582	\$ (10,438)	\$ 3,355,991	\$ 7,387	\$ 3,363,378

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income (loss).....	\$ 61,212	\$ (225,741)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including impairments).....	1,130,048	1,291,232
Equity in net loss of affiliates.....	—	10,849
Loss (gain) on investments and sale of affiliate interests, net.....	(357,871)	300,569
Loss (gain) on derivative contracts, net.....	226,653	(210,511)
Loss on extinguishment of debt and write-off of deferred financing costs.....	159,096	41,616
Amortization of deferred financing costs and discounts (premiums) on indebtedness.....	53,876	36,971
Settlement loss related to pension plan.....	538	864
Share-based compensation expense related to equity classified awards.....	29,867	33,849
Deferred income taxes.....	19,604	(29,158)
Provision for doubtful accounts.....	34,814	29,462
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade.....	1,804	(37,224)
Other receivables.....	2,740	(6,125)
Prepaid expenses and other assets.....	(39,477)	(27,943)
Amounts due from and due to affiliates.....	(13,594)	57,367
Accounts payable.....	18,349	49,449
Interest payable, accrued employee related costs and other liabilities.....	(98,672)	(112,139)
Deferred revenue.....	12,022	12,212
Liabilities related to interest rate swap and derivative contracts.....	41,322	45,199
Net cash provided by operating activities.....	<u>1,282,331</u>	<u>1,260,798</u>
Cash flows from investing activities:		
Capital expenditures.....	(657,253)	(498,297)
Payment for acquisitions, net of cash acquired.....	(172,659)	(5,308)
Sale of affiliate interest.....	—	(3,537)
Proceeds related to sale of equipment, including costs of disposal.....	898	6,858
Increase in other investments.....	—	(2,500)
Additions to other intangible assets.....	(867)	—
Net cash used in investing activities.....	<u>(829,881)</u>	<u>(502,784)</u>

See accompanying notes to consolidated financial statements.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	\$ 1,940,000	\$ 1,642,500
Repayment of credit facility debt	(602,830)	(621,325)
Issuance of senior notes and debentures, including premiums	1,754,375	2,050,000
Redemption of senior notes, including premiums and fees	(2,462,692)	(2,123,756)
Proceeds from collateralized indebtedness, net	—	337,124
Repayment of collateralized indebtedness and related derivative contracts, net	—	(337,124)
Distributions to Altice USA	(1,190,044)	(1,591,000)
Proceeds from notes payable	39,856	13,594
Repayment of notes payable	(74,061)	(14,040)
Principal payments on finance lease obligations	(3,273)	(6,019)
Additions to deferred financing costs	(12,488)	(22,277)
Contingent payment for acquisition	(500)	(28,940)
Contributions from (distributions to) noncontrolling interests	(1,000)	5,995
Net cash used in financing activities	(612,657)	(695,268)
Net increase (decrease) in cash, cash equivalents and restricted cash	(160,207)	62,746
Effect of exchange rate changes on cash and cash equivalents	(580)	(104)
Net increase (decrease) in cash, cash equivalents and restricted cash	(160,787)	62,642
Cash, cash equivalents and restricted cash at beginning of year	298,784	318,595
Cash, cash equivalents and restricted cash at end of period	\$ 137,997	\$ 381,237

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS

	June 30, 2019 (Unaudited)	December 31, 2018
Current Assets:		
Cash and cash equivalents	\$ 137,737	\$ 298,527
Restricted cash	260	257
Accounts receivable, trade (less allowance for doubtful accounts of \$15,881 and \$13,520).....	420,321	448,399
Prepaid expenses and other current assets	168,184	141,267
Amounts due from affiliates	890	4,385
Derivative contracts	—	1,975
Total current assets	727,392	894,810
Property, plant and equipment, net of accumulated depreciation of \$4,704,512 and \$4,044,671	5,814,965	5,828,881
Right-of-use operating lease assets	289,932	—
Investment securities pledged as collateral	1,816,147	1,462,626
Derivative contracts	—	109,344
Other assets	82,918	65,183
Amortizable intangibles, net of accumulated amortization of \$3,284,685 and \$2,882,787	3,865,003	4,192,824
Indefinite-lived cable television franchises	13,020,081	13,020,081
Goodwill	8,138,086	8,012,416
Total assets	\$ 33,754,524	\$ 33,586,165

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED BALANCE SHEETS (continued)
(In thousands)

LIABILITIES AND MEMBER'S EQUITY	June 30, 2019 (Unaudited)	December 31, 2018
Current Liabilities:		
Accounts payable.....	\$ 908,920	\$ 857,502
Interest Payable.....	315,232	366,644
Accrued employee related costs	133,817	139,806
Amounts due to affiliates	162,257	179,417
Deferred revenue.....	141,546	140,053
Debt.....	154,811	158,625
Other current liabilities	321,992	301,783
Total current liabilities.....	2,138,575	2,143,830
Other liabilities	238,872	271,551
Deferred tax liability.....	5,395,946	5,349,947
Liabilities under derivative contracts	289,156	132,908
Right-of-use operating lease liability	277,744	—
Long-term debt, net of current maturities.....	22,381,379	21,558,782
Total liabilities	30,721,672	29,457,018
Commitments and contingencies (Note 16)		
Redeemable equity	174,931	130,007
Member's Equity:		
Retained earnings.....	12,584	549,691
Other member's equity (100 membership units issued and outstanding)	2,851,672	3,451,937
	2,864,256	4,001,628
Accumulated other comprehensive loss	(14,474)	(11,783)
Total member's equity.....	2,849,782	3,989,845
Noncontrolling interest	8,139	9,295
Total equity	2,857,921	3,999,140
	\$ 33,754,524	\$ 33,586,165

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue (including revenue from affiliates of \$496, \$727, \$1,088 and \$852, respectively) (See Note 15).....	\$ 2,451,081	\$ 2,364,153	\$ 4,847,648	\$ 4,693,867
Operating expenses:				
Programming and other direct costs (including charges from affiliates of \$2,087, \$3,865, \$3,774 and \$5,019, respectively) (See Note 15)	818,994	795,127	1,631,979	1,582,488
Other operating expenses (including charges from affiliates of \$2,020, \$6,255, \$4,266 and \$14,249, respectively) (See Note 15)	569,459	575,749	1,133,891	1,158,772
Restructuring and other expense.....	11,465	9,691	26,709	13,278
Depreciation and amortization (including impairments)	568,620	648,527	1,130,048	1,291,232
	<u>1,968,538</u>	<u>2,029,094</u>	<u>3,922,627</u>	<u>4,045,770</u>
Operating income	<u>482,543</u>	<u>335,059</u>	<u>925,021</u>	<u>648,097</u>
Other income (expense):				
Interest expense.....	(356,818)	(308,450)	(720,857)	(603,484)
Interest income (including interest income from affiliates and related parties of \$785 and \$2,429 in 2018)	605	6,100	2,424	10,842
Gain (loss) on investments and sale of affiliate interests, net.....	103,146	(45,113)	357,871	(300,569)
Gain (loss) on derivative contracts, net.....	(49,624)	42,159	(226,653)	210,511
Loss on interest rate swap contracts.....	(26,900)	(12,929)	(50,572)	(44,851)
Loss on extinguishment of debt and write-off of deferred financing costs	(1,194)	—	(159,096)	—
Other income (expense), net	212	(698)	292	(12,156)
	<u>(330,573)</u>	<u>(318,931)</u>	<u>(796,591)</u>	<u>(739,707)</u>
Income (loss) before income taxes	<u>151,970</u>	<u>16,128</u>	<u>128,430</u>	<u>(91,610)</u>
Income tax benefit (expense)	(47,828)	5,398	(32,152)	23,168
Net income (loss).....	<u>104,142</u>	<u>21,526</u>	<u>96,278</u>	<u>(68,442)</u>
Net loss (income) attributable to noncontrolling interests.....	(43)	149	156	147
Net income (loss) attributable to CSC Holdings, LLC sole member	<u>\$ 104,099</u>	<u>\$ 21,675</u>	<u>\$ 96,434</u>	<u>\$ (68,295)</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss).....	\$ 104,142	\$ 21,526	\$ 96,278	\$ (68,442)
Other comprehensive income (loss):				
Defined benefit pension plans:.....				
Unrecognized actuarial gain (loss)	(8,567)	(359)	(3,648)	4,192
Applicable income taxes	2,282	97	989	(1,131)
Unrecognized gain (loss) arising during period, net of income taxes	(6,285)	(262)	(2,659)	3,061
Settlement loss included in other expense, net	367	258	538	864
Applicable income taxes	(101)	(70)	(147)	(234)
Settlement loss included in other expense, net, net of income taxes	266	188	391	630
Foreign currency translation adjustment	(336)	914	(580)	914
Applicable income taxes	93	(338)	157	(338)
Foreign currency translation adjustment, net of income taxes	(243)	576	(423)	576
Other comprehensive income (loss)	(6,262)	502	(2,691)	4,267
Comprehensive income (loss)	97,880	22,028	93,587	(64,175)
Comprehensive loss (income) attributable to noncontrolling interests	(43)	149	156	147
Comprehensive income (loss) attributable to CSC Holdings, LLC sole member	<u>\$ 97,837</u>	<u>\$ 22,177</u>	<u>\$ 93,743</u>	<u>\$ (64,028)</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY
(In thousands)
(unaudited)

	Other Member's Equity	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2019	\$ 3,451,937	\$ 549,691	\$ (11,783)	\$ 3,989,845	\$ 9,295	\$ 3,999,140
Net loss attributable to CSC Holdings' sole member	—	(7,665)	—	(7,665)	—	(7,665)
Net loss attributable to noncontrolling interests	—	—	—	—	(199)	(199)
Distributions to noncontrolling interests	—	—	—	—	(1,000)	(1,000)
Pension liability adjustments, net of income taxes	—	—	3,752	3,752	—	3,752
Foreign currency translation adjustment, net of income taxes	—	—	(181)	(181)	—	(181)
Share-based compensation expense (equity classified)....	13,790	—	—	13,790	—	13,790
Redeemable equity vested	1,364	—	—	1,364	—	1,364
Change in redeemable equity ...	(61,696)	—	—	(61,696)	—	(61,696)
Distributions to Cablevision	(51,245)	(543,217)	—	(594,462)	—	(594,462)
Other	(276)	—	—	(276)	—	(276)
Balance at March 31, 2019	<u>3,353,874</u>	<u>(1,191)</u>	<u>(8,212)</u>	<u>3,344,471</u>	<u>8,096</u>	<u>3,352,567</u>
Net income attributable to CSC Holdings' sole member	—	104,099	—	104,099	—	104,099
Net income attributable to noncontrolling interests	—	—	—	—	43	43
Pension liability adjustments, net of income taxes	—	—	(6,019)	(6,019)	—	(6,019)
Foreign currency translation adjustment, net of income taxes	—	—	(243)	(243)	—	(243)
Share-based compensation expense (equity based).....	16,077	—	—	16,077	—	16,077
Redeemable equity vested	61,702	—	—	61,702	—	61,702
Change in redeemable equity ...	(46,294)	—	—	(46,294)	—	(46,294)
Distributions to Cablevision	(544,704)	(90,324)	—	(635,028)	—	(635,028)
Issuance of common shares pursuant to employee long term incentive plan	244	—	—	244	—	244
Impact of Cheddar acquisition..	10,773	—	—	10,773	—	10,773
Balance at June 30, 2019	<u>\$ 2,851,672</u>	<u>\$ 12,584</u>	<u>\$ (14,474)</u>	<u>\$ 2,849,782</u>	<u>\$ 8,139</u>	<u>\$ 2,857,921</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY (continued)
(In thousands)
(unaudited)

	Other Member's Equity	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity	Non- controlling Interest	Total Equity
Balance at January 1, 2018	\$ 7,420,181	\$ 2,034,572	\$ (10,022)	\$ 9,444,731	\$ 1,539	\$ 9,446,270
Net loss attributable to CSC Holdings' sole member	—	(89,970)	—	(89,970)	—	(89,970)
Net income attributable to noncontrolling interests.....	—	—	—	—	2	2
Pension liability adjustments, net of income taxes	—	—	3,765	3,765	—	3,765
Share-based compensation expense (equity classified).....	21,623	—	—	21,623	—	21,623
Change in redeemable equity.....	(3,347)	—	—	(3,347)	—	(3,347)
Distributions to Cablevision	—	(795,621)	—	(795,621)	—	(795,621)
Adoption of ASU No. 2018-02...	—	2,163	(2,163)	—	—	—
Balance at March 31, 2018	<u>\$ 7,438,457</u>	<u>\$ 1,151,144</u>	<u>\$ (8,420)</u>	<u>\$ 8,581,181</u>	<u>\$ 1,541</u>	<u>\$ 8,582,722</u>
Net income attributable to CSC Holdings' sole member	—	21,676	—	21,676	—	21,676
Net loss attributable to noncontrolling interests.....	—	—	—	—	(149)	(149)
Contributions from noncontrolling interests.....	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	(74)	(74)	—	(74)
Foreign currency translation adjustment, net of income taxes	—	—	576	576	—	576
Share-based compensation expense (equity classified).....	12,226	—	—	12,226	—	12,226
Distributions to Cablevision	(1,077,272)	(533,728)	—	(1,611,000)	—	(1,611,000)
Redeemable equity vested	111,521	—	—	111,521	—	111,521
Change in redeemable equity.....	(47,049)	—	—	(47,049)	—	(47,049)
Impact of i24 acquisition	61,049	(73,578)	(2,520)	(15,049)	—	(15,049)
Balance at June 30, 2018	<u>\$ 6,498,932</u>	<u>\$ 565,514</u>	<u>\$ (10,438)</u>	<u>\$ 7,054,008</u>	<u>\$ 7,387</u>	<u>\$ 7,061,395</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income (loss).....	\$ 96,278	\$ (68,441)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization (including impairments).....	1,130,048	1,291,232
Equity in net loss of affiliates.....	—	10,849
Loss (gain) on investments and sale of affiliate interests, net.....	(357,871)	300,569
Loss (gain) on derivative contracts, net.....	226,653	(210,511)
Loss on extinguishment of debt and write-off of deferred financing costs.....	159,096	—
Amortization of deferred financing costs and discounts (premiums) on indebtedness.....	44,751	15,068
Settlement loss related to pension plan.....	538	864
Share-based compensation expense related to equity classified awards.....	29,867	33,849
Deferred income taxes.....	33,183	(106,782)
Provision for doubtful accounts.....	34,814	29,462
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Accounts receivable, trade.....	1,804	(37,224)
Other receivables.....	2,740	(6,117)
Prepaid expenses and other assets.....	(39,477)	(27,943)
Amounts due from and due to affiliates.....	(13,668)	68,341
Accounts payable.....	18,349	49,449
Interest payable, accrued employee related costs and other liabilities.....	(98,673)	(98,942)
Deferred revenue.....	12,022	12,212
Liabilities related to interest rate swap and derivative contracts.....	41,322	45,199
Net cash provided by operating activities.....	<u>1,321,776</u>	<u>1,301,134</u>
Cash flows from investing activities:		
Capital expenditures.....	(657,253)	(498,297)
Payment for acquisitions, net of cash acquired.....	(172,659)	(5,308)
Sale of affiliate interest.....	—	(3,537)
Proceeds related to sale of equipment, including costs of disposal.....	898	6,858
Increase in other investments.....	—	(2,500)
Additions to other intangible assets.....	(867)	—
Net cash used in investing activities.....	<u>(829,881)</u>	<u>(502,784)</u>

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
(a wholly-owned subsidiary of Cablevision Systems Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash flows from financing activities:		
Proceeds from credit facility debt, net of discounts	\$ 1,940,000	\$ 1,642,500
Repayment of credit facility debt	(602,830)	(621,325)
Issuance of senior notes and debentures, including premiums	1,754,375	1,000,000
Redemption of senior notes, including premiums and fees.....	(2,462,692)	(300,000)
Proceeds from collateralized indebtedness, net.....	—	337,124
Repayment of collateralized indebtedness and related derivative contracts, net	—	(337,124)
Dividends to stockholders	(1,229,489)	(2,406,621)
Proceeds from notes payable	39,856	12,415
Repayment of notes payable.....	(74,061)	(12,861)
Principal payments on finance lease obligations.....	(3,273)	(6,019)
Additions to deferred financing costs.....	(12,488)	(20,735)
Contingent payment for acquisition	(500)	(28,940)
Contributions from (distributions to) noncontrolling interests.....	(1,000)	5,995
Net cash used in financing activities.....	<u>(652,102)</u>	<u>(735,591)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(160,207)</u>	<u>62,759</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(580)</u>	<u>(104)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>(160,787)</u>	<u>62,655</u>
Cash, cash equivalents and restricted cash at beginning of year	298,784	318,118
Cash, cash equivalents and restricted cash at end of period	<u>\$ 137,997</u>	<u>\$ 380,773</u>

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Cablevision Systems Corporation ("Cablevision"), through its wholly-owned subsidiary CSC Holdings, LLC and its consolidated subsidiaries ("CSC Holdings," and collectively with Cablevision, the "Company"), provides broadband communications and video services in the United States. The Company markets its services under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the southcentral United States. It delivers broadband, video, telephony services, proprietary content and advertising services to residential and business customers. As these brands are managed on a consolidated basis, the Company classifies its operations in one segment. Cablevision is a wholly owned subsidiary of Altice USA, Inc. ("Altice USA").

Altice USA was a wholly-owned subsidiary of Altice Europe N.V. ("Altice Europe") until June 8, 2018, at which time Altice Europe distributed substantially all of its equity interest in Altice USA through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the "Distribution").

In November 2018, in connection with the credit silo combination described in Note 10, (i) Cequel Communications Holdings I, LLC ("CCHI") merged into Cablevision, with Cablevision as the surviving entity (the "Holdco Merger"), and (ii) Cequel Communications Holdings II, LLC ("CCHII") merged into CSC Holdings, with CSC Holdings as the surviving entity (the "CCHII Merger"). As a result of the Holdco Merger, the balance sheet and operating results of CCHI have been presented on a combined basis with Cablevision beginning January 1, 2016 as these entities were under common control. In addition, as a result of the CCHII Merger, the balance sheet and operating results of CCHII have been presented on a combined basis with CSC Holdings beginning January 1, 2016 as these entities were under common control.

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

Acquisition of Altice Technical Services US Corp

Altice Technical Services US Corp. ("ATS") was formed to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. During the second quarter of 2017, a substantial portion of the Company's technical workforce at Cablevision either accepted employment with ATS or became employees of ATS and ATS commenced operations and began to perform services for the Company. A substantial portion of the Cequel technical workforce became employees of ATS in December 2017. Additionally, in the second quarter of 2017, the Company entered into an Independent Contractor Agreement with ATS that governed the terms of the services provided to the Company and entered into a Transition Services Agreement for the use of the Company's resources to provide various overhead functions to ATS, including accounting, legal and human resources and for the use of certain facilities, vehicles and technician tools during a transitional period. The Transition Services Agreement required ATS to reimburse the Company for its cost to provide such services.

In January 2018, the Company acquired 70% of the equity interests in ATS for \$1.00 (the "ATS Acquisition") and the Company became the owner of 100% of the equity interests in ATS in March 2018. ATS was previously owned by Altice Europe and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its formation. In connection with the ATS Acquisition, the Company recorded goodwill of \$23,101, representing the amount previously transferred to ATS.

Acquisition of i24NEWS

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

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

NOTE 2. BASIS OF PRESENTATION

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

The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2018.

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

The accompanying consolidated financial statements of Cablevision include the accounts of Cablevision and its majority-owned subsidiaries and the accompanying consolidated financial statements of CSC Holdings include the accounts of CSC Holdings and its majority-owned subsidiaries. Cablevision has no business operations independent of its CSC Holdings subsidiary, whose operating results and financial position are consolidated into Cablevision. The consolidated balance sheets and statements of operations of Cablevision are essentially identical to the consolidated balance sheets and statements of operations of CSC Holdings, with the following significant exceptions: Cablevision has \$1,163,768 of principal value senior notes outstanding at June 30, 2019 that were issued to third party investors, other assets, accrued interest related to its senior notes, and deferred taxes on its balance sheet. In addition, CSC Holdings and its subsidiaries have certain intercompany receivables from and payables to Cablevision. Differences between Cablevision's results of operations and those of CSC Holdings primarily include incremental interest expense, interest income, loss on extinguishment of debt, the write-off of deferred financing costs, and income tax expense or benefit.

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

The results of operations for the interim periods are not necessarily indicative of the results that might be expected for future interim periods or for the full year ending December 31, 2019.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income/Loss Per Share

Net income/loss per share for Cablevision is not presented since Cablevision is a wholly-owned subsidiary of Altice USA.

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

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation.

NOTE 3. ACCOUNTING PRONOUNCEMENTS

Recently Issued But Not Yet Adopted Accounting Pronouncements

ASU No. 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans ("ASU 2018-14")

In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans, which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. ASU 2018-14 becomes effective for the Company on January

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

1, 2021, although early adoption is permitted. The Company does not expect the adoption of ASU 2018-14 to have a material impact on its consolidated financial statements.

ASU No. 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15")

Also in August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That is a Service Contract, which requires upfront implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract to be amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. ASU 2018-15 becomes effective for the Company on January 1, 2020, although early adoption is permitted. The Company is currently in the process of evaluating the impact that the adoption of ASU 2018-15 will have on its consolidated financial statements.

ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350) ("ASU 2017-04")

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

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13")

In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be assessed for impairment under the current expected credit loss model rather than an incurred loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 becomes effective for the Company on January 1, 2020. Early adoption is permitted. The Company is currently in the process of evaluating the impact the adoption of ASU No. 2016-13 will have on its consolidated financial statements.

NOTE 4. DISTRIBUTIONS

CSC Holdings made cash equity distribution payments to Cablevision aggregating \$1,229,489 during the six months ended June 30, 2019. Cablevision distributed \$1,190,044 of these distributions to Altice USA, which it used to primarily fund Altice USA share repurchases. The remaining distributions from CSC Holdings were used to primarily fund interest payments on Cablevision debt.

In connection with Cablevision's distributions to Altice USA, Cablevision recorded a decrease in retained earnings of \$272,398, representing the cumulative earnings through the distribution dates, and a decrease in paid-in capital of \$917,646.

In connection with CSC Holdings' distributions to Cablevision, CSC Holdings recorded a decrease in retained earnings of \$633,541, representing the cumulative earnings through the distribution dates, and a decrease in other member's equity of \$595,949.

The Company's indentures and credit facilities agreement restrict the amount of dividends and distributions in respect of any equity interest that can be made.

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

NOTE 5. REVENUE AND CONTRACT ASSETS

The following table presents the composition of revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Residential:				
Video	\$ 1,018,426	\$ 1,034,404	\$ 2,035,756	\$ 2,068,112
Broadband	806,250	712,202	1,581,823	1,413,823
Telephony	150,232	163,499	304,696	329,537
Business services and wholesale	357,806	337,388	708,495	670,478
Advertising	112,953	109,898	206,498	197,480
Other	5,414	6,762	10,380	14,437
Total revenue	\$ 2,451,081	\$ 2,364,153	\$ 4,847,648	\$ 4,693,867

The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. For the three and six months ended June 30, 2019 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,920 and \$128,156, respectively. For the three and six months ended June 30, 2018 the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated \$63,362 and \$127,192, respectively.

Contract Assets

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

	June 30, 2019	December 31, 2018
Contract assets (a)	\$ 28,236	\$ 26,405
Deferred revenue (b)	204,440	190,056

- (a) Contract assets include primarily sales commissions for enterprise customers that are deferred and amortized over the average contract term.
- (b) Deferred revenue represents payments received from customers for services that have yet to be provided and installation revenue which is deferred and recognized over the benefit period. A significant portion of the Company's deferred revenue represents payments for services for up to one month in advance from residential and small and medium-sized business ("SMB") customers which is realized within the following month as services are performed.

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

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

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six Months Ended June 30,	
	2019	2018
<u>Non-Cash Investing and Financing Activities:</u>		
Property and equipment accrued but unpaid.....	\$ 245,692	\$ 120,958
Leasehold improvements paid by landlord.....	—	350
Notes payable issued to vendor for the purchase of equipment	16,204	44,466
Right-of-use assets acquired in exchange for finance lease obligations.....	6,501	1,349
Deferred financing costs accrued but unpaid.....	853	—
 <u>Supplemental Data:</u>		
<i>Cablevision:</i>		
Cash interest paid.....	763,819	732,231
Income taxes paid (refunded), net.....	6,247	8,940
<i>CSC Holdings:</i>		
Cash interest paid.....	724,299	581,289
Income taxes paid (refunded), net.....	6,247	8,940

NOTE 7. RESTRUCTURING AND OTHER EXPENSE

Restructuring

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

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

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2018	\$ 21,454	\$ 13,615	\$ 35,069
Restructuring charges	6,363	5,140	11,503
Payments and other	(20,749)	(1,734)	(22,483)
Impact of the adoption of ASC 842 (a)	—	(13,849)	(13,849)
Accrual balance at June 30, 2019.....	\$ 7,068	\$ 3,172	\$ 10,240

(a) Certain accrued restructuring liabilities were netted against right-of-use operating assets on the Company's consolidated balance sheet as of January 1, 2019 in connection with the Company's adoption of ASC 842 (see Note 8).

Cumulative costs to date relating to the 2016 Restructuring Plan amounted to \$427,725.

In May 2019, the Company commenced another restructuring initiative to further simplify the Company's organization structure ("2019 Restructuring Plan"). Costs incurred relating to the 2019 Restructuring Plan amounted to \$5,540 for the three and six months ended June 30, 2019.

In addition, for the three and six months ended June 30, 2019, the Company recorded restructuring charges of \$147 and \$8,696, respectively, related to the impairment of right-of-use operating lease assets, included in the Company's restructuring initiatives, as their carrying amount was not recoverable and exceeded their fair value.

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

Transaction Costs

The Company recorded costs of \$574 and \$970 during the three and six months ended June 30, 2019, respectively, primarily related to costs incurred in connection with the Company's acquisition of Cheddar Inc. (see Note 9). The Company incurred transaction costs of \$3,496 and \$5,762 for the three and six months ended June 30, 2018 relating to the Distribution discussed in Note 1.

NOTE 8. LEASES

On January 1, 2019, the Company adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases ("ASC 842"), which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance requires the recognition of the right-of-use ("ROU") assets and related operating and finance lease liabilities on the balance sheet. The Company adopted the new guidance using the modified retrospective approach with a cumulative-effect adjustment recorded on January 1, 2019. As a result, the consolidated balance sheet as of December 31, 2018 was not restated and is not comparative.

The adoption of ASC 842 resulted in the recognition of ROU assets of \$274,292 and lease liabilities for operating leases of \$299,900 on the Company's consolidated balance sheet as of January 1, 2019, with no material impact to its consolidated statements of operations. The difference between the ROU assets and the operating lease liability represents the reclassification of (i) deferred rent balances, resulting from the historical operating leases, and (ii) certain accrued restructuring liabilities (See Note 7). The Company's accounting for finance leases remained substantially unchanged from its accounting for capital leases in prior periods.

The Company elected the package of practical expedients permitted within the standard, which allow an entity to forgo reassessing (i) whether a contract contains a lease, (ii) classification of leases, and (iii) whether capitalized costs associated with a lease meet the definition of initial direct costs. Also, the Company elected the expedient allowing an entity to use hindsight to determine the lease term and impairment of ROU assets and the expedient related to land easements which allows the Company not to retrospectively treat land easements as leases; however, the Company must apply lease accounting prospectively to land easements if they meet the definition of a lease.

For contracts entered into on or after the effective date, at the inception of a contract the Company will assess whether the contract is, or contains, a lease. The Company's assessment is based on: (i) whether the contract involves the use of a distinct identified asset, (ii) whether the Company obtained the right to substantially all the economic benefit from the use of the asset throughout the period, and (iii) whether the Company has the right to direct the use of the asset. Leases entered into prior to January 1, 2019, are accounted for under ASC 840 and were not reassessed for classification.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases, and is subsequently measured at amortized cost using the effective interest method. The Company generally uses its incremental borrowing rate as the discount rate for leases, unless an interest rate is implicitly stated in the lease. The lease term for all of the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. All ROU assets are reviewed for impairment.

Lease expense for operating leases consists of the lease payments plus any initial direct costs and is recognized on a straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the asset on a straight-line basis over the earlier of the lease term or its useful life and interest expense determined on an amortized cost basis. The lease payments are allocated between a reduction of the lease liability and interest expense.

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

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

Balance sheet information related to our leases is presented below:

	Balance Sheet location	June 30, 2019	January 1, 2019	December 31, 2018
<i>Operating leases:</i>				
Right-of-use lease assets	Right-of-use operating lease assets	\$ 289,932	\$ 274,292	\$ —
Right-of-use lease liability, current	Other current liabilities	39,123	48,033	—
Right-of-use lease liability, long-term.....	Right-of-use operating lease liability	277,744	251,867	—
<i>Finance leases:</i>				
Right-of-use lease assets	Property, plant and equipment	28,460	30,891	30,891
Right-of-use lease liability, current	Current portion of long-term debt	6,464	5,928	5,928
Right-of-use lease liability, long-term.....	Long-term debt	20,632	19,262	19,262

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

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease expense, net	\$ 14,948	\$ 30,226
<i>Finance lease expense:</i>		
Amortization of assets.....	1,630	3,192
Interest on lease liabilities.....	388	746
Total finance lease expense	2,018	3,938
	<u>\$ 16,966</u>	<u>\$ 34,164</u>

Other information related to leases is presented below:

	As of June 30, 2019
Right-of-use assets acquired in exchange for operating lease obligations.....	\$ 43,441
Cash Paid For Amounts Included In Measurement of Liabilities:	
Operating cash flows from finance leases.....	746
Operating cash flows from operating leases	32,481
Weighted Average Remaining Lease Term:	
Operating leases	9.6 years
Finance leases	4.6 years
Weighted Average Discount Rate:	
Operating leases	6.06%
Finance leases	5.86%

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

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

	Financing leases	Operating leases
2019 (excluding the six months ended June 30, 2019).....	\$ 3,874	\$ 27,832
2020	7,173	50,248
2021	5,853	45,440
2022	5,824	47,024
2023	5,282	36,869
Thereafter.....	2,884	218,129
Total future minimum lease payments, undiscounted.....	30,890	425,542
Less: Imputed interest.....	(3,794)	(108,675)
Present value of future minimum lease payments.....	<u>\$ 27,096</u>	<u>\$ 316,867</u>

The following table presents the Company's unadjusted lease commitments as of December 31, 2018 as a required disclosure for companies adopting the lease standard prospectively without revising comparative period information.

	Financing leases	Operating leases
2019	\$ 5,928	\$ 47,905
2020	5,087	50,356
2021	3,969	43,362
2022	4,146	34,882
2023	3,828	25,234
Thereafter.....	2,232	167,941

NOTE 9. INTANGIBLE ASSETS

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

	As of June 30, 2019			As of December 31, 2018			Estimated Useful Lives
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Customer relationships.....	\$ 6,017,994	\$ (2,512,269)	\$ 3,505,725	\$ 5,970,884	\$ (2,162,110)	\$ 3,808,774	8 to 18 years
Trade names.....	1,081,083	(749,615)	331,468	1,067,083	(701,998)	365,085	2 to 5 years
Other amortizable intangibles	50,611	(22,801)	27,810	37,644	(18,679)	18,965	1 to 15 years
	<u>\$ 7,149,688</u>	<u>\$ (3,284,685)</u>	<u>\$ 3,865,003</u>	<u>\$ 7,075,611</u>	<u>\$ (2,882,787)</u>	<u>\$ 4,192,824</u>	

Amortization expense for the three and six months ended June 30, 2019 aggregated to \$201,279 and \$401,898, respectively, and for the three and six months ended June 30, 2018 aggregated \$226,052 and \$457,869, respectively.

The carrying amount of goodwill is presented below:

Goodwill as of December 31, 2018.....	\$ 8,012,416
Goodwill recorded in connection with the acquisition of Cheddar Inc.	125,651
Adjustments to purchase accounting	19
Goodwill as of June 30, 2019.....	<u>\$ 8,138,086</u>

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company, for approximately \$200,000 in cash and stock, subject to certain closing adjustments as set forth in the merger agreement. The acquisition

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

was accounted for as a business combination in accordance with ASC Topic 805. The preliminary purchase price of approximately \$198,588 was allocated to the identifiable tangible and intangible assets and liabilities of Cheddar based on preliminary fair value information currently available, which is subject to change within the measurement period (up to one year from the acquisition date). Based on the preliminary purchase price, the Company recorded goodwill of \$125,651, customer relationships of \$47,110, trade names of \$14,000 and other amortizable intangible assets of \$11,900.

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

NOTE 10. DEBT

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

Date Issued	Maturity Date	Interest Rate at June 30, 2019	June 30, 2019		December 31, 2018	
			Principal Amount	Carrying Amount (a)	Principal Amount	Carrying Amount (a)
CSC Holdings Senior Notes:						
February 12, 2009	February 15, 2019	8.625%	\$ —	\$ —	\$ 526,000	\$ 527,749
November 15, 2011	November 15, 2021	6.750%	1,000,000	974,093	1,000,000	969,285
May 23, 2014	June 1, 2024	5.250%	750,000	677,720	750,000	671,829
October 9, 2015	January 15, 2023	10.125%	—	—	1,800,000	1,781,424
October 9, 2015	October 15, 2025	10.875%	1,684,221	1,664,092	1,684,221	1,663,027
November 27, 2018	December 15, 2021	5.125%	1,240,762	1,168,267	1,240,762	1,155,264
November 27, 2018	July 15, 2025	7.750%	617,881	604,712	617,881	603,889
November 27, 2018	April 1, 2028	7.500%	1,045,882	1,044,209	1,045,882	1,044,143
CSC Holdings Senior Guaranteed Notes:						
October 9, 2015	October 15, 2025	6.625%	1,000,000	988,750	1,000,000	988,052
September 23, 2016	April 15, 2027	5.500%	1,310,000	1,305,177	1,310,000	1,304,936
January 29, 2018	February 1, 2028	5.375%	1,000,000	992,403	1,000,000	992,064
November 27, 2018	July 15, 2023	5.375%	1,095,825	1,080,114	1,095,825	1,078,428
November 27, 2018	May 15, 2026	5.500%	1,498,806	1,485,076	1,498,806	1,484,278
January 24, 2019	February 1, 2029	6.500%	1,750,000	1,746,881	—	—
Cablevision Senior Notes (b):						
April 15, 2010	April 15, 2020	8.000%	500,000	497,045	500,000	495,302
September 27, 2012	September 15, 2022	5.875%	649,024	593,104	649,024	585,817
October 19, 2018	December 15, 2021 (e)	5.125%	8,886	8,367	8,886	8,274
October 19, 2018	July 15, 2025	7.750%	1,740	1,692	1,740	1,690
October 19, 2018	April 1, 2028	7.500%	4,118	4,111	4,118	4,110
			<u>15,157,145</u>	<u>14,835,813</u>	<u>15,733,145</u>	<u>15,359,561</u>
CSC Holdings Credit Facility Debt (Restricted Group):						
Revolving Credit Facility (c) (d)		4.730%	622,857	609,754	250,000	231,425
Term Loan B	July 17, 2025	4.644%	2,940,000	2,925,564	2,955,000	2,939,425
Incremental Term Loan B-2	January 25, 2026	4.894%	1,485,000	1,469,340	1,492,500	1,475,778
Incremental Term Loan B-3	January 15, 2026	4.644%	1,271,813	1,266,155	1,275,000	1,268,931
Incremental Term Loan B-4	April 15, 2027	5.394%	1,000,000	986,518	—	—
			<u>7,319,670</u>	<u>7,257,331</u>	<u>5,972,500</u>	<u>5,915,559</u>
Collateralized indebtedness (see Note 11)			<u>1,459,638</u>	<u>1,417,647</u>	<u>1,459,638</u>	<u>1,406,182</u>
Finance lease obligations (see Note 8)			<u>27,096</u>	<u>27,096</u>	<u>25,190</u>	<u>25,190</u>
Notes payable and supply chain financing (f)			<u>102,622</u>	<u>102,622</u>	<u>106,108</u>	<u>106,108</u>
			<u>24,066,171</u>	<u>23,640,509</u>	<u>23,296,581</u>	<u>22,812,600</u>
Less: current portion of senior notes debt			(508,886)	(505,412)	—	—
Less: current portion of credit facility debt			(67,750)	(67,750)	(54,563)	(54,563)
Less: current portion of notes payable and supply chain financing			(80,597)	(80,597)	(98,134)	(98,134)
Less: current portion of finance lease obligations			(6,464)	(6,464)	(5,928)	(5,928)
			<u>(663,697)</u>	<u>(660,223)</u>	<u>(158,625)</u>	<u>(158,625)</u>
Long-term debt			<u>\$ 23,402,474</u>	<u>\$ 22,980,286</u>	<u>\$ 23,137,956</u>	<u>\$ 22,653,975</u>

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

- (a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums and with respect to certain notes, a fair value adjustment resulting from the Cequel and Cablevision acquisitions.
- (b) The issuers of these notes have no ability to service interest or principal on the notes, other than through any dividends or distributions received from CSC Holdings. CSC Holdings is restricted, in certain circumstances, from paying dividends or distributions to the issuers by the terms of the CSC Holdings credit facilities agreement.
- (c) At June 30, 2019, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$1,674,129 of the facility was undrawn and available, subject to covenant limitations.
- (d) The revolving credit facility matures on January 31, 2024, however \$200,000 is due on November 30, 2021. As discussed in Note 17, the balance of the revolving credit facility was repaid in July 2019 with proceeds from the issuance of \$1,000,000 principal amount of senior notes due January 2030.
- (e) In July 2019, the Company redeemed \$8,886 principal amount of these senior notes. As a result of the early redemption, the principal amount of these senior notes was reclassified from long-term debt to current debt.
- (f) Includes \$39,856 related to supply chain financing agreements entered into in the second quarter of 2019 that is required to be repaid within one year from the date of the respective agreement.

In January 2019, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes due 2029 ("CSC Holdings 2029 Guaranteed Notes"). The notes bear interest at a rate of 6.5% and will mature on February 1, 2029. The net proceeds from the sale of the notes were used to repay certain indebtedness, including to repay at maturity \$526,000 aggregate principal amount of CSC Holdings' 8.625% senior notes due February 2019 plus accrued interest, redeem approximately \$905,300 of the aggregate outstanding amount of CSC Holdings' 10.125% senior notes due 2023 at a redemption price of 107.594% plus accrued interest, and paid fees and expenses associated with the transactions. In connection with this refinancing, \$526,000 of short-term senior notes were reclassified to long-term debt as of December 31, 2018.

In February 2019, CSC Holdings issued an additional \$250,000 CSC Holdings 2029 Guaranteed Notes at a price of 101.75% of the principal value. The proceeds of these notes were used to repay amounts outstanding under the CSC Holdings Revolving Credit Facility.

During the six months ended June 30, 2019, CSC Holdings borrowed \$950,000 under its revolving credit facility and repaid \$577,143 of amounts outstanding under the revolving credit facility, a portion of which was funded from the proceeds of the issuance of an additional \$250,000 principal amount of CSC Holdings 2029 Guaranteed Notes (see discussion above).

In January and May 2019, CSC Holdings amended its existing revolving credit facility. After the amendments, the total size of the revolving credit facility that the Company can draw upon as of June 30, 2019 amounted to \$2,475,000, including \$2,275,000 maturing in January 2024 and priced at LIBOR plus 2.25%. The remaining \$200,000 matures in November 2021 and is priced at LIBOR plus 3.25%. In connection with the amendment entered into in May 2019, the Company recorded a write-off of deferred financing costs of \$1,195.

In February 2019, CSC Holdings entered into a \$1,000,000 senior secured Term Loan B ("Incremental Term Loan B-4") maturing on April 15, 2027, the proceeds of which were used to redeem \$894,700 in aggregate principal amount of CSC Holdings' 10.125% Senior Notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 bears interest at a rate per annum equal to LIBOR plus 3.0% and was issued with an original issue discount of 1.0%.

The CSC Credit Facilities Agreement also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under the CSC Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the CSC Credit Facilities and all actions permitted to be taken by a secured creditor.

As of June 30, 2019, the Company was in compliance with all of its financial covenants under the CSC Holdings Credit Facilities and with all of its financial covenants under the indentures under which the senior and senior guaranteed notes were issued.

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

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

	Three Months Ended	Six Months Ended
	June 30, 2019	
CSC Holdings 10.125% Senior Notes due 2023	\$ —	\$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	<u>\$ 1,194</u>	<u>\$ 159,096</u>
	Three Months Ended	Six Months Ended
	June 30, 2018	
Cablevision 7.75% Senior Notes due 2018.....	\$ 1	\$ 4,706
Cequel 6.375% Senior Notes due 2020	36,910	36,910
	<u>\$ 36,911</u>	<u>\$ 41,616</u>

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of June 30, 2019, including notes payable and collateralized indebtedness (see Note 11), but excluding finance lease obligations (see Note 8), are as follows:

	Cablevision	CSC Holdings
2019 (excluding the six months ended June 30, 2019).....	\$ 74,124	\$ 65,238
2020.....	623,128	123,128
2021.....	3,776,104	3,776,104
2022.....	723,807	74,783
2023.....	1,164,330	1,164,330
Thereafter.....	17,677,582	17,671,724

NOTE 11. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

Prepaid Forward Contracts

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

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

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements).

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

If any one of these contracts were terminated prior to its scheduled maturity date, the Company would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of June 30, 2019, the Company did not have an early termination shortfall relating to any of these contracts.

The Company monitors the financial institutions that are counterparties to its equity derivative contracts. All of the counterparties to such transactions carry investment grade credit ratings as of June 30, 2019.

Interest Rate Swap Contracts

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheets, with changes in fair value reflected in the consolidated statements of operations. As of June 30, 2019, the Company did not hold and has not issued derivative instruments for trading or speculative purposes.

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

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at	
		June 30, 2019	December 31, 2018
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, current	\$ —	\$ 1,975
Prepaid forward contracts	Derivative contracts, long-term	—	109,344
		<u>—</u>	<u>111,319</u>
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities	(478)	(70)
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(117,309)	—
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(171,847)	(132,908)
		<u>\$ (289,634)</u>	<u>\$ (132,978)</u>

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

	Three Months Ended	Six Months Ended	Three Months Ended	Six Months Ended
	June 30, 2019		June 30, 2018	
Gain (loss) on derivative contracts (related to change in the value of equity derivative contracts related to Comcast common stock).....	\$ (49,624)	\$ (226,653)	\$ 42,159	\$ 210,511
Change in fair value of Comcast common stock included in gain (loss) on investments.....	98,794	353,519	(58,420)	(310,996)
Loss on interest rate swap contracts.....	(26,900)	(50,572)	(12,929)	(44,851)

NOTE 12. FAIR VALUE MEASUREMENT

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

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

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

The following table presents for each of these hierarchy levels, the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

	Fair Value Hierarchy	June 30, 2019	December 31, 2018
Assets:			
Money market funds.....	Level I	\$ 26,280	\$ 91,852
Investment securities pledged as collateral	Level I	1,816,147	1,462,626
Prepaid forward contracts.....	Level II	—	109,344
Interest rate swap contracts	Level II	—	1,975
Liabilities:			
Prepaid forward contracts.....	Level II	117,309	—
Interest rate swap contracts	Level II	172,325	132,978
Contingent consideration related to 2017 and 2018 acquisitions.....	Level III	5,139	6,195

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

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

The fair value of the contingent consideration as of June 30, 2019 is equal to the contractual obligation expected to be paid based on a probability assessment of attaining the targets as of such date. The maximum amount that could be paid if all targets are achieved is approximately \$11,000.

Fair Value of Financial Instruments

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

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

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

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

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

	Fair Value Hierarchy	June 30, 2019		December 31, 2018	
		Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
CSC Holdings debt instruments:					
Credit facility debt	Level II	\$ 7,257,331	\$ 7,319,670	\$ 5,915,559	\$ 5,972,500
Collateralized indebtedness	Level II	1,417,647	1,413,259	1,406,182	1,374,203
Senior guaranteed notes	Level II	7,598,401	8,038,302	5,847,758	5,646,468
Senior notes and debentures.....	Level II	6,133,093	6,824,137	8,416,610	8,972,722
Notes payable and supply chain financing.	Level II	102,622	103,341	106,108	105,836
Cablevision debt instruments:					
Senior notes and debentures.....	Level II	1,104,319	1,213,355	1,095,193	1,163,843
		<u>\$ 23,613,413</u>	<u>\$ 24,912,064</u>	<u>\$ 22,787,410</u>	<u>\$ 23,235,572</u>

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

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

NOTE 13. INCOME TAXES

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

Cablevision

For the three and six months ended June 30, 2019, the Company recorded income tax expense of \$41,160 and \$18,574 on pre-tax income of \$127,570 and \$79,786, respectively, resulting in an effective tax rate of 32% and 23%, respectively, which are higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

The Company recorded an income tax expense of \$9,101 and an income tax benefit of \$71,833 for the three and six months ended June 30, 2018, reflecting an effective tax rate of approximately 9% and 24%, respectively. The tax benefit was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

CSC Holdings

For the three and six months ended June 30, 2019, the Company recorded income tax expense of \$47,828 and \$32,152 on pre-tax income of \$151,970 and \$128,430, respectively, resulting in an effective tax rate of 31% and 25%, respectively, which are higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

The Company recorded an income tax benefit of \$5,398 and \$23,168 for the three and six months ended June 30, 2018, reflecting an effective tax rate of approximately 33% and 25%, respectively. The tax benefit was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

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

NOTE 14. SHARE-BASED COMPENSATION

Carry Unit Plan

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in the Company's parent, Altice USA. The following table summarizes activity relating to these carry units:

	Number of Time Vesting Awards	Number of Performance Based Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2018.....	83,575,000	10,000,000	\$ 1.14
Vested.....	(21,918,750)	—	0.79
Forfeited.....	(3,000,000)	—	0.91
Balance, June 30, 2019.....	<u>58,656,250</u>	<u>10,000,000</u>	\$ 1.31

The weighted average fair value per unit was \$3.17 and \$1.95 as of June 30, 2019 and December 31, 2018, respectively. For the three and six months ended June 30, 2019 the Company recognized an expense of \$7,861 and \$14,334, respectively, related to the push down of share-based compensation related to the carry unit plan. For the three and six months ended June 30, 2018, the Company recognized an expense of \$7,993 and \$25,494 related to the push down of share-based compensation expense related to the carry unit plan.

Stock Option Plan

The following table summarizes activity related to the Company's employee stock options issued pursuant to the Altice USA 2017 Long Term Incentive Plan (the "2017 LTIP"):

	Shares Under Option		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
	Time Vesting	Performance Based Vesting			
Balance at December 31, 2018.....	11,230,168	73,639	\$ 17.50	9.47	\$ —
Granted.....	2,489,542	—	22.45		
Forfeited.....	(288,734)	(16,736)	17.63		
Balance at June 30, 2019.....	<u>13,430,976</u>	<u>56,903</u>	18.41	9.11	80,126
Options exercisable at June 30, 2019..	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(a) The aggregate intrinsic value is calculated as the difference between the exercise price and the closing price of the Company's Class A common stock at the respective date.

The Company recognized share-based compensation expense related to employee stock options for the three and six months ended June 30, 2019 of \$7,817 and \$15,134, respectively. The Company recognized share based compensation expense related to employee stock options for the three and six months ended June 30, 2018 of \$4,233 and \$8,355, respectively.

In June 2019, the Company granted restricted stock awards to certain employees pursuant to the 2017 LTIP. In connection with these awards, the Company recorded share based compensation expense of \$857.

NOTE 15. AFFILIATE AND RELATED PARTY TRANSACTIONS

Equity Method Investments

In April 2018, Altice Europe transferred its ownership of i24 US and i24 Europe ("i24NEWS"), Altice Europe's 24/7 international news and current affairs channels to the Company for minimal consideration (the "i24NEWS Acquisition").

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

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

The Company's equity in the net losses of i24NEWS, prior to April 1, 2018, for the six months ended June 30, 2018 of \$1,130 were recorded using the equity method and reflected in other expense, net in the Company's consolidated statements of operations. In April 2018, Altice Europe transferred its ownership of i24 US and I24 Europe to the Company for minimal consideration.

In April 2018, the Company redeemed a 24% interest in Newsday LLC ("Newsday") and recognized a gain of \$13,298, reflected in gain (loss) on investments and sale of affiliate interests in the Company's statements of operations. For the three and six months ended June 30, 2018, the Company recorded equity in the net loss of Newsday of \$407 and \$9,719, respectively, reflected in other expense, net in the Company's consolidated statements of operations. From July 7, 2016 through April 2018, the Company held a 25% ownership interest in Newsday and prior to July 7, 2016, Newsday was a wholly-owned subsidiary of Cablevision.

Affiliate and Related Party Transactions

Altice USA, Inc., the parent of the Company, is controlled by Patrick Drahi who is also the controlling stockholder of Altice Europe and its subsidiaries.

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

The following table summarizes the revenue and charges related to services provided to or received from subsidiaries of Altice USA, Altice Europe and Newsday:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 496	\$ 727	\$ 1,088	\$ 852
Operating expenses:				
Programming and other direct costs.....	\$ (2,087)	\$ (3,865)	\$ (3,774)	\$ (5,019)
Other operating expenses, net	(2,020)	(6,255)	(4,266)	(14,249)
Operating expenses, net.....	(4,107)	(10,120)	(8,040)	(19,268)
Interest income	—	785	—	2,429
Other income, net	—	149	—	149
Net charges	\$ (3,611)	\$ (8,459)	\$ (6,952)	\$ (15,838)
Capital Expenditures	\$ 2,536	\$ 1,108	\$ 5,890	\$ 2,734

Revenue

The Company recognized revenue primarily from the sale of advertising to a subsidiary of Altice Europe.

Programming and other direct costs

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

Other operating expenses, net

Altice Europe provided certain executive services, as well as consulting, advisory and other services, including, prior to the Company's initial public offering ("IPO") in June 2017, CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement was an annual fee of \$30,000 to be paid by the Company. Fees associated with this agreement recorded by the Company amounted to approximately \$5,750 and \$13,250 for the three and six

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

months ended June 30, 2018, respectively. This agreement was terminated upon the completion of the Distribution discussed in Note 1.

Other operating expenses also include charges for services provided by other subsidiaries of Altice Europe aggregating \$2,020 and \$4,266, for the three and six months ended June 30, 2019 and \$505 and \$999 for the three and six months ended June 30, 2018, respectively.

Interest income

Interest income for the three and six months ended June 30, 2018 represents interest income on an \$87,675 principal amount intercompany loan made to Altice USA. In May 2018, Altice USA repaid this loan.

Capital Expenditures

Capital expenditures include \$2,536 and \$5,890 for the three and six months ended June 30, 2019 and \$1,108 and \$2,734, for the three and six months ended June 30, 2018, respectively, for equipment purchases and software development services provided by subsidiaries of Altice Europe.

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

	Cablevision		CSC Holdings	
	June 30,	December 31,	June 30,	December 31,
	2019	2018	2019	2018
Due from affiliates, current:				
Newsday (a)	\$ 476	\$ 490	\$ 476	\$ 490
Altice Europe (a)	—	1,271	—	1,271
Altice Dominican Republic (a)	—	2,550	—	2,550
Other Altice Europe subsidiaries (a)	414	74	414	74
	<u>\$ 890</u>	<u>\$ 4,385</u>	<u>\$ 890</u>	<u>\$ 4,385</u>
Due to affiliates, current:				
Altice USA (c)	\$ 134,121	\$ 144,843	\$ 15,856	\$ 26,578
Altice Europe (b)	—	1,985	—	1,580
Newsday (a)	—	22	—	22
Altice Labs S.A. (b)	1,935	4,864	1,935	4,864
Other Altice Europe subsidiaries (b)	4,544	5,975	4,544	5,975
Cablevision (c)	—	—	139,922	140,398
	<u>\$ 140,600</u>	<u>\$ 157,689</u>	<u>\$ 162,257</u>	<u>\$ 179,417</u>

- (a) Represents amounts paid by the Company on behalf of or for services provided to the respective related party and for Newsday, the net amounts due from the affiliate also include charges for certain transition services provided.
- (b) Represents amounts due to affiliates for the purchase of equipment and advertising services, as well as reimbursement for payments made on our behalf.
- (c) Includes amounts due to/ due from affiliate pursuant to a historical tax allocation policy and tax sharing agreements between the entities. Also includes amounts related to services provided to/ or received from the respective affiliate and amounts related to payments made on behalf of the respective affiliate.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Legal Matters

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Company common stock in the Company's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The

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

lawsuits name as defendants the Company, Altice Europe, and the Company's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the '34 Act against the Company, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June of 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which the Company moved to dismiss in July of 2019.

The Company intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

On November 6, 2018, Sprint Communications Company L.P ("Sprint") filed a complaint in the U.S. District Court for the District of Delaware alleging that the Company infringes Sprint's patents purportedly relating to Voice over Internet Protocol ("VoIP") services. On December 3, 2018, Sprint filed a second complaint alleging that the Company infringes Sprint's patents purportedly relating to VOD services. The lawsuits are part of a pattern of litigation that was initiated as far back as 2007 by Sprint against numerous broadband and telecommunications providers. The Company is investigating the allegations, and will vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due, but it could be material to the Company's consolidated results of operations or cash flows for any one period.

The Company receives notices from third parties and, in some cases, is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of the Company's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions. In the event that the Company is found to infringe on any patent rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as enter into royalty or license agreements with respect to the patents at issue. The Company believes that the claims are without merit, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

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

NOTE 17. SUBSEQUENT EVENTS

The Company has updated its review of subsequent events as of August 13, 2019 (the date available for issuance) noting the following:

In July 2019, CSC Holdings issued \$1,000,000 in aggregate principal amount of senior notes which bear interest at a rate of 5.75% and will mature on January 15, 2030. The net proceeds from the sale of the notes were used to repay outstanding borrowings under CSC Holdings' revolving credit facility, along with accrued interest and pay fees associated with the transactions. The remaining proceeds will be used for general corporate purposes.

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

On July 30, 2019, the Altice USA Board of Directors authorized a new incremental three-year share repurchase program of \$5 billion, to take effect following the completion of the current repurchase program. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. It is expected that the Company will provide the funding for such share repurchase program.

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

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

The preparation of our consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. For a complete discussion of the accounting judgments and estimates that we have identified as critical in the preparation of our consolidated financial statements, please refer to our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report for the year ended December 31, 2018.

Overview

Our Business

We deliver broadband, video, telephony services, proprietary content and advertising services to approximately 4.9 million residential and business customers in and around the New York metropolitan area and in the south-central United States, with the majority of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio. Our footprint extends across 21 states through a fiber-rich broadband network with approximately 8.8 million homes passed as of June 30, 2019.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information see "Risk Factors" and "Business-Competition" included in our Annual Report for the year ended December 31, 2018.

We derive revenue principally through monthly charges to residential customers of our video, broadband, and telephony services. We also derive revenue from DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential video, broadband, and telephony services accounted for approximately 42%, 33% and 6%, respectively, of our consolidated revenue for the six months ended June 30, 2019. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and SMB customers, including broadband, telephony, networking and video services. For the six months ended June 30, 2019, 15% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics, which accounted for approximately 4% of our consolidated revenue for the six months ended June 30, 2019. Our other revenue for the six months ended June 30, 2019 accounted for less than 1% of our consolidated revenue.

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

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

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, video and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T and its DirecTV subsidiary, CenturyLink, DISH, Frontier and Verizon. Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances or preference, negatively impacts the demand for our services. For more information on our competitive landscape, see "Risk Factors" and "Business-Competition" included in our Annual Report for the year ended December 31, 2018.

Our programming costs, which are the most significant component of our operating expenses, have increased and are expected to continue to increase primarily as a result of contractual rate increases and new channel launches. See "-Results of Operations" below for more information regarding our key factors impacting our revenues and operating expenses.

Historically, we have made substantial investments in our network and the development of new and innovative products and other service offerings for our customers as a way of differentiating ourselves from our competitors and may continue to do so in the future. We are constructing a FTTH network, which will enable us to deliver more than 10 Gbps broadband speeds across our entire Optimum footprint and part of our Suddenlink footprint. In addition, the launch of Altice Mobile, a full service mobile voice and data offering, to consumers and businesses across our footprint is on track for the summer of 2019. We may incur greater than anticipated capital expenditures in connection with these initiatives, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing them as planned. See “-Liquidity and Capital Resources-Capital Expenditures” for additional information regarding our capital expenditures.

Non-GAAP Financial Measures

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

Results of Operations - Cablevision

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue:				
Residential:				
Video	\$ 1,018,426	\$ 1,034,404	\$ 2,035,756	\$ 2,068,112
Broadband	806,250	712,202	1,581,823	1,413,823
Telephony	150,232	163,499	304,696	329,537
Business services and wholesale	357,806	337,388	708,495	670,478
Advertising	112,953	109,898	206,498	197,480
Other	5,414	6,762	10,380	14,437
Total revenue	2,451,081	2,364,153	4,847,648	4,693,867
Operating expenses:				
Programming and other direct costs	818,994	795,127	1,631,979	1,582,488
Other operating expenses	569,459	575,749	1,133,891	1,158,772
Restructuring and other expense	11,465	9,691	26,709	13,278
Depreciation and amortization (including impairments) ..	568,620	648,527	1,130,048	1,291,232
Operating income	482,543	335,059	925,021	648,097
Other income (expense):				
Interest expense, net	(380,613)	(384,486)	(767,077)	(756,990)
Gain (loss) on investments and sale of affiliate interests, net	103,146	(45,113)	357,871	(300,569)
Gain (loss) on derivative contracts, net	(49,624)	42,159	(226,653)	210,511
Loss on interest rate swap contracts	(26,900)	(12,929)	(50,572)	(44,851)
Loss on extinguishment of debt and write-off of deferred financing costs	(1,194)	(36,911)	(159,096)	(41,616)
Other income (expense), net	212	(698)	292	(12,156)
Income (loss) before income taxes	127,570	(102,919)	79,786	(297,574)
Income tax benefit (expense)	(41,160)	(9,101)	(18,574)	71,833
Net income (loss)	86,410	(112,020)	61,212	(225,741)
Net loss (income) attributable to noncontrolling interests ..	(43)	149	156	147
Net income (loss) attributable to Cablevision Systems Corporation stockholder	\$ 86,367	\$ (111,871)	\$ 61,368	\$ (225,594)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 86,410	\$ (112,020)	\$ 61,212	\$ (225,741)
Income tax expense (benefit)	41,160	9,101	18,574	(71,833)
Other expense (income), net (a)	(212)	698	(292)	12,156
Loss on interest rate swap contracts	26,900	12,929	50,572	44,851
Loss (gain) on derivative contracts, net	49,624	(42,159)	226,653	(210,511)
Loss (gain) on investments and sales of affiliate interests, net	(103,146)	45,113	(357,871)	300,569
Loss on extinguishment of debt and write-off of deferred financing costs	1,194	36,911	159,096	41,616
Interest expense, net	380,613	384,486	767,077	756,990
Depreciation and amortization	568,620	648,527	1,130,048	1,291,232
Restructuring and other expense	11,465	9,691	26,709	13,278
Share-based compensation	16,535	12,226	30,325	33,849
Adjusted EBITDA	\$ 1,079,163	\$ 1,005,503	\$ 2,112,103	\$ 1,986,456

- (a) Includes the non-service cost components of the Company's pension expense, net of dividends received on Comcast common stock owned by the Company.

The following table sets forth certain customer metrics for the Company (unaudited):

	As of June 30, 2019	As of March 31, 2019	As of June 30, 2018
Homes passed (a)	8,788.6	8,761.9	8,671.0
Total customer relationships (b)(c)	4,942.2	4,942.1	4,915.1
Residential	4,562.6	4,563.7	4,539.8
SMB	379.6	378.4	375.3
Residential customers:			
Video	3,276.5	3,297.3	3,350.9
Broadband	4,168.1	4,155.0	4,082.1
Telephony	2,486.8	2,511.1	2,545.6
Residential triple product customer penetration (d)	48.4%	48.9%	49.8%
Penetration of homes passed (e)	56.2%	56.4%	56.7%
ARPU(f)	\$ 144.27	\$ 142.57	\$ 140.19

- (a) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our cable distribution network. Broadband services were not available to approximately 100 homes passed and telephony services were not available to approximately 600 homes passed.
- (b) Represents number of households/businesses that receive at least one of the Company's services.
- (c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. In calculating the number of customers, we count all customers other than inactive/disconnected customers. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment

fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

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

Comparison of Results for the Three and Six Months Ended June 30, 2019 compared to the Three and Six Months Ended June 30, 2018

Video Revenue

Video revenue for the three and six months ended June 30, 2019 was \$1,018,426 and \$2,035,756, respectively. Video revenue for the three and six months ended June 30, 2018 was \$1,034,404 and \$2,068,112, respectively. Video revenue is derived principally through monthly charges to residential customers of our video services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing customers, and changes in programming packages.

Video revenue decreased \$15,978 (2%) and \$32,356 (2%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The decreases were due primarily to a decline in video customers, partially offset by higher average revenue per video customer primarily due to rate increases.

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

Broadband Revenue

Broadband revenue for the three and six months ended June 30, 2019 was \$806,250 and \$1,581,823, respectively. Broadband revenue for the three and six months ended June 30, 2018 was \$712,202 and \$1,413,823, respectively. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers.

Broadband revenue increased \$94,048 (13%) and \$168,000 (12%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The increases were due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Telephony Revenue

Telephony revenue for the three and six months ended June 30, 2019 was \$150,232 and \$304,696, respectively. Telephony revenue for the three and six months ended June 30, 2018 was \$163,499 and \$329,537, respectively. Telephony revenue is derived principally through monthly charges to residential customers of our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers.

Telephony revenue decreased \$13,267 (8%) and \$24,841 (8%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The decreases were due to lower average revenue per telephony customer and a decline in telephony customers.

Business Services and Wholesale Revenue

Business services and wholesale revenue for the three and six months ended June 30, 2019 was \$357,806 and \$708,495, respectively. Business services and wholesale revenue for the three and six months ended June 30, 2018 was \$337,388 and \$670,478, respectively. Business services and wholesale revenue is derived primarily from the sale of fiber based

telecommunications services to the business market, and the sale of broadband, video and telephony services to SMB customers.

Business services and wholesale revenue increased \$20,418 (6%) and \$38,017 (6%) for the three and six months ended June 30, 2019 compared to the three and six months ended June 30, 2018. The increases were primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes, and an increase the revenue from the backhaul of carrier data.

Advertising Revenue

Advertising revenue for the three and six months ended June 30, 2019 was \$112,953 and \$206,498, respectively. Advertising revenue for the three and six months ended June 30, 2018 was \$109,898 and \$197,480, respectively. Advertising revenue is primarily derived from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics revenue.

Advertising revenue increased \$3,055 (3%) and \$9,018 (5%) for the three and six months ended June 30, 2019, respectively, compared to the three and six months ended June 30, 2018. The increases were primarily due to an increase in digital and linear advertising.

Other Revenue

Other revenue for the three and six months ended June 30, 2019 was \$5,414 and \$10,380, respectively. Other revenue for the three and six months ended June 30, 2018 was \$6,762 and \$14,437, respectively. Other revenue includes other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the three and six months ended June 30, 2019 amounted to \$818,994 and \$1,631,979, respectively. Programming and other direct costs for the three and six months ended June 30, 2018 amounted to \$795,127 and \$1,582,488, respectively. Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of VOD and pay-per-view) and are generally paid on a per-customer basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of video service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes.

The increases of \$23,867 (3%) and \$49,491 (3%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are primarily attributable to the following:

	<u>Three Months</u>	<u>Six Months</u>
Increase in programming costs due primarily to contractual rate increases, partially offset by lower video customers	\$ 22,338	\$ 52,319
Increase primarily in costs of digital media and linear advertising spots for resale	2,877	4,984
Decrease in call completion and transport costs primarily due to lower level of activity	(3,484)	(7,085)
Other net increases (decreases) (net of an increase in costs related to i24NEWS of \$1,493 during the six-month period)	2,136	(727)
	<u>\$ 23,867</u>	<u>\$ 49,491</u>

Programming costs

Programming costs aggregated \$682,956 and \$1,365,365 for the three and six months ended June 30, 2019 and \$660,618 and \$1,313,046 for the three and six months ended June 30, 2018, respectively. Our programming costs in 2019 will continue to be impacted by changes in programming rates, which we expect to increase by high single digits, and by changes in the number of video customers.

Other Operating Expenses

Other operating expenses for the three and six months ended June 30, 2019 amounted to \$569,459 and \$1,133,891, respectively. Other operating expenses for the three and six months ended June 30, 2018 amounted to \$575,749, and \$1,158,772, respectively. Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third-party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

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

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

The decreases in other operating expenses of \$6,290 (1%) and \$24,881 (2%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are attributable to the following:

	<u>Three Months</u>	<u>Six Months</u>
Decrease in management fee relating to certain executive, administrative and managerial services provided to the Company from Altice Europe prior to separation in June 2018 ...	\$ (5,750)	\$ (13,250)
Increase (decrease) in share-based compensation	4,308	(3,525)
Decrease in marketing costs	(7,216)	(12,447)
Decrease in repairs and maintenance costs relating to our operations	(6,186)	(7,493)
Increase in labor costs and benefits (includes an increase in costs related to i24NEWS of \$6,425 during the six-month period) net of an increase in capitalizable activity	5,136	3,197
Increase in bad debt	3,760	5,352
Other net increases (decreases) (includes an increase in costs related to i24NEWS of \$3,027 during the six-month period)	(342)	3,285
	<u>\$ (6,290)</u>	<u>\$ (24,881)</u>

Restructuring and Other Expense

Restructuring and other expense for the three and six months ended June 30, 2019 amounted to \$11,465 and \$26,709, respectively. Restructuring and other expense for the three and six months ended June 30, 2018 amounted to \$9,691 and \$13,278, respectively. These amounts primarily relate to facility realignment costs and impairments of certain ROU assets, severance and other employee related costs resulting from headcount reductions related to initiatives which commenced in 2016 and 2019 that are intended to simplify the Company's organizational structure. We currently anticipate that additional restructuring expenses will be recognized as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the three and six months ended June 30, 2019 amounted to \$568,620 and \$1,130,048, respectively. Depreciation and amortization for the three and six months ended June 30, 2018 amounted to \$648,527 and \$1,291,232, respectively. The decreases in depreciation and amortization of \$79,907 (12%) and \$161,184 (12%) for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are due primarily to certain fixed assets and intangible assets becoming fully depreciated or amortized. These decreases were partially offset by depreciation of new asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to \$1,079,163 and \$2,112,103 for the three and six months ended June 30, 2019, respectively. Adjusted EBITDA amounted to \$1,005,503 and \$1,986,456 for the three and six months ended June 30, 2018, respectively. Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, income (loss) from discontinued operations, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, net, interest expense (including cash interest expense), interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net income (loss) to adjusted EBITDA above.

The increases in adjusted EBITDA for the three and six months ended June 30, 2019 as compared to the three and six months ended June 30, 2018 were due to the increases in revenue which more than offset the increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

Interest Expense, net

Interest expense, net was \$380,613 and \$767,077, for the three and six months ended June 30, 2019, respectively, and \$384,486 and \$756,990 for the three and six months ended June 30, 2018, respectively. The increase (decrease) of \$(3,873) and \$10,087 for the three and six months ended June 30, 2019, respectively, as compared to the three and six months ended June 30, 2018 are attributable to the following:

	<u>Three Months</u>	<u>Six Months</u>
Decrease due to changes in average debt balances and interest rates on our indebtedness and collateralized debt	\$ (17,935)	\$ (17,975)
Lower interest income.....	5,495	8,422
Other net increases, primarily amortization of deferred financing costs and original issue discounts	8,567	19,640
	<u>\$ (3,873)</u>	<u>\$ 10,087</u>

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

Gain (loss) on investments and sale of affiliate interests, net for the three and six months ended June 30, 2019, of \$103,146 and \$357,871, respectively and \$(45,113) and \$(300,569) for the three and six months ended June 30, 2018 consists primarily of the increase (decrease) in the fair value of Comcast common stock owned by the Company for the periods. The effects of these gains (losses) are partially offset by the losses (gains) on the related equity derivative contracts, net described below.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net for the three and six months ended June 30, 2019 amounted to \$(49,624) and \$(226,653), respectively and for the three and six months ended June 30, 2018 amounted to \$42,159 and \$210,511, respectively, and includes realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by losses (gains) on investment securities pledged as collateral, which are included in gain (loss) on investments, net discussed above.

Loss on Interest Rate Swap Contracts

Loss on interest rate swap contracts was \$26,900 and \$50,572 for the three and six months ended June 30, 2019, respectively, and \$12,929 and \$44,851 for the three and six months ended June 30, 2018, respectively. These amounts represent primarily the decrease in fair value of interest rate swap contracts. These swap contracts are not designated as hedges for accounting purposes.

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

Loss on extinguishment of debt and write-off of deferred financing costs amounted to \$1,194 and \$159,096 for the three and six months ended June 30, 2019, respectively and \$36,911 and \$41,616 for the three and six months ended June 30, 2018.

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

	Three Months Ended	Six Months Ended
	June 30, 2019	
CSC Holdings 10.125% Senior Notes due 2023	\$ —	\$ 154,666
Refinancing and subsequent amendment to CSC Holdings credit facility	1,194	4,430
	<u>\$ 1,194</u>	<u>\$ 159,096</u>
	June 30, 2018	
Cablevision 7.75% Senior Notes due 2018.....	\$ 1	\$ 4,706
Cequel 6.375% Senior Notes due 2020	36,910	36,910
	<u>\$ 36,911</u>	<u>\$ 41,616</u>

Other Income (Expense), Net

Other income, net amounted to \$212 and \$292, for the three and six months ended June 30, 2019, respectively, compared to other expense, net of \$698 and \$12,156, for the three and six months ended June 30, 2018, respectively. These amounts include the non-service cost components of the Company's pension expense, net of dividends received on Comcast common stock owned by the Company. The 2018 amounts also include the equity in the net losses of Newsday through April 2018 and i24NEWS through March 31, 2018.

Income Tax Benefit (Expense)

For the three and six months ended June 30, 2019, the Company recorded income tax expense of \$41,160 and \$18,574 on pre-tax income of \$127,570 and \$79,786, respectively, resulting in an effective tax rate of 32% and 23%, respectively, which are higher than the U.S. federal statutory tax rate. The primary differences between the effective tax rate and the statutory tax rate are due to a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain non-deductible expenses.

The Company recorded an income tax expense of \$9,101 and an income tax benefits of \$71,833 for the three and six months ended June 30, 2018, reflecting an effective tax rate of approximately 9% and 24%, respectively. The tax benefit (expense) was calculated based upon the actual effective tax rate for the year-to-date period. The Company determined this to represent the best estimate of the annual effective tax rate in light of the magnitude of the expected income and the significant permanent differences.

CSC HOLDINGS, LLC

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss) attributable to Cablevision Systems Corporation stockholder.....	\$ 86,367	\$ (111,871)	\$ 61,368	\$ (225,594)
Interest expense relating to Cablevision senior notes included in Cablevision's consolidated statements of operations.....	24,400	82,136	48,644	164,352
Interest income related to cash held at Cablevision.....	—	—	—	(4)
Loss on extinguishment of debt relating to Cablevision senior notes.....	—	36,911	—	41,616
Income tax expense (benefit) included in Cablevision's consolidated statements of operations.....	(6,668)	14,499	(13,578)	(48,665)
Net income (loss) attributable to CSC Holdings, LLC's sole member.....	<u>\$ 104,099</u>	<u>\$ 21,675</u>	<u>\$ 96,434</u>	<u>\$ (68,295)</u>

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

In the longer term, we may not be able to generate sufficient cash from operations to fund anticipated capital expenditures, meet all existing future contractual payment obligations and repay our debt at maturity. As a result, we could be dependent upon our continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt

obligations. We intend to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating stock repurchases and discretionary uses of cash.

Debt Outstanding

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

	As of June 30, 2019		
	CSC Holdings	Cablevision	Total
Debt outstanding:			
Credit facility debt	\$ 7,257,331	\$ —	\$ 7,257,331
Senior guaranteed notes	7,598,401	—	7,598,401
Senior notes and debentures	6,133,093	1,104,319	7,237,412
Subtotal	20,988,825	1,104,319	22,093,144
Finance lease obligations	27,096	—	27,096
Notes payable and supply chain financing	102,622	—	102,622
Subtotal	21,118,543	1,104,319	22,222,862
Collateralized indebtedness relating to stock monetizations (a)	1,417,647	—	1,417,647
Total debt	\$ 22,536,190	\$ 1,104,319	\$ 23,640,509
Interest expense:			
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing	\$ 689,967	\$ 48,644	\$ 738,611
Collateralized indebtedness relating to stock monetizations (a)	30,890	—	30,890
Total interest expense	\$ 720,857	\$ 48,644	\$ 769,501

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

The following table provides details of our outstanding credit facility debt, net of unamortized discounts and deferred financing costs as of June 30, 2019:

	Maturity Date	Interest Rate	Principal	Carrying Value
CSC Holdings Revolving Credit Facility (a)	\$200,000 on November 30, 2021, remaining balance of \$2,275,000 on January 31, 2024	4.730%	\$ 622,857	\$ 609,754
CSC Holdings Term Loan B	July 17, 2025	4.644%	2,940,000	2,925,564
CSC Holdings Incremental Term Loan B-2	January 25, 2026	4.894%	1,485,000	1,469,340
CSC Holdings Incremental Term Loan B-3	January 15, 2026	4.644%	1,271,813	1,266,155
CSC Holdings Incremental Term Loan B-4	April 15, 2027	5.394%	1,000,000	986,518
			\$ 7,319,670	\$ 7,257,331

- (a) At June 30, 2019, \$178,014 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and \$1,674,129 of the facility was undrawn and available, subject to covenant limitations.

Payment Obligations Related to Debt

As of June 30, 2019, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as notes payable and supply chain financing, and the value deliverable at maturity under monetization contracts, but excluding finance lease obligations (see Note 8) are as follows:

	Cablevision	CSC Holdings
2019.....	\$ 785,404	\$ 737,176
2020.....	2,023,344	1,464,770
2021 (a).....	5,132,583	5,094,009
2022.....	1,923,029	1,235,431
2023.....	2,330,861	2,330,417
Thereafter (b).....	20,850,393	20,842,876
Total.....	<u>\$ 33,045,614</u>	<u>\$ 31,704,679</u>

- (a) Includes \$1,459,638 related to the Company's collateralized indebtedness (including related interest). This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts or (ii) delivering cash from the net proceeds on new monetization contracts.
- (b) Includes \$622,857 of borrowings outstanding under the revolving credit facility that were repaid in July 2019.

CSC Holdings Restricted Group

CSC Holdings and those of its subsidiaries which conduct our broadband, video and telephony services operations, as well as Lightpath, which provides Ethernet-based data, Internet, voice and video transport and managed services to the business market, comprise the "Restricted Group" as they are subject to the covenants and restrictions of the credit facility and indentures governing the notes and debentures issued by CSC Holdings. In addition, the Restricted Group is also subject to the covenants of the debt issued by Cablevision.

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

CSC Holdings Credit Facility

On October 9, 2015, Finco, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which provides U.S. dollar term loans currently in an aggregate principal amount of \$3,000,000 (\$2,940,000 outstanding at June 30, 2019) (the "CSC Term Loan Facility", and the term loans extended under the CSC Term Loan Facility, the "CSC Term Loans") and U.S. dollar revolving loan commitments currently in an aggregate principal amount of \$2,475,000 (the "CSC Revolving Credit Facility" and, together with the CSC Term Loan Facility, the "CSC Credit Facilities"), which are governed by a credit facilities agreement entered into by, *inter alios*, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017, January 12, 2018, October 15, 2018, January 24, 2019, February 7, 2019 and May 14, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement"). The maturity date of \$2,275,000 of the revolving credit facility matures in January 2024 and is priced at LIBOR plus 2.25%. The remaining \$200,000 matures in November 2021 and is priced at LIBOR plus 3.25%.

In January 2018, CSC Holdings entered into a \$1,500,000 incremental term loan facility (the "Incremental Term Loan B-2") under its existing credit facilities agreement. The Incremental Term Loan B-2 was priced at 99.5% and will mature

on January 25, 2026. The Incremental Term Loan B-2 is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or \$3,750) of the principal amount of the Incremental Term Loan B-2, beginning with the fiscal quarter ended September 30, 2018, with the remaining balance scheduled to be paid on January 26, 2026.

In November 2018, CSC Holdings entered into a \$1,275,000 7-year incremental term loan maturing January 2026 (the "Incremental Term Loan B-3"). The proceeds from the Incremental Term Loan B-3 were used to repay the entire principal amount of loans under Cequel's then existing Term Loan Facility and certain transaction costs. The Incremental Term Loan B-3 has a margin of 2.25% over LIBOR and was issued with an original issue discount of 25 basis points. The Company is required to make scheduled quarterly payments equal to 0.25% (or \$3,188) of the principal amount of the Incremental Term Loan B-3, beginning with the fiscal quarter ended June 30, 2019, with the remaining balance scheduled to be paid on January 15, 2026.

In February 2019, CSC Holdings entered into a \$1,000,000 senior secured Term Loan B ("Incremental Term Loan B-4") maturing on April 15, 2027, the proceeds of which were used to redeem \$894,700 in aggregate principal amount of CSC Holdings' 10.125% senior notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 bears interest at a rate per annum equal to LIBOR plus 3.0% and was issued with an original issue discount of 1.0%. The Company is required to make scheduled quarterly payments equal to 0.25% (or \$2,500) of the principal amount of the Incremental Term Loan B-4, beginning with the fiscal quarter ended September 30, 2019, with the remaining balance scheduled to be paid on April 15, 2027.

During the six months ended June 30, 2019, CSC Holdings borrowed \$950,000 under its revolving credit facility and repaid \$577,143 of amounts outstanding under the revolving credit facility, a portion of which was funded from the proceeds of the issuance of an additional \$250,000 principal amount of CSC Holdings 2029 Guaranteed Notes.

In July 2019, outstanding borrowings under CSC Holdings' revolving credit facility were repaid with the proceeds from the issuance of \$1,000,000 in aggregate principal amount of senior notes (see discussion below).

The Company was in compliance with all of its financial covenants under the CSC Credit Facilities Agreement as of June 30, 2019.

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

Senior Guaranteed Notes and Senior Notes

In January 2019, CSC Holdings issued \$1,500,000 in aggregate principal amount of senior guaranteed notes due 2029 ("CSC Holdings 2029 Guaranteed Notes"). The notes bear interest at a rate of 6.5% and will mature on February 1, 2029. The net proceeds from the sale of the notes was used to repay certain indebtedness, including to repay at maturity \$526,000 aggregate principal amount of CSC Holdings' 8.625% senior notes due February 2019, redeem approximately \$905,300 of the aggregate outstanding amount of CSC Holdings' 10.125% senior notes due 2023 at a redemption price of 107.594% plus accrued interest, and paid fees and expenses associated with the transactions.

In February 2019, CSC Holdings issued an additional \$250,000 CSC Holdings 2029 Guaranteed Notes at a price of 101.75% of the principal value. The proceeds of these notes were to repay the outstanding balance on the CSC Revolving Credit Facility.

In July 2019, CSC Holdings issued \$1,000,000 in aggregate principal amount of senior notes which bear interest at a rate of 5.75% and will mature on January 15, 2030. The net proceeds from the sale of the notes were used to repay outstanding borrowings under CSC Holdings' revolving credit facility, along with accrued interest and pay fees associated with the transactions. The remaining proceeds will be used for general corporate purposes.

Also, in July 2019, the Company redeemed \$8,886 principal amount of Cablevision 2021 senior notes.

As of June 30, 2019, the Company was in compliance with all of its financial covenants under the indentures under which our senior guaranteed notes and senior notes were issued.

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

Other Events

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company, for approximately \$200,000 in cash and stock, subject to certain closing adjustments as set forth in the merger agreement. See Note 9 to the consolidated financial statements for further details.

Capital Expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Customer premise equipment.....	\$ 102,890	\$ 80,675	\$ 177,827	\$ 161,402
Network infrastructure	138,548	82,042	278,526	154,883
Support and other	29,256	36,671	123,033	99,513
Business services.....	46,173	41,294	77,867	82,499
Capital purchases (cash basis).....	\$ 316,867	\$ 240,682	\$ 657,253	\$ 498,297
Capital purchases (including accrued not paid and financed capital).....	\$ 406,065	\$ 277,042	\$ 711,715	\$ 493,707

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

Cash Flow Discussion

Cablevision

Operating Activities

Net cash provided by operating activities amounted to \$1,282,331 for the six months ended June 30, 2019 compared to \$1,260,798 for the six months ended June 30, 2018. The 2019 cash provided by operating activities resulted from \$1,357,837 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap and derivative contracts of \$41,322, an increase in deferred revenue of \$12,022, a decrease in accounts receivable of \$1,804, partially offset by a decrease in accounts payable and accrued expenses of \$80,323, an increase in prepaid expenses and other assets of \$36,737, and a net decrease in amounts due from and due to affiliates of \$13,594.

The 2018 cash provided by operating activities resulted from \$1,280,002 of income before depreciation and amortization and non-cash items, an increase in amounts due to and due from affiliates of \$57,367, an increase in liabilities related to interest rate swap and derivative contracts of \$45,199, and an increase in deferred revenue of \$12,212, partially offset by a net decrease in accounts payable and accrued liabilities of \$62,690, an increase in accounts receivable of \$37,224 and an increase in prepaid expenses and other assets of \$34,068.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was \$829,881 compared to \$502,784 for the six months ended June 30, 2018. The 2019 investing activities consisted primarily of capital expenditures of \$657,253, payment for acquisitions, net of cash acquired of \$172,659, partially offset by other net cash receipts of \$31.

The 2018 investing activities consisted primarily of capital expenditures of \$498,297, and other net cash payments of \$4,487.

Financing Activities

Net cash used in financing activities amounted to \$612,657 for the six months ended June 30, 2019, compared to \$695,268 for the six months ended June 30, 2018. In 2019, the Company's financing activities consisted primarily of redemption and repurchase of senior notes, including premiums and fees of \$2,462,692, distributions to Altice USA of \$1,190,044, repayments of credit facility debt of \$602,830, repayment of notes payable of \$74,061, additions to deferred financing costs of \$12,488, principal payments on finance lease obligations of \$3,273 and other net cash payments of \$1,500, partially offset by proceeds from credit facility debt of \$1,940,000, proceeds from the issuance of senior notes, including premiums of \$1,754,375, and proceeds from notes payable of \$39,856.

In 2018, the Company's financing activities consisted primarily of the redemption and repurchase of senior notes, including premiums and fees of \$2,123,756, distributions to Altice USA of \$1,591,000, the repayment of credit facility debt of \$621,325, payments of collateralized indebtedness and related derivatives of \$337,124, contingent payment for acquisition of \$28,940, additions to deferred financing costs of \$22,277, and other net cash payments of \$6,465, partially offset by proceeds from the issuance of senior notes of \$2,050,000, proceeds from credit facility debt of \$1,642,500, proceeds from collateralized indebtedness of \$337,124, and contributions from noncontrolling interests of \$5,995.

CSC Holdings

Operating Activities

Net cash provided by operating activities amounted to \$1,321,776 for the six months ended June 30, 2019 compared to \$1,301,134 for the six months ended June 30, 2018. The 2019 cash provided by operating activities resulted from \$1,397,357 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap and derivative contracts of \$41,322, an increase in deferred revenue of \$12,022, a decrease in accounts receivable of \$1,804, partially offset by a decrease in accounts payable and accrued expenses of \$80,324, an increase in prepaid expenses and other assets of \$36,737, and a net decrease in amounts due from and due to affiliates of \$13,668.

The 2018 cash provided by operating activities resulted from \$1,296,159 of income before depreciation and amortization and non-cash items, an increase in amounts due to and due from affiliates of \$68,341, an increase in liabilities related to interest rate swap and derivative contracts of \$45,199, and an increase in deferred revenue of \$12,212, partially offset by a net decrease in accounts payable and accrued liabilities of \$49,493, an increase in accounts receivable of \$37,224 and an increase in prepaid expenses and other assets of \$34,060.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was \$829,881 compared to \$502,784 for the six months ended June 30, 2018. The 2019 investing activities consisted primarily of capital expenditures of \$657,253, payment for acquisitions, net of cash acquired of \$172,659, partially offset by other net cash receipts of \$31.

The 2018 investing activities consisted primarily of capital expenditures of \$498,297 and other net cash payments of \$4,487.

Financing Activities

Net cash used in financing activities amounted to \$652,102 for the six months ended June 30, 2019, compared to \$735,591 for the six months ended June 30, 2018. In 2019, the Company's financing activities consisted primarily of redemption and repurchase of senior notes, including premiums and fees of \$2,462,692, distributions to Cablevision of \$1,229,489, repayments of credit facility debt of \$602,830, repayment of notes payable of \$74,061, additions to deferred financing costs of \$12,488, principal payments on finance lease obligations of \$3,273 and other net cash payments of \$1,500, partially offset by proceeds from credit facility debt of \$1,940,000, proceeds from the issuance of senior notes, including premiums of \$1,754,375, and proceeds from notes payable of \$39,856.

In 2018, the Company's financing activities consisted primarily of distributions to Cablevision of \$2,406,621, the repayment of credit facility debt of \$621,325, payments of collateralized indebtedness and related derivatives of \$337,124, the redemption and repurchase of senior notes of \$300,000, contingent payment for acquisition of \$28,940, additions to deferred financing costs of \$20,735, and other net cash payments of \$6,465, partially offset by proceeds from credit facility debt of \$1,642,500, proceeds from the issuance of senior notes of \$1,000,000, proceeds from collateralized indebtedness of \$337,124, and contributions from noncontrolling interests of \$5,995.

Commitments and Contingencies

As of June 30, 2019, the Company's commitments and contingencies not reflected in the Company's balance sheet decreased to approximately \$8,178,000 as compared to approximately \$9,460,000 at December 31, 2018. This decrease relates primarily to payments made pursuant to programming commitments and the adoption of ASC 842, partially offset by renewed multi-year programming agreements entered into during the six months ended June 30, 2019.

Stock Repurchase Plan

On July 30, 2019, the Altice USA Board of Directors authorized a new incremental three-year share repurchase program of \$5 billion, to take effect following the completion of the current repurchase program. Under the repurchase program, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. It is expected that the Company will provide funding for such share repurchase program.

Recently Issued But Not Yet Adopted Accounting Pronouncements

See Note 3 to the accompanying consolidated financial statements contained in "Part I" for a discussion of recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Equity Price Risk

We are exposed to market risks from changes in certain equity security prices. Our exposure to changes in equity security prices stems primarily from the shares of Comcast common stock we hold. We have entered into equity derivative contracts consisting of a collateralized loan and an equity collar to hedge our equity price risk and to monetize the value of these securities. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. The contracts' actual hedge prices per share vary depending on average stock prices in effect at the time the contracts were executed. The contracts' actual cap prices vary depending on the maturity and terms of each contract, among other factors. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of June 30, 2019, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value on our consolidated balance sheet and the collateralized indebtedness is carried at its principal value, net of discounts. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to \$1,417,647 at June 30, 2019. At maturity, the contracts provide for the option to deliver cash or shares of Comcast common stock, with a value determined by reference to the applicable stock price at maturity.

As of June 30, 2019, the fair value and the carrying value of our holdings of Comcast common stock aggregated \$1,816,147. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately \$181,615. As of June 30, 2019, the net fair value and the carrying value of the equity collar component of the equity derivative contracts entered into to partially hedge the equity price risk of our holdings of Comcast common stock aggregated \$117,309, a net liability position. For the six months ended June 30, 2019, we recorded a net loss of \$226,653 related to our outstanding equity derivative contracts and recorded an unrealized gain of \$353,519 related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2018, net asset position	\$	109,344
Change in fair value, net		(226,653)
Fair value as of June 30, 2019, net liability position	\$	<u>(117,309)</u>

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

# of Shares Deliverable (a)	Maturity	Hedge Price per Share (a)	Cap Price (b)	
			Low	High
42,955,236	2021	\$29.25- \$35.47	\$ 43.88	\$ 44.80

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

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

Fair Value of Debt

At June 30, 2019, the fair value of our fixed rate debt of \$17,592,394 was higher than its carrying value of \$16,356,082 by \$1,236,312. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at June 30, 2019 would increase the estimated fair value of our fixed rate debt by \$516,656 to \$18,109,050. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Interest Rate Risk

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheet, with changes in fair value reflected in the consolidated statement of operations.

The following is a summary of interest rate swap contracts outstanding at June 30, 2019:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
May 2016	May 2026	\$ 750,000	Six- month LIBOR	Fixed rate of 1.665%
June 2016	May 2026	750,000	Six- month LIBOR	Fixed rate of 1.68%
April 2019	April 2020	1,255,513	Three- month LIBOR minus 0.1075%	One-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.7177%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.722%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9155%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9025%	Three-month LIBOR

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded in the statement of operations. For the three and six months ended June 30, 2019, the Company recorded a loss on interest rate swap contracts of \$26,900 and \$50,572, respectively.

As of June 30, 2019, our outstanding interest rate swap contracts in a liability position had an aggregate fair value and carrying value of \$171,847 reflected in “Liabilities under derivative contracts, long-term” and \$478 reflected in "Other current liabilities" on our consolidated balance sheet.

As of June 30, 2019, we did not hold and have not issued derivative instruments for trading or speculative purposes.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

SIGNATURE

Cablevision and CSC Holdings have duly caused this Quarterly Report to be signed on their behalf by the undersigned, thereunto duly authorized.

CABLEVISION SYSTEMS CORPORATION
CSC HOLDINGS, LLC

Date: August 13, 2019

/s/ Charles Stewart
By: Charles Stewart as Co-President and Chief
Financial Officer of Cablevision Systems
Corporation and CSC Holdings, LLC