

## **Suddenlink Reports Third Quarter and Year-to-Date 2013 Financial and Operating Results**

ST. LOUIS (November 12, 2013) -- Cequel Communications Holdings I, LLC ("Cequel," and together with its subsidiaries, the "Company" or "Suddenlink") today reported financial and operating results for the three and nine months ended September 30, 2013.

"Our third quarter financial results were very strong, with year-over-year revenue growth of 5.8%, adjusted EBITDA growth before non-recurring expenses of 8.3%, and free cash flow growth of 69%," said Suddenlink Chairman and CEO Jerry Kent. "We also achieved robust unit growth, with PSU net gains (the combination of video, Internet, and phone customers) nearly 50% better in the third quarter this year than in the third quarter last year, led by our phone and Internet services."

### **Third Quarter 2013 Highlights**

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

- Third quarter revenues of \$543.8 million grew 5.8% compared to the third quarter of the prior year. Revenues for the first nine months of 2013 of \$1,626.7 million grew 5.9% compared to the first nine months of the prior year.
- Adjusted EBITDA (as defined herein) for the third quarter 2013, excluding the impact of non-recurring expenses, was \$207.6 million, representing growth of 8.3%, compared to the same period in the prior year. Adjusted EBITDA excluding the impact of non-recurring expenses for the first nine months of 2013 was \$627.4 million, an increase of 8.2% compared to the first nine months of 2012.
- Including the impact of non-recurring expenses, Adjusted EBITDA for the third quarter 2013 was \$205.4 million, representing growth of 7.4%, compared to the same period in the prior year. Adjusted EBITDA for the first nine months of 2013 was \$620.6 million, an increase of 8.6% compared to the first nine months of 2012.
- Free Cash Flow (as defined herein) of \$59.3 million for the third quarter 2013 grew \$24.2 million compared to the third quarter 2012, an increase of 69.0%. Free Cash Flow for the first nine months of 2013 was \$141.5 million, an increase of 77.5% compared to the first nine months of 2012.
- Total average monthly revenue per basic video customer ("ARPU") for the third quarter was \$152.92, an increase of 9.5% compared to the third quarter of the prior year.
- Revenue Generating Units ("RGUs") as of September 30, 2013 were 3,587,300, an increase of 64,300, or 1.8% over the prior year. Including commercial high speed data and telephone customers, our RGUs increased 76,700, or 2.1% over the prior year.
- Primary Service Units ("PSUs") were 2,728,800, representing a net gain of 36,900 in the third quarter of 2013 versus a net gain of 24,700 in the third quarter of 2012, or a 49.3% improvement. Including commercial high speed data and telephone customers, our PSU net gain was 40,500 in the third quarter of 2013 versus a net gain of 27,200 in the third quarter of 2012, or a 48.3% improvement.
- Bundled residential customers represented 65.8% of total residential customer relationships at September 30, 2013, an increase from 64.2% at September 30, 2012. Triple play customer relationships represented 26.6% of total residential customer relationships at September 30, 2013, versus 24.8% at September 30, 2012.

- Non-video residential customers represented 20.0% of total residential customer relationships at September 30, 2013, an increase of 14.7% compared to the prior year.
- Commercial revenue grew 14.7% versus the third quarter of 2012, including 22.3% growth in our commercial high-speed data, on-net carrier and telephone revenues on a combined basis.

### **Third Quarter 2013 Compared to Third Quarter 2012**

Third quarter 2013 revenues rose 5.8%, largely attributable to the increase in residential high-speed Internet, telephone, advanced digital video, and broadcast retransmission revenue, and growth in revenues from our commercial business, including carrier services. Residential revenue growth resulted from increases in the number of new telephone, high-speed Internet, and digital video customers, an increase in the penetration of existing customers for these services, and the impact of video and high-speed Internet rate increases, including broadcast retransmission rate increases. Residential revenue also benefitted from incremental service revenues from high definition television (“HDTV”) and digital video recorder (“DVR”) services as more customers purchased advanced video services from us, and the impact from the shift of customers to higher speed Internet products. Offsetting this residential growth in part was a decrease in revenue due to basic video customer losses, the impact of bundling and promotional discounts, digital customers purchasing fewer digital tiers of service during the trailing twelve months, decreases in premium revenues, and decreases in advertising revenue. Revenues for our commercial business grew due to increases in commercial high-speed data and telephone customers and from increases in cell tower and backhaul revenues from carrier customers.

Video service revenues increased 2.6% due primarily to video rate increases, higher broadcast retransmission revenue, customer growth in our digital and advanced video services, including converter rental revenue for high-definition and DVR capable digital converters, increased franchise fee revenue, and increased pay per view revenue. Offsetting this growth, in part, were the year-over-year basic video customer losses, the impact of digital customers purchasing fewer digital tiers of service on average, and decreased premium revenue.

High-speed Internet service revenues rose 14.6% due primarily to an increase in residential high-speed Internet customers, growth in home networking revenues, the impact of residential rate increases and the shift of customers to higher speed Internet products, growth in our commercial high-speed data services to small and medium sized businesses, and growth in carrier services, including fiber to the tower, optical Internet and transport revenues.

Telephone service revenues grew 5.8% due primarily to an increase in residential telephone customers and growth in our commercial telephone services to small and medium sized businesses.

Advertising revenues decreased 6.6% due largely to lower national and local political advertising sales. Excluding political advertising, advertising revenue would have been flat year over year.

Other revenues increased 4.0% due primarily to increases in administrative fee revenue, security service revenue and state cost recovery fee revenue, offset by decreases in installation revenue.

Our commercial lines of business, embedded in the video, high-speed Internet, telephone service, and other revenues described above, are comprised of commercial and bulk video, commercial high-speed data, fiber based on- and off-net carrier services, and commercial telephone. Commercial revenue totaled \$75.9 million, or 14.0% of total revenue, in the third quarter of 2013. Our commercial revenue grew 14.7% versus the third quarter of 2012, including 22.3% growth in our commercial high-speed data, on-net carrier, and telephone revenues on a combined basis.

Operating costs and expenses increased 4.9%, primarily due to higher programming costs, including broadcast retransmission consent expenses, increased net compensation and employee related costs, increased circuit costs, increased marketing expenses, and the impact of certain non-recurring expenses.

The third quarter of 2013 includes approximately \$2.2 million of non-recurring expenses which are primarily associated with acquisition due diligence costs and costs associated with our initiative to replace our use of a third-party telephone service provider with our own internal platform and resources. The third quarter 2012 non-recurring expenses were immaterial.

Excluding the impact of non-recurring expenses described above, Adjusted EBITDA for the third quarter 2013 would have been \$207.6 million, an increase of 8.3% compared to the third quarter last year, with Adjusted EBITDA margin of 38.2%, a 90 basis point improvement from the third quarter 2012. Including those non-recurring expenses, Adjusted EBITDA for the third quarter 2013 was \$205.4 million, an increase of 7.4% from the same quarter last year, resulting in an Adjusted EBITDA margin of 37.8%, a 60 basis point improvement from the third quarter 2012.

Income from operations for the third quarter 2013 was \$40.9 million, a decrease of 56.1%, compared to \$93.2 million for the third quarter 2012, as a result of increased depreciation and amortization expense.

Interest expense decreased 21.6%, due to lower effective interest rates, offset in part by increased indebtedness, as well as changes to debt premium and deferred financing fee amortizations, as compared to the third quarter last year.

There was no change in the fair value of derivative instruments for the three months ended September 30, 2013. For the three months ended September 30, 2012, we recorded a \$4.8 million charge due primarily to the change in the fair value of our then existing interest rate swap agreements.

Net loss was \$8.5 million for the third quarter 2013, compared to net income of \$22.1 million for the third quarter 2012.

### **Key Operating Metrics**

At September 30, 2013, Suddenlink served approximately 1.4 million residential customers, and Suddenlink's RGUs were comprised of 1,186,000 basic video, 858,500 digital video, 1,039,100 residential high-speed Internet and 503,700 residential telephone customers. Suddenlink's approximately 3.6 million RGUs as of September 30, 2013 increased 64,300, or 1.8%, over the prior year. In addition, as of September 30, 2013, Suddenlink served approximately 56,000 commercial high-speed data and 29,900 commercial telephone customers, not included in our RGU or customer relationship totals. Including these commercial customers, our RGUs increased 76,700, or 2.1% over the prior year.

Approximately 65.8% of Suddenlink's residential customers subscribe to bundled services, compared to 64.2% a year ago. Approximately 365,700 of Suddenlink's residential customers receive video, high-speed Internet, and telephone services as part of a triple play bundle, representing 26.6% of Suddenlink's total residential customer relationships. Growth of 24,400 residential triple play customers from the third quarter of 2012 represented an increase of 7.1%. Non-video residential customers of approximately 274,300 at September 30, 2013 represent 20.0% of total residential customer relationships, and grew 14.7%.

Suddenlink's ARPU for the third quarter of 2013 was \$152.92, an increase of 9.5% compared to the third quarter of 2012.

Basic video customers decreased by approximately 3,000 customers while digital video customers increased by approximately 13,900 customers during the third quarter of 2013. During the trailing twelve months, basic video customers decreased by approximately 41,400, or 3.4%, while digital video customers increased by approximately 26,700, or 3.2%. Estimated basic penetration at September 30, 2013, was 38.6% of estimated homes passed. Digital penetration to basic customers was 72.4%.

Residential high-speed Internet customers increased by approximately 21,900 during the third quarter of 2013, and increased 45,100, or 4.5%, during the trailing twelve months. At September 30, 2013,

estimated residential high-speed Internet penetration was 34.7% of high-speed Internet capable homes passed. During the third quarter of 2013, commercial high-speed data customers increased by approximately 1,500. During the trailing twelve months, commercial high-speed data customers increased by approximately 5,100, or 10.0%. On a combined basis, residential high-speed Internet and commercial high-speed data customers grew 50,200, or 4.8% in the trailing twelve months.

Residential telephone customers grew by approximately 18,000 during the third quarter of 2013, and 33,900, or 7.2%, during the trailing twelve months. At September 30, 2013, estimated residential telephone penetration was 19.8% of telephone capable homes passed. During the third quarter of 2013, commercial telephone customers increased by approximately 2,100 customers, and increased by approximately 7,300 over the trailing twelve months ended September 30, 2013, or 32.3%. These commercial customers purchase 2.9 lines on average. On a combined basis, residential and commercial telephone customers grew 41,200, or 8.4% in the trailing twelve months.

### **Liquidity and Capital Resources**

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

At September 30, 2013, the Company had approximately \$115.8 million of cash on hand with \$18.5 million of outstanding letters of credit, which reduced the availability under our revolving credit facility to approximately \$481.5 million.

Net cash provided by operating activities was \$136.4 million for the three months ended September 30, 2013, compared to net cash provided by operating activities of \$162.1 million for the three months ended September 30, 2012. This change is due primarily to the timing of payments for accrued interest and other working capital items.

Capital expenditures were \$89.7 million and \$87.7 million for the three months ended September 30, 2013 and 2012, respectively, and \$282.8 million and \$280.6 million for the nine months ended September 30, 2013 and 2012, respectively. During fiscal year 2013, we expect capital expenditures to be approximately \$365.0 million to \$375.0 million, consistent with prior guidance.

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

Free Cash Flow for the quarter ended September 30, 2013 was \$59.3 million, compared to \$35.1 million for the quarter ended September 30, 2012, an increase of 69.0%. The increase in Free Cash Flow for the third quarter of 2013 as compared to the same period in 2012 is primarily due to improved operating results and decreased cash interest expense.

The Senior Secured Leverage Ratio (Consolidated Secured Debt to Adjusted Pro Forma EBITDA) for Suddenlink as defined in and calculated in accordance with our Credit Agreement was 2.84x at September 30, 2013.

The Total Leverage Ratio (Consolidated Total Debt to Adjusted Pro Forma EBITDA) for Cequel, as defined in and calculated in accordance with the indentures governing Cequel's 6.375% Senior Notes due 2020 and 5.125% Senior Notes due 2021 (together, the "Notes") was 5.58x at September 30, 2013.

## Acquisition

On October 3, 2013, the Company announced that it signed a definitive agreement to acquire three cable systems from Northland Communications for approximately \$40 million. Suddenlink expects to close the acquisition in the first quarter of 2014 using cash on hand, subject to customary closing conditions, including receipt of required regulatory approvals. The cable systems to be acquired in this transaction are located in Texas, contiguous to certain of our existing systems, and serve more than 12,000 residential and nearly 300 commercial customers.

## Conference Call

As previously announced, the Company will host a conference call to discuss its third quarter results at 11:00 a.m. (Eastern Time) on Tuesday, November 12, 2013. The dial-in information for the earnings call is as follows:

Within the United States	866-394-9561
International	281-312-0031
Password	Cequel Communications
Conference ID	74345791

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

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

## Quarterly Report

The information in this press release should be read in conjunction with the financial statements and footnotes contained in the Company's quarterly report for the quarter ended September 30, 2013 which will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) on November 12, 2013.

## Current Report

A current report containing this earnings release will be posted on the Company's website ([suddenlink.com](http://suddenlink.com)) shortly after the conference call on November 12, 2013.

## Use of Non-GAAP Financial Measures

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

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

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

### **Company Description**

The Company, doing business as Suddenlink Communications, is the seventh largest cable system operator in the United States. Suddenlink makes its services available over its advanced hybrid-fiber coaxial network to approximately 3.1 million homes in the United States as of September 30, 2013. Suddenlink serves approximately 1.4 million customers as of September 30, 2013. The Company's customer base is clustered geographically with approximately 96% of our basic video customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, Missouri, California and Ohio and 89% of our basic video customers located within our top 20 primary systems. Suddenlink simplifies its customers' lives through one call for support, one connection, and one bill for TV, Internet, telephone, and other services.

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

Some statements in this Press Release are known as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Press Release that are not historical facts. When used in this Press Release, the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including the factors set forth below:

- competition for video, high-speed Internet and telephone customers;
- our ability to achieve anticipated customer and revenue growth and to successfully introduce new products and services;
- our ability to complete our capital investment plans on time and on budget;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products or services;
- increasing programming costs and delivery expenses related to our products and services;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions;
- our substantial indebtedness;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter; and

- other risks and uncertainties, including those listed under the caption “Item 1A. Risk Factors” in our Annual Report for the year ended December 31, 2012.

You should not place undue reliance on such forward-looking statements, which are based on the information currently available to the Company and speak only as of the date on which this Press Release is posted on the Company’s website ([www.suddenlink.com](http://www.suddenlink.com)). The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made on related subjects in the Company’s subsequent reports furnished to holders of the Notes.

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**TABLE 1**  
**Cequel Communications Holdings I, LLC**  
**Consolidated Statements of Operations (unaudited)**  
**(in thousands)**

	Three Months Ended			Nine Months Ended		
	September 30,		Percent Change	September 30,		Percent Change
	2013	2012		2013	2012	
	Actual	Actual		Actual	Actual	
Revenues:						
Video	\$ 282,747	\$ 276,027	2.4%	\$ 859,663	\$ 843,080	2.0%
High Speed Internet	160,541	140,341	14.4%	472,809	415,113	13.9%
Telephone	50,258	47,482	5.8%	149,635	140,387	6.6%
Advertising Sales	22,563	24,170	-6.6%	63,546	64,332	-1.2%
Other	27,648	23,915	15.6%	81,049	67,269	20.5%
Total Revenues	543,757	511,935	6.2%	1,626,702	1,530,181	6.3%
Costs and Expenses:						
Operating (excluding depreciation and amortization)	220,072	211,516	-4.0%	655,693	629,890	-4.1%
Selling, general and administrative (excluding non-cash share based compensation expense)	118,261	109,217	-8.3%	350,402	329,178	-6.4%
Operating costs and expenses	338,333	320,733	-5.5%	1,006,095	959,068	-4.9%
Adjusted EBITDA	205,424	191,202	7.4%	620,607	571,113	8.7%
Adjusted EBITDA Margin (a)	37.8%	37.3%		38.2%	37.3%	
Depreciation and amortization	159,280	97,164	-63.9%	472,776	300,995	-57.1%
Non-cash share based compensation expense	4,426	355	NM	13,260	1,176	NM
Loss on sale of cable assets	781	413	-89.1%	2,123	315	NM
Income from operations	40,937	93,270	-56.1%	132,448	268,627	-50.7%
Interest expense, net	(55,645)	(70,950)	21.6%	(188,052)	(218,362)	13.9%
Loss on termination of derivative instruments	-	-	NM	-	(6,565)	100.0%
Change in fair value of derivative instruments	-	4,835	100.0%	-	(376)	100.0%
Loss on extinguishment of debt	-	-	NM	(6,525)	(14,202)	54.1%
(Loss)/income before provision for income taxes	(14,708)	27,155	154.2%	(62,129)	29,122	NM
Benefit/(provision) for income taxes	6,169	(5,067)	NM	9,411	(4,951)	NM
Net (loss)/income	\$ (8,539)	\$ 22,088	-138.7%	\$ (52,718)	\$ 24,171	NM

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



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

	Three Months Ended			Percent Change	Nine Months Ended			
	September 30,		2012		September 30,		2012	Percent Change
	2013	2012			2013	2012		
	Actual	Pro-Forma (b)		Actual	Pro-Forma (b)			
<b>Revenues:</b>								
Video	\$ 282,747	\$ 275,487	2.6%	\$ 859,663	\$ 841,400	2.2%		
High Speed Internet	160,541	140,041	14.6%	472,809	414,204	14.1%		
Telephone	50,258	47,482	5.8%	149,635	140,387	6.6%		
Advertising Sales	22,563	24,170	-6.6%	63,546	64,267	-1.1%		
Other	27,648	26,591	4.0%	81,049	75,119	7.9%		
<b>Total Revenues</b>	<b>543,757</b>	<b>513,771</b>	<b>5.8%</b>	<b>1,626,702</b>	<b>1,535,377</b>	<b>5.9%</b>		
<b>Costs and Expenses:</b>								
Operating (excluding depreciation and amortization)	220,072	212,715	-3.5%	655,693	633,231	-3.5%		
Selling, general and administrative (excluding non-cash share based compensation expense)	118,261	109,866	-7.6%	350,402	330,909	-5.9%		
<b>Operating costs and expenses</b>	<b>338,333</b>	<b>322,581</b>	<b>-4.9%</b>	<b>1,006,095</b>	<b>964,140</b>	<b>-4.4%</b>		
<b>Adjusted EBITDA</b>	<b>205,424</b>	<b>191,190</b>	<b>7.4%</b>	<b>620,607</b>	<b>571,237</b>	<b>8.6%</b>		
<i>Adjusted EBITDA Margin (a)</i>	<i>37.8%</i>	<i>37.2%</i>		<i>38.2%</i>	<i>37.2%</i>			
Depreciation and amortization	159,280	97,178	-63.9%	472,776	301,034	-57.1%		
Non-cash share based compensation expense	4,426	355	NM	13,260	1,176	NM		
Loss/(gain) on sale of cable assets	781	413	-89.1%	2,123	315	NM		
<b>Income from operations</b>	<b>40,937</b>	<b>93,244</b>	<b>-56.1%</b>	<b>132,448</b>	<b>268,712</b>	<b>-50.7%</b>		
Interest expense, net	(55,645)	(70,950)	21.6%	(188,052)	(218,362)	13.9%		
Loss on termination of derivative instruments	-	-	NM	-	(6,565)	100.0%		
Change in fair value of derivative instruments	-	4,835	100.0%	-	(376)	100.0%		
Loss on extinguishment of debt	-	-	NM	(6,525)	(14,202)	54.1%		
<b>(Loss)/income before provision for income taxes</b>	<b>(14,708)</b>	<b>27,129</b>	<b>154.2%</b>	<b>(62,129)</b>	<b>29,207</b>	<b>NM</b>		
Benefit/(provision) for income taxes	6,169	(5,067)	NM	9,411	(4,951)	NM		
<b>Net (loss)/income</b>	<b>\$ (8,539)</b>	<b>\$ 22,062</b>	<b>-138.7%</b>	<b>\$ (52,718)</b>	<b>\$ 24,256</b>	<b>NM</b>		

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

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

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

	<u>September 30,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 115,824	\$ 208,482
Accounts receivable, net	187,206	181,783
Deferred tax asset	10,960	9,742
Prepaid expenses and other assets	<u>27,519</u>	<u>19,267</u>
Total current assets	341,509	419,274
Property, plant and equipment, net	1,847,632	1,893,067
Intangible assets, net	5,109,359	5,255,641
Other long-term assets, net	<u>43,930</u>	<u>20,734</u>
Total assets	<u>\$ 7,342,430</u>	<u>\$ 7,588,716</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
Accounts payable and accrued expenses	\$ 246,817	\$ 301,939
Deferred revenue	140,860	138,465
Current portion of long-term debt	25,030	22,000
Other current liabilities	<u>7,162</u>	<u>4,279</u>
Total current liabilities	419,869	466,683
Long-term debt, less current portion	4,734,549	4,893,262
Deferred tax liabilities	682,468	697,011
Other long-term liabilities	<u>18,887</u>	<u>5,645</u>
Total liabilities	5,855,773	6,062,601
Total member's equity	<u>1,486,657</u>	<u>1,526,115</u>
Total liabilities and member's equity	<u>\$ 7,342,430</u>	<u>\$ 7,588,716</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net cash provided by operating activities	\$ 136,388	\$ 162,073	\$ 349,029	\$ 388,350
Net cash used in investing activities	(89,588)	(87,656)	(282,277)	(284,571)
Net cash used in financing activities	(9,709)	(6,512)	(159,410)	(87,929)
Increase/(decrease) in cash and cash equivalents	37,091	67,905	(92,658)	15,850
Cash and cash equivalents, beginning of period	78,733	76,608	208,482	128,663
Cash and cash equivalents, end of period	\$ <u>115,824</u>	\$ <u>144,513</u>	\$ <u>115,824</u>	\$ <u>144,513</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Customer premise equipment	\$ 27,739	\$ 21,775	\$ 96,399	\$ 87,599
Scalable infrastructure	4,349	7,242	10,447	26,765
Line extensions	2,507	1,874	6,122	6,131
Upgrade/rebuild	1,273	2,474	7,513	6,407
Commercial	12,377	11,438	39,603	26,974
Support capital	41,452	42,853	122,722	127,292
	\$ <u>89,697</u>	\$ <u>87,656</u>	\$ <u>282,806</u>	\$ <u>280,568</u>

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

	<u>Sep. 30,</u> <u>2013</u>	<u>Jun. 30,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>	<u>Sep. 30,</u> <u>2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue Generating Units (RGU):</b>				
Basic video customers (a)	1,186,000	1,189,000	1,211,200	1,230,300
Digital video customers (b)	858,500	844,600	837,500	832,600
Residential high-speed Internet customers (c)	1,039,100	1,017,200	1,002,100	996,800
Residential telephone customers (d)	503,700	485,700	471,700	469,800
<b>Total RGUs (e)</b>	<b>3,587,300</b>	<b>3,536,500</b>	<b>3,522,500</b>	<b>3,529,500</b>
Commercial data (f)	56,000	54,500	51,900	51,000
Commercial telephone (g)	29,900	27,800	24,100	22,600
<b>Total RGUs, including commercial (h)</b>	<b>3,673,200</b>	<b>3,618,800</b>	<b>3,598,500</b>	<b>3,603,100</b>
<b>Total PSUs (i)</b>	<b>2,728,800</b>	<b>2,691,900</b>	<b>2,685,000</b>	<b>2,696,900</b>
<b>Total PSUs, including commercial (j)</b>	<b>2,814,700</b>	<b>2,774,200</b>	<b>2,761,000</b>	<b>2,770,500</b>
<b>Quarterly net customer additions (losses):</b>				
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Basic video customers	(3,000)	(22,900)	(19,100)	200
Digital video customers	13,900	(8,500)	4,900	24,900
Residential high-speed Internet customers	21,900	(9,000)	5,300	17,400
Residential telephone customers	18,000	8,200	1,900	7,100
<b>Total RGUs</b>	<b>50,800</b>	<b>(32,200)</b>	<b>(7,000)</b>	<b>49,600</b>
Commercial data	1,500	1,300	900	1,100
Commercial telephone	2,100	2,300	1,500	1,400
<b>Total RGUs, including commercial</b>	<b>54,400</b>	<b>(28,600)</b>	<b>(4,600)</b>	<b>52,100</b>
<b>Total PSUs</b>	<b>36,900</b>	<b>(23,700)</b>	<b>(11,900)</b>	<b>24,700</b>
<b>Total PSUs, including commercial</b>	<b>40,500</b>	<b>(20,100)</b>	<b>(9,500)</b>	<b>27,200</b>
<b>Average Revenue per Unit (ARPU):</b>				
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Average monthly revenue per basic video customer (k)	\$ 152.92	\$ 150.93	\$ 142.83	\$ 138.86
<b>Residential Customer Relationships:</b>				
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Total customer relationships (l)	1,372,300	1,362,100	1,371,700	1,379,600
Double play relationships (m)	537,000	538,400	542,700	543,300
Double play penetration (n)	39.1%	39.5%	39.6%	39.4%
Triple play relationships (o)	365,700	351,300	342,200	341,300
Triple play penetration (p)	26.6%	25.8%	24.9%	24.7%
Total bundled customers (q)	902,700	889,700	884,900	884,600
Bundled penetration (r)	65.8%	65.3%	64.5%	64.1%
Non-video customer relationships (s)	274,300	262,000	246,800	240,800
Non-video as a % of total customer relationships (t)	20.0%	19.2%	18.0%	17.5%

**TABLE 6 (cont'd)**

<b>Estimated Customer Penetration:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Estimated basic penetration (u)	38.6%	38.9%	39.8%	40.4%
Estimated digital penetration (v)	72.4%	71.0%	69.1%	67.7%
Estimated residential high-speed Internet penetration (w)	34.7%	34.2%	33.9%	33.7%
Estimated residential telephone penetration (x)	19.8%	19.1%	18.8%	19.0%

  

<b>Commercial Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Total customer relationships (y)	81,800	80,300	77,700	76,200
Double play relationships (z)	27,000	25,900	23,800	23,200
Double play penetration (aa)	33.0%	32.3%	30.6%	30.4%
Triple play relationships (bb)	8,400	7,800	6,800	6,300
Triple play penetration (cc)	10.3%	9.7%	8.8%	8.3%
Total bundled customers (dd)	35,400	33,700	30,600	29,500
Bundled penetration (ee)	43.3%	42.0%	39.4%	38.7%

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

	<u>Sep. 30,</u> <u>2013</u>	<u>Jun. 30,</u> <u>2013</u>	<u>Dec. 31,</u> <u>2012</u>	<u>Sep. 30,</u> <u>2012</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (ff)</u>
<b>Revenue Generating Units (RGU):</b>				
Basic video customers (a)	1,186,000	1,189,000	1,211,200	1,227,400
Digital video customers (b)	858,500	844,600	837,500	831,800
Residential high-speed Internet customers (c)	1,039,100	1,017,200	1,002,100	994,000
Residential telephone customers (d)	503,700	485,700	471,700	469,800
<b>Total RGUs (e)</b>	<b>3,587,300</b>	<b>3,536,500</b>	<b>3,522,500</b>	<b>3,523,000</b>
Commercial data (f)	56,000	54,500	51,900	50,900
Commercial telephone (g)	29,900	27,800	24,100	22,600
<b>Total RGUs, including commercial (h)</b>	<b>3,673,200</b>	<b>3,618,800</b>	<b>3,598,500</b>	<b>3,596,500</b>
<b>Total PSUs (i)</b>	<b>2,728,800</b>	<b>2,691,900</b>	<b>2,685,000</b>	<b>2,691,200</b>
<b>Total PSUs, including commercial (j)</b>	<b>2,814,700</b>	<b>2,774,200</b>	<b>2,761,000</b>	<b>2,764,700</b>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (ff)</u>
<b>Quarterly net customer additions (losses):</b>				
Basic video customers	(3,000)	(22,900)	(16,200)	200
Digital video customers	13,900	(8,500)	5,700	24,900
Residential high-speed Internet customers	21,900	(9,000)	8,100	17,400
Residential telephone customers	18,000	8,200	1,900	7,100
<b>Total RGUs</b>	<b>50,800</b>	<b>(32,200)</b>	<b>(500)</b>	<b>49,600</b>
Commercial data	1,500	1,300	900	1,100
Commercial telephone	2,100	2,300	1,500	1,500
<b>Total RGUs, including commercial</b>	<b>54,400</b>	<b>(28,600)</b>	<b>1,900</b>	<b>52,200</b>
<b>Total PSUs</b>	<b>36,900</b>	<b>(23,700)</b>	<b>(6,200)</b>	<b>24,700</b>
<b>Total PSUs, including commercial</b>	<b>40,500</b>	<b>(20,100)</b>	<b>(3,800)</b>	<b>27,300</b>
	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (ff)</u>	<u>Pro Forma (ff)</u>
<b>Average Revenue per Unit (ARPU):</b>				
Pro forma average monthly revenue per basic video customer (k)	\$ 152.92	\$ 150.93	\$ 143.44	\$ 139.69
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Pro Forma (ff)</u>
<b>Residential Customer Relationships:</b>				
Total customer relationships (l)	1,372,300	1,362,100	1,371,700	1,375,300
Double play relationships (m)	537,000	538,400	542,700	542,100
Double play penetration (n)	39.1%	39.5%	39.6%	39.4%
Triple play relationships (o)	365,700	351,300	342,200	341,300
Triple play penetration (p)	26.6%	25.8%	24.9%	24.8%
Total bundled customers (q)	902,700	889,700	884,900	883,400
Bundled penetration (r)	65.8%	65.3%	64.5%	64.2%
Non-video customer relationships (s)	274,300	262,000	246,800	239,200
Non-video as a % of total customer relationships (t)	20.0%	19.2%	18.0%	17.4%

**TABLE 7 (cont'd)**

<b>Estimated Customer Penetration:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Pro Forma (ff)</b>
Estimated basic penetration (u)	38.6%	38.9%	39.8%	40.5%
Estimated digital penetration (v)	72.4%	71.0%	69.1%	67.8%
Estimated residential high-speed Internet penetration (w)	34.7%	34.2%	33.9%	33.8%
Estimated residential telephone penetration (x)	19.8%	19.1%	18.8%	19.0%
<b>Commercial Customer Relationships:</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Pro Forma (ff)</b>
Total customer relationships (y)	81,800	80,300	77,700	76,600
Double play relationships (z)	27,00	25,900	23,800	23,200
Double play penetration (aa)	33.0%	32.3%	30.6%	30.3%
Triple play relationships (bb)	8,400	7,800	6,800	6,300
Triple play penetration (cc)	10.3%	9.7%	8.8%	8.2%
Total bundled customers (dd)	35,400	33,700	30,600	29,500
Bundled penetration (ee)	43.3%	42.0%	39.4%	38.5%

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

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

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

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

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

(f) Commercial data customers consist of commercial accounts that receive high-speed Internet service via a cable modem and commercial accounts that receive broadband service optically, via fiber connections.

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

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

(i) Total primary service units ("PSUs") represent total RGUs excluding digital video customers.

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

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

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

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

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

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

- (p) Residential triple play penetration represents triple play customers as a percentage of customer relationships.
- (q) Total residential bundled customers represents the sum of residential double play and residential triple play customers.
- (r) Bundled penetration represents total bundled customers as a percentage of customer relationships.
- (s) Non-video customer relationships represents the number of residential customers who receive at least one level of service, encompassing high-speed Internet or telephone services, but do not receive video services
- (t) Non-video as a % of total customer relationships represents non-video customer relationships divided by total customer relationships.
- (u) Estimated basic penetration is calculated as basic video customers divided by the estimated total homes passed of the Company.
- (v) Estimated digital penetration is calculated as digital video customers divided by basic video customers.
- (w) Estimated residential high-speed Internet penetration is calculated as residential high-speed Internet customers divided by the estimated homes passed of the Company where residential high-speed Internet service is currently available.
- (x) Estimated residential telephone penetration is calculated as residential telephone customers divided by the estimated homes passed of the Company where residential telephone service is currently available.
- (y) Commercial customer relationships represent the number of commercial customers who pay for at least one level of service, encompassing video, high-speed data or telephone services, without regard to the number of services purchased. For example, a commercial customer who purchases only high-speed data service and no video service will count as one customer relationship, and a commercial customer who purchases both video and high-speed data services will also count as only one customer relationship. National carrier accounts are excluded from customer relationships.
- (z) Commercial double play customer numbers reflect commercial customers who subscribe to two of our core services (video, high-speed data and telephone).
- (aa) Commercial double play penetration represents double play commercial customers as a percentage of customer relationships.
- (bb) Commercial triple play customer numbers reflect commercial customers who subscribe to all three of our core services (video, high-speed data and telephone).
- (cc) Commercial triple play penetration represents triple play commercial customers as a percentage of customer relationships.
- (dd) Total commercial bundled customers represent the sum of commercial double play and commercial triple play customers.
- (ee) Bundled commercial penetration represents total bundled commercial customers as a percentage of customer relationships.
- (ff) Pro forma to include the acquisition and contribution of all the capital stock of Excell on November 15, 2012, and exclude the impact of immaterial asset divestitures in 2012, where applicable, as if the transactions had been consummated on January 1, 2012.



**TABLE 8**  
**Cequel Communications Holdings I, LLC**  
**Calculation of Free Cash Flow (unaudited)**  
**(in thousands)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Adjusted EBITDA	\$ 205,424	\$ 191,202	\$ 620,607	\$ 571,113
Capital expenditures	(89,697)	(87,656)	(282,806)	(280,568)
Cash interest expense	(56,468)	(68,483)	(196,325)	(210,861)
Free Cash Flow	\$ <u>59,259</u>	\$ <u>35,063</u>	\$ <u>141,476</u>	\$ <u>79,684</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net (loss)/income	\$ (8,539)	\$ 22,088	\$ (52,718)	\$ 24,171
Add back:				
Interest expense, net	55,645	70,950	188,052	218,362
Benefit/(provision) for income taxes	(6,169)	5,067	(9,411)	4,951
Depreciation and amortization	159,280	97,164	472,776	300,995
Non-cash share based compensation	4,426	355	13,260	1,176
Loss on sale of cable assets	781	413	2,123	315
Loss on termination of derivative instruments	-	-	-	6,565
Change in fair value of derivative instruments	-	(4,835)	-	376
Loss on extinguishment of debt	-	-	6,525	14,202
Adjusted EBITDA	\$ <u>205,424</u>	\$ <u>191,202</u>	\$ <u>620,607</u>	\$ <u>571,113</u>

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net cash provided by operating activities	\$ 136,388	\$ 162,073	\$ 349,029	\$ 388,350
Add back:				
Capital expenditures	(89,697)	(87,656)	(282,806)	(280,568)
Cash income tax expense	(286)	4,252	6,350	4,080
Interest income	(28)	(29)	(201)	(116)
Bond premium	-	-	71,976	-
Net proceeds from asset disposals	107	-	531	-
Changes in assets and liabilities, net	12,775	(43,577)	(3,403)	(32,062)
Free Cash Flow	\$ <u>59,259</u>	\$ <u>35,063</u>	\$ <u>141,476</u>	\$ <u>79,684</u>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Interest expense, net	\$ 55,645	\$ 70,950	\$ 188,052	\$ 218,362
Add: interest income	28	29	201	116
Add: bond premium amortization	927	906	8,093	2,663
Less: deferred financing amortization	(648)	(2,311)	(1,543)	(7,386)
Less: bond discount amortization	-	(290)	-	(890)
Less: term loan premium/(discount) amortization	516	(801)	1,522	(2,004)
Cash interest expense	<u>\$ 56,468</u>	<u>\$ 68,483</u>	<u>\$ 196,325</u>	<u>\$ 210,861</u>

Source: Cequel Communications Holdings I, LLC

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