ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

520 Maryville Centre Drive, Suite 300
St. Louis, MO 63141
(314) 315-9400

Pursuant to:

(i) Section 4.12(a) of the indenture, dated as of October 25, 2012 (the "2020 Indenture"), by and among Cequel Communications Holdings I, LLC, a Delaware limited liability company ("Cequel") (as successor by merger to Cequel Communications Escrow I, LLC), Cequel Capital Corporation, a Delaware corporation ("Cequel Capital" and, together with Cequel, the "Issuers") (as successor by merger to Cequel Communications Escrow Capital Corporation), and U.S. Bank National Association, as trustee (the "Trustee"), relating to the Issuers' 6.375% Senior Notes due 2020 (the "2020 Notes"),

(ii) Section 4.12(a) of the indenture, dated as of May 16, 2013 (the "2021 Indenture"), by and among Cequel, Cequel Capital, and the Trustee, relating to the Issuers' 5.125% Senior Notes due 2021 (the "Initial 2021 Notes"),

(iii) Section 4.12(a) of the indenture, dated as of September 9, 2014 (the "2021 Mirror Indenture" and, together with the 2021 Indenture, the "2021 Indentures"), by and among Cequel, Cequel Capital, and the Trustee, relating to the Issuers' 5.125% Senior Notes due 2021 (the "2021 Mirror Notes"and, together with the Initial 2021 Notes, the "2021 Notes"),

(iv) Section 4.10(a) of the indenture, dated as of June 12, 2015 (the "Senior Secured Indenture"), by and among Altice US Finance I, a Delaware corporation ("Senior Secured Notes Issuer"), and Deutsche Bank Trust Company Americas, as trustee (the " New Trustee"), relating to the Senior Secured Notes Issuer's 5.375% Senior Secured Notes due 2023 (the "Senior Secured Notes"), and

(v) Section 4.10(a) of the indenture, dated as of June 12, 2015 (the "2025 Indenture" and, together with the 2020 Indenture and the 2021 Indentures, the "Indentures"), by and among by and among Cequel (as successor by merger to Altice US Finance II, a Delaware corporation (the "2025 Senior Notes Issuer")), and the New Trustee, relating to the Senior Notes Issuer's 7.75% Senior Notes due 2025 (the "2025 Senior Notes" and, together with the 2020 Notes, the 2021 Notes and the Senior Secured Notes, the "Notes"), Cequel is furnishing the information contained herein to holders of the Notes.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some statements in this Annual Report are known as "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained in this Annual Report that are not historical facts. When used in this Annual Report, 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;
- increased difficulty negotiating programming and retransmission agreements on favorable terms, if at all, which may result in increased costs to us and/or the loss of popular programming, and potentially the loss of customers;
- 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;
- the process of integrating us into the Altice Group and expected synergies from the Altice Acquisition (as defined herein);
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in this Annual Report.

You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date on which this Annual Report is posted on our website (www.suddenlink.com). We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. However, your attention is directed to any further disclosures made on related subjects in our subsequent reports furnished to holders of the Notes.

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PART I

As used in this Annual Report, the term "Cequel" refers to Cequel Communications Holdings I, LLC a Delaware limited liability company; the term "Issuers" refers to Cequel and its wholly-owned subsidiary, Cequel Capital Corporation; the term "Cequel Holdings" refers to Cequel's parent company Cequel Communications Holdings, LLC, a Delaware limited liability company; the term "Cequel Corporation" refers to Cequel Holdings' parent company, Cequel Corporation, a Delaware corporation; the term "Suddenlink" refers to Cequel's wholly-owned indirect subsidiary, Cequel Communications, LLC, a Delaware limited liability company, doing business as Suddenlink Communications; the term "our former manager" refers to Cequel III, LLC, which provided certain management services to us pursuant to a management agreement prior to the Altice Acquisition (as defined herein); and unless otherwise indicated or the context otherwise requires, the terms the "Company," "we," "us," "our" or other similar terms refer to Cequel and its consolidated subsidiaries.

ITEM 1. BUSINESS

Introduction

We are the seventh largest cable system operator in the United States, making our services available over our advanced hybrid-fiber coaxial network to approximately 3.21 million homes in the United States as of December 31, 2015. We support the information, communication and entertainment demands of approximately 1,467,000 customers as of December 31, 2015. Our customer base is clustered geographically with approximately 96% of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio, and 91% of our customers located within our top 20 primary systems.

We believe we are the leading integrated communications provider in our coverage areas, serving approximately 1,092,800 basic video customers as of December 31, 2015. Our cable video services include traditional basic and digital video service and, in most areas, advanced digital video services such as video on demand ("VOD"), high definition television ("HDTV") and both TiVo and traditional digital video recorders ("DVRs"). Approximately 880,000 of our basic video customers were also digital video customers. As of December 31, 2015, we provided high speed Internet services to approximately 1,223,100 residential high-speed Internet customers, provided telephone services to approximately 576,500 residential telephone customers, and provided home automation and security services to 21,600 home automation and security customers. In addition to residential subscription services, we provide high-speed Internet and telephone services, and a variety of other services such as cell tower backhaul, last mile Ethernet, Primary Rate Interface ("PRI") and regional transport services, to commercial and carrier customers and sell advertising inventory to a variety of local, regional and national customers.

We have grown both organically and through acquisitions that either expanded our existing clusters or were large enough to form a new cluster of systems. Our business was initially established through the acquisition of strategic systems from 2003 to 2006. We acquired various cable systems from Cox Communications, Inc., representing approximately 880,000 basic video customers located primarily in Arkansas, Louisiana, North Carolina, Oklahoma and Texas in May 2006. In July 2006, we acquired cable systems serving approximately 240,000 basic video customers, located primarily in West Virginia and Virginia, from Charter Communications, Inc. In addition, on April 1, 2011, we acquired cable systems serving approximately 82,000 basic video customers located in Arizona, California and Missouri from News Press & Gazette. We integrated these and other acquisitions successfully by aligning our operating regions, developing strong regional management teams and divesting non-core assets. We connected many of the acquired systems to our national backbone, which allows us to leverage our scale to efficiently deploy services to our customers.

For the year ended December 31, 2015, we had revenues of $2,420.3 million, income from operations of $49.2 million, and a net loss of $227.1 million.

We are a privately-owned company. Our principal executive offices are located at 520 Maryville Centre Drive, Suite 300, St. Louis, Missouri 63141. Our phone number is (314) 315-9400, and our website address is www.suddenlink.com.

General Developments of Our Business

The following are the more significant developments in our business during 2015:

- an increase in consolidated revenue of 3.8% to $2.4 billion;
- a decrease from net income of $19.5 million to a net loss of $227.1 million;

- an increase in Adjusted EBITDA of 0.7% to $893.9 million (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Use of Adjusted EBITDA and Free Cash Flow" herein for the definition of "Adjusted EBITDA" and a reconciliation of net (loss)/income to Adjusted EBITDA);

The Altice Acquisition

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law ("Altice"), as successor in interest to Altice S.A., certain other direct or indirect wholly-owned subsidiaries of Altice (the "Purchasers"), acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Altice Acquisition") from the direct and indirect stockholders of Cequel Corporation (the "Sellers"). Prior to the date thereof, Cequel Corporation was directly or indirectly owned by investment funds advised by BC Partners Limited ("BCP"), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), and IW4MK Carry Partnership LP (the "Management Holder" and together with the Sponsors, the "Stockholders"). The consideration for the acquired equity interests was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132.0 million, which includes $2,956.4 million of cash consideration, $675.6 million of retained equity held by the Sponsors and $500 million funded by the issuance by an affiliate of Altice of a senior vendor note that is subscribed by the Sponsors. Following the closing of the Altice Acquisition, the Sponsors retained equity interests in Cequel Corporation representing, in the aggregate, 30% of Cequel Corporation's outstanding capital stock on a post-closing basis. In addition, the carry interest plans of the Stockholders were cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such carry interest plans, including certain officers and directors of Cequel and Cequel Corporation.

In connection with the Altice Acquisition, on June 12, 2015, affiliates of Altice issued (i) $320 million principal amount of senior holdco notes due 2025 (the "Holdco Notes"), (ii) $300 million principal amount of senior notes due 2025 (the "2025 Senior Notes") and (iii) $1.1 billion principal amount of senior secured notes due 2023 (the "Senior Secured Notes"), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Altice Acquisition. The Holdco Notes were issued by Altice US Finance S.A. (the "Holdco Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 98.275%. The 2025 Senior Notes were issued by Altice US Finance II Corporation (the "Senior Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. The Senior Secured Notes were issued by Altice US Finance I Corporation (the "Senior Secured Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Holdco Notes, the 2025 Senior Notes and the Senior Secured Notes is payable semi-annually on January 15 and July 15. The Holdco Notes will automatically exchange into an equal aggregate principal amount of 2025 Senior Notes once the 2025 Senior Notes Issuer builds sufficient restricted payment capacity and the ability to incur additional indebtedness in excess of the aggregate amount of the Holdco Notes. Following the consummation of the Altice Acquisition and related transactions, (i) the indirect parent of the Holdco Notes Issuer owned 70% of Cequel Corporation, (ii) the 2025 Senior Notes Issuer merged into Cequel, the Senior Notes became the obligations of Cequel and Cequel Capital Corporation became the co-issuer of the 2025 Senior Notes, and (iii) the equity interests in the Senior Secured Notes Issuer were contributed through one or more intermediary steps to Suddenlink, and the Senior Secured Notes were guaranteed by Cequel Communications Holdings II LLC, Suddenlink and certain of the subsidiaries of Suddenlink and are secured by certain assets of Cequel Communications Holdings II LLC, Suddenlink and its subsidiaries.

In connection with the Altice Acquisition, we received consent from holders of the 2020 Notes to, among other things, waive any obligation that the Issuers may have under the 2020 Indenture to repurchase the 2020 Notes as a result of the consummation of the Altice Acquisition and make certain related changes to the 2020 Indenture (the "Indenture Amendments"), and the Issuers entered into a first supplemental indenture to the 2020 Indenture with U.S. Bank National Association, as trustee (the "First Supplemental Indenture"), containing the Indenture Amendments. In exchange for this consent, we paid holders who consented to these amendments an aggregate fee of approximately $26.3 million at the closing of the Altice Acquisition, at which time the Indenture Amendments become effective.

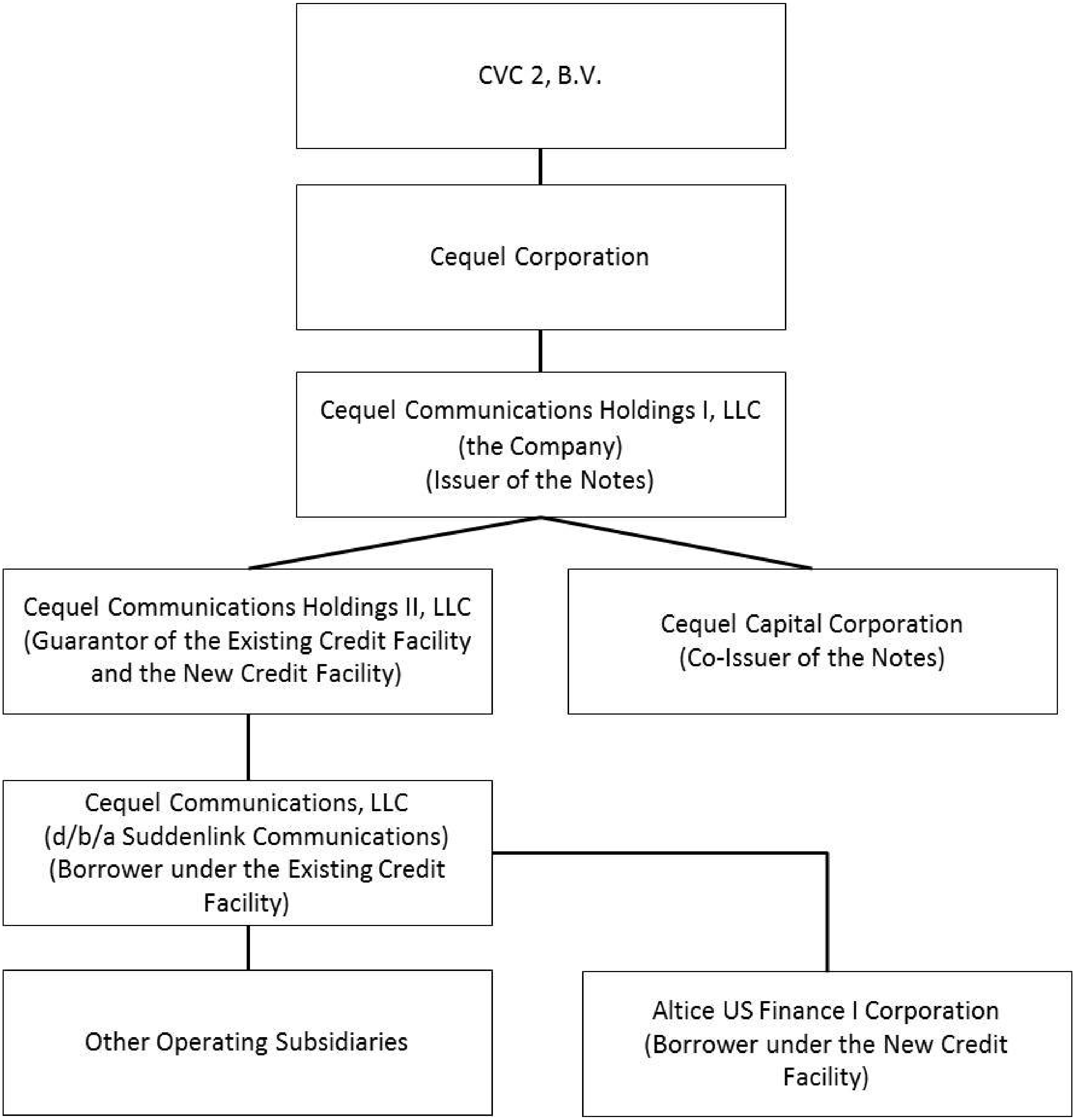
In connection with the Altice Acquisition, we received consent from lenders under the credit and guaranty agreement, dated February 14, 2012, entered into by Cequel Communications, LLC, Cequel Communications Holdings II, LLC, certain subsidiaries of Cequel Communications, LLC and a syndicate of lenders, as amended, which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and a $500.0 million revolving credit facility (collectively, the "Existing Credit Facility"), to amend the definition of change of control and certain other related definitions therein so that the consummation of the Altice Acquisition did not constitute a change of control and corresponding event of default thereunder (the "Existing Credit Facility Amendments"), and we entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Credit Facility Amendments. In exchange for this consent, we paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

In addition, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility and (b) approximately $815.4 million of loans under the existing term loan facility under the Existing Credit Facility consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Credit Facility into loans and commitments of the same amount under a new credit facility (the "New Credit Facility") made available to Altice US Finance I Corporation effective upon the consummation of the Altice Acquisition (the "Roll Consents"). The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Altice Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility that lenders have elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, formed a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

See Footnote 4 of the accompanying consolidated financial statements for additional information.

Corporate Entity Structure

The following chart illustrates our corporate structure as of December 31, 2015:



For more information about the equity owners of CVC 2, B.V., see Item 10. “Directors, Executive Officers and Corporate Governance” and Item 12. “Security Ownership of Certain Beneficial Owners.”

Products and Services

Overview

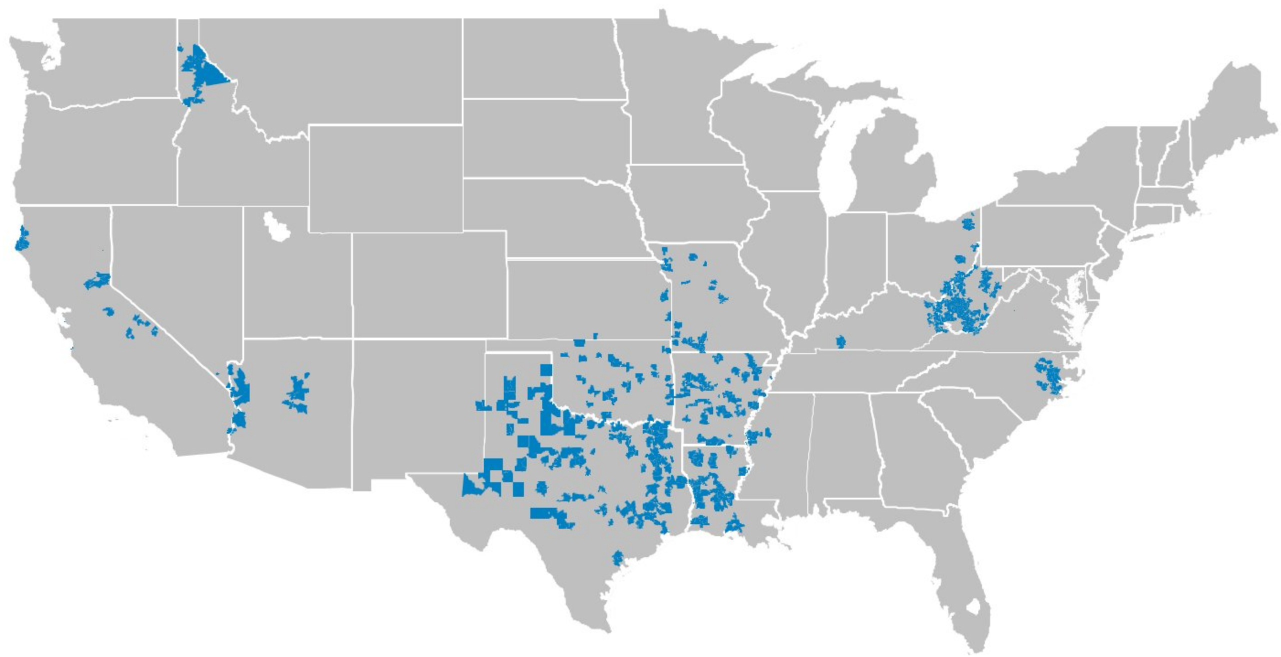
We sell video, high-speed Internet and telephone services over our broadband network. Our video services include traditional cable video services and, for 98% of the homes located in the areas we serve, advanced digital video services, such as DVR, HDTV, VOD and pay-per-view. Our high-speed Internet services are provided with downstream speeds up to 1 gigabit per second ("Gbps"), and our telephone services are provided using voice over Internet protocol ("VoIP") technology. Our video, high-speed Internet and telephone services are offered to residential and commercial customers on a monthly subscription basis. The prices we charge for our services vary based on the level of service or the number of services the customer chooses, the equipment taken and the geographic market. We offer reduced-price service for promotional periods in order to attract new customers, though there is no assurance that these customers will remain as subscribers when the promotional period expires. In addition to selling our services separately, we offer bundled services for a single price to both our residential and commercial customers and, increasingly, these customers subscribe to two or three of our services. Customers who subscribe to a bundle generally receive a discount from the price of buying each of these services separately, as well as the convenience of receiving multiple services from a single provider via a single connection, all on a single monthly bill.

We also sell advertising inventory to a variety of local, regional and national customers, offer residential home automation and security services to 86% of the homes in our market, and offer a variety of other services to commercial and carrier customers, such as cell tower backhaul, last mile Ethernet, Primary Rate Interface ("PRI") and regional transport services.

Operation GigaSpeed

Starting in the second half of 2014 and extending through 2017, we expect to invest up to $230 million of capital expenditures to significantly enhance our Internet speeds in markets serving 94% of our high-speed Internet customers and ultimately position our network to offer speeds of up to 1 Gbps in markets serving nearly 85% of our high-speed Internet customers. Internally known as "Operation GigaSpeed," this initiative will include expenditures to upgrade data network headend equipment, replace any remaining deployed Data over Cable Service Interface Specification ("DOCSIS") 2.0 customer premises equipment with DOCSIS 3.0 equipment, and complete our all-digital video conversion that began with Project Imagine, our three year bandwidth expansion plan that was completed in 2012. We expect to complete these enhancements in a phased, market-by-market approach, focusing first on our largest and most competitive markets. Once fully phased in, the plan calls for our flagship Internet speed to increase from 15 to 200 Mbps and our top Internet speed to increase from over 100 Mbps to 1 Gbps in a vast majority of our markets. We completed the initial phases of Operation GigaSpeed in 112 markets, which serve over 90% of our residential high-speed Internet customers. Those investments allowed us to increase the flagship Internet speed from 15 Mbps to 50 Mbps and to increase our top Internet speed to up to 150 Mbps in those markets, with top speeds in 28 markets increasing to 1 Gbps, which serve approximately 50% of our residential high-speed Internet customers. For the year ended December 31, 2015, we spent approximately $81.3 million of capital expenditures related to Operation GigaSpeed. Since the inception of Operation GigaSpeed, we have incurred $116.5 million in capital expenditures related to this initiative.

Service Areas



As of December 31, 2015, we served approximately 1.47 million customers across our markets, with approximately 91% of our customers residing within our top 20 primary systems. Each primary system is designed to deliver services such as high-speed Internet, HDTV, VOD, telephone and other advanced services to a concentrated group of customers from a central delivery point, which we refer to as a master headend. We made our services available over our advanced hybrid-fiber coaxial network to approximately 3.21 million homes in the United States as of December 31, 2015.

Our business strategy has been to serve small and mid-sized cities that are not part of major metropolitan areas, and are the commercial, retail, educational and medical hubs for the surrounding communities. We believe we are the leading provider of bundled video, high-speed Internet and telephone service in the areas we serve.

The following table ranks our largest primary systems by number of customers as of December 31, 2015. The customers listed are only those connected to each geographic master headend and may not contain all systems in the geographic area if they are not connected to the master headend.

Rank	Primary System	Customers (in thousands)	Cumulative Percent of Customers
1	West Texas	225.3	15.4%
2	West Virginia	212.1	29.8%
3	East Texas	142.7	39.5%
4	Western Louisiana	130.5	48.4%
5	Central Texas	116.8	56.4%
6	North Carolina	98.8	63.1%
7	Arizona	80.1	68.6%
8	Jonesboro, AR	79.7	74.0%
9	Georgetown, TX	37.3	76.6%
10	Humboldt, CA	34.5	78.9%
11	Branson, MO	31.2	81.1%
12	St. Joseph, MO	26.4	82.9%
13	Victoria, TX	18.8	84.1%
14	East Oklahoma	16.1	85.2%
15	Buckhannon, WV	15.7	86.3%
16	Greenville, MS	14.5	87.3%
17	Enid, OK	14.4	88.3%
18	Stillwater, OK	13.7	89.2%
19	Truckee, CA	12.9	90.1%
20	Malvern, AR	10.8	90.8%

Our Services

The table below summarizes certain customer and penetration data for our operations:

	Approximate as of December 31,		
	2015	**2014**	**2013**
Homes passed	3,210,200	3,159,000	3,079,200
Video			
Video customers	1,092,800	1,138,400	1,177,400
Video penetration	34.0%	36.0%	38.2%
Digital video customers	880,000	871,900	868,700
Digital video penetration	80.5%	76.6%	73.8%
High-speed Internet			
High-speed Internet homes passed	3,129,400	3,081,600	2,998,600
High-speed Internet customers	1,223,100	1,149,100	1,059,500
High-speed Internet penetration	39.1%	37.3%	35.3%
Telephone			
Telephone homes passed	2,708,700	2,644,800	2,556,900
Telephone customers	576,500	547,700	513,300
Telephone penetration	21.3%	20.7%	20.1%

Video

We currently offer a variety of video programming services, which include traditional cable video services, such as basic service, expanded basic service and digital service, and advanced digital video services, such as VOD, HDTV, DVR and pay-per-view, to residential and commercial markets. We design our channel line-ups for each system according to demographics, programming preferences, channel capacity, competition, price sensitivity and local regulation. Additionally, Suddenlink2GO enables customers to watch over 400,000 movies, shows and clips from over 380 networks on a PC once authenticated via the Suddenlink customer portal. We also launched our Suddenlink2GO mobile application in 2014, which offers our video customers select TV shows and movies on their mobile devices, as well as the ability to manage their account, view and pay their bill, view scheduled appointments, and more. Monthly subscription rates and related charges vary according to the type of services and equipment selected by customers. For the year ended December 31, 2015, video services, as described below, represent approximately 47.2% of our total revenues.

Basic Service. All of our video customers receive our basic service, for a monthly fee, which generally includes a combination of approximately 7 to 29 channels, including local broadcast network and independent stations, limited programming, home shopping and local public, government and leased access channels. As of December 31, 2015, we had approximately 1,092,800 basic video customers, representing approximately 34.0% penetration of estimated homes passed.

Expanded Basic Service. Our expanded basic service includes, for an additional monthly fee, a combination of approximately 20 to 73 additional channels such as CNN, ESPN, Lifetime, Discovery Channel, USA Network, TBS, Food Network, History, TLC, HGTV, A&E, Fox News and TNT.

Digital Service. We currently offer several programming packages that can include a combination of one of our tiers of digital service, multichannel premium services, sports channels, digital music channels, an interactive on-screen program guide and, in most markets, full access to our VOD library of up to approximately 20,000 hours of content. Currently, digital customers can receive up to 297 digital channels, depending on the market and level of service selected. A digital converter or cable card is required to receive our digital and other advanced digital video services. Customers pay a monthly fee for digital video service, which varies according to the type and number of services taken and the number of digital converters in the home. As of December 31, 2015, we had approximately 880,000 digital customers, representing approximately 80.5% penetration of our basic video customers.

Advanced Digital Video Services:

- *Digital Video Recorders.* We make digital converters available to our customers, the majority of which are HDTV-capable and have video recording capability. DVR services require the use of an advanced digital converter for which we charge a monthly fee. As of December 31, 2015, approximately 46.8% of our digital customers utilized DVR services. Beginning in 2011, we enhanced our digital converter product lineup by offering TiVo HD/DVR and TiVo HD-only converters, which use the award winning TiVo user interface integrated into the converter. The TiVo relationship also delivers multi-room DVR capability, using TiVo Mini devices, that allows a customer to pause and replay live TV, manage recordings from different television locations and play them back throughout the home. In addition, we offer TiVo Stream service to complement our already deployed TiVo DVRs. TiVo Stream allows customers to stream live TV channels and recorded programming wirelessly throughout their home to Android and iOS devices, and download previously recorded content to these devices so that it can be viewed outside the home. In addition, beginning in the summer of 2014, we provided our video customers seamless access to Netflix through their TiVo devices, eliminating the need for multiple devices, remote controls and inputs. Approximately 47.3% of our customers who utilize DVR services do so with a TiVo device. As of December 31, 2015, we had deployed over 412,000 combined TiVo, TiVo Mini and TiVo Stream devices to 194,900 customers.
- *High-Definition Television.* HDTV features high-resolution picture quality, digital sound quality and a wide-screen, theater-like display when using an HDTV set and an HD-capable converter. Our channel lineups include an average of 103 high-definition channels, which represent the most widely watched programming, including all major broadcast networks, as well as most leading national cable networks, premium channels and regional sports networks. We also continue to launch additional high-definition channels to continuously improve our customer's viewing experience. As of December 31, 2015, approximately 90% of our digital customers utilized HDTV services.
- *Video-On-Demand.* Our VOD service provides on-demand access to movies, special events, free primetime content and general interest titles. We have VOD capacity to allow for up to 20,000 hours of content, including VOD content from all four major broadcast networks. Subscription-based VOD premium content such as HBO, Showtime and Starz! is included when customers subscribe to one of our premium programming packages. Our customers enjoy full two-way functionality, including the ability to start the programs at whatever time is convenient, as well as pause, rewind and fast forward both standard definition and high

definition VOD programming. As of December 31, 2015, VOD services were available to approximately 93% of our basic customers, and we offered over 2,500 high-definition titles on-demand.

- *Pay-Per-View Service.* Our pay-per-view service allows customers to pay to view single showings of programming on an unedited, commercial-free basis, including feature films, live sporting events, concerts and other special events. As of December 31, 2015, pay-per-view services were available to all of our digital customers.

High-Speed Internet

We offer residential high-speed Internet services with downstream speeds up to 1 Gbps. Our high-speed Internet services also include an interactive portal, multiple e-mail addresses, personal web space and local community content. As of December 31, 2015, we serve approximately 1,223,100 residential high-speed Internet customers, representing approximately 39.1% penetration of estimated homes passed where residential high-speed Internet service is currently available. At December 31, 2015, 92% of our high-speed Internet customers had provisioned download speeds of 15 Mbps or greater, and 87% of our high-speed Internet customers had provisioned download speeds of 50 Mbps or greater. Our WiFi@Home networking service uses DOCSIS 3.0 wireless routers, whereby customers can connect up to 20 devices in their home. Our service uses a standard configuration approach that simplifies the support of the wireless devices. At December 31, 2015, we had approximately 459,000 customers utilizing our WiFi@Home networking service, representing 37.5% of residential high-speed Internet customers.

For small and medium-sized commercial customers (generally 100 employees or less), we offer high-speed data services with speeds up to 1 Gbps, as well as managed services, including business e-mail, hosted private branch exchange, web space storage and network security monitoring. For enterprise and larger commercial customers, we offer high capacity data services, including wide area networking and dedicated data access, and advanced services such as wireless mesh networks. We also offer wholesale transport services to wireless telephone providers for cell tower backhaul and to wireline telecommunications service providers to connect to customers that their own networks do not reach. Our commercial services are offered on a stand-alone basis or in bundles that are developed specifically for our commercial customers. In addition, DOCSIS 3.0 technology allows us to expand our high-speed Internet bandwidth and offer enhanced service features to our commercial customers. At December 31, 2015, we served 72,300 commercial data customers.

For the year ended December 31, 2015, residential and commercial high-speed Internet services represented approximately 36.1% of our total revenues.

Telephone Services

We offer, through our VoIP telephone service, unlimited local, regional and long-distance calling within the United States, Puerto Rico, the U.S. Virgin Islands and Guam for a flat monthly rate, including popular calling features such as Caller ID with name and number, call waiting, three-way calling, enhanced Emergency 911 dialing and TV Caller ID. We also offer additional options designed to meet our customers' needs, including directory assistance, voice mail services and international calling. As of December 31, 2015, we served approximately 576,500 residential telephone customers, representing approximately 21.3% of estimated marketable telephone homes passed. Approximately 98.4% of our telephone customers subscribe to multiple services from us.

Additionally, we served 47,500 commercial telephone customers representing over 130,400 telephone lines. We offer business customers enterprise class telephone services which include traditional multi-line phone service over DOCSIS and trunking solutions via Session Initiated Protocol ("SIP") for our PRI and SIP trunking applications.

For the year ended December 31, 2015, residential and commercial telephone services represented approximately 8.6% of our total revenues.

Advertising Sales

We generate revenues from selling advertising time to national, regional and local customers. As part of the agreements under which we acquire video programming, we typically receive an allocation of scheduled advertising time during such programming, generally two minutes per hour, into which our systems can insert commercials, subject, in some instances, to certain subject matter limitations. Our advertising sales infrastructure includes in-house production facilities, production and administrative employees and a locally-based sales force. In a few of our markets, we have entered into agreements commonly referred to as "interconnects" with other cable operators to jointly sell local advertising, simplifying our clients' purchase of local advertising and expanding their geographic reach. In some of these markets, we represent the advertising sales efforts of other cable operators; in other markets, other cable operators represent us. Additionally, national and regional representation agreements have been negotiated to simplify the purchase of advertising time by our clients and expand the share of viewers that we reach. We also offer advanced advertising technologies to our customers, including interactive TV advertising, and online advertising, including display and pre-roll video, on thousands of the most popular websites. For the year ended December 31, 2015, advertising sales represented approximately 3.6% of our total revenues.

ConnectedHome

We offer ConnectedHome, a next-generation home automation and monitoring service, which includes state-of-the-art equipment and 24/7 professional monitoring, and features that include email alert notification and access to streaming video from in-home cameras to any computer or Internet-enabled mobile device. We believe that our existing customer relationships provide a solid base from which to grow our home automation business, and that our ConnectedHome service is distinguished from many of our competitors by our local presence and brand recognition. For the year ended December 31, 2015, our ConnectedHome service represented less than 1% of our total revenues.

Sales and Marketing

Sales are managed at the regional or local levels and multiple sales channels are leveraged to reach current and potential customers, including in-bound customer care centers, outbound telemarketing, Suddenlink stores, field technician sales and door-to-door sales. Ecommerce is managed centrally on behalf of the organization and is a growing and dynamic part of our business. We use mass media, including broadcast television, digital media, radio, newspaper and outdoor advertising, to attract customers and direct them to our in-bound customer care centers or website. Our sales and service employees use a variety of sales tools as they work to match customers' needs with our best-in-class products, with a focus on building and enhancing customer relationships.

Because of our local presence and market knowledge, we invest heavily in targeted marketing. Our strategic focus is on building new customer relationships and bundling video, high-speed Internet, telephone and security services. We strive to follow our "Easy to do business with" operating philosophy with superior service from motivated employees. Our promotional materials and message focus on the ease with which a customer can order our products and services, and highlight the differentiated convenience of one call, one connection and one bill. We offer discounted pricing for our bundled services compared to the cost of individual services. In addition, customers who subscribe to video, high-speed Internet and telephone services through our "triple play" bundle are recognized through our "VIP Perks" program. Much of our advertising is developed centrally and customized for our regional marketing teams. Among other factors, we monitor customer perceptions, marketing efforts, and competition, to increase our responsiveness and the effectiveness of our efforts.

Our footprint has several large college markets where we market specialized products and services to students for multiple dwelling units ("MDUs"), such as dormitories and apartment complexes, including: Texas A&M University, Texas Tech University, Oklahoma State University, East Carolina University, Louisiana Tech University, Stephen F. Austin State University, Arkansas State University, Northern Arizona University and Humboldt State University.

Customer Care

We believe that customer service is the cornerstone of our business. Accordingly, we make a concerted effort to continually improve each customer's experience and have made significant investments in our people, processes and technology to enhance our customers' experience and to reduce customer contacts.

Our customer care centers are managed and operated locally, with the deployment and execution of end-to-end care strategies and initiatives conducted on a site-by-site basis. We have residential and commercial customer care centers located in Tyler, TX; Parkersburg, WV; Lubbock, TX; Lake Havasu, AZ; St. Joseph, MO and Greenville, NC. Our customer care centers function as an integrated system and utilize software programs that provide increased efficiencies and limited wait-times for customers requiring support. Our field technicians and schedulers utilize the same software programs for customers requiring in-person support. We provide service to our customers 24 hours a day, seven days a week, and we have systems that allow our customer care centers to be accessed and managed remotely in the event that systems functionality is temporarily lost, which provides our customers access to customer service with limited disruption.

We also utilize our customer portal to enable our customers to view and pay their bills online, obtain useful information and perform various equipment troubleshooting procedures. Our customers may also obtain support through our on-line chat, e-mail functionality and social media websites, including Twitter and Facebook.

Network Technology

Our cable systems are generally designed with a hybrid-fiber coaxial architecture that has proven to be highly flexible in meeting the increasing needs of our customers. We deliver our signals via laser-fed fiber optic cable from control centers known as headends and hubs to individual nodes. Each node is connected to the individual homes we serve by coaxial cable and/or fiber-to-the-home. A primary benefit of this design is that it pushes fiber optics closer to our customers' homes, which allows us to subdivide our systems into smaller service groups and make capital investments only in service groups experiencing higher than average service growth.

As of December 31, 2015, approximately 83% of our customers were served by systems with capacity of at least 750 MHz. We operate 118 primary systems, with approximately 91% of our customers served by our top 20 primary systems. More than 99% of our residential high-speed Internet customers are connected to our national backbone with a presence in major carrier access points in Dallas, Chicago, San Jose, Washington D.C. and Phoenix. This presence allows us to avoid significant Internet "drain," or transit costs, by establishing peering relationships with major Internet service and content providers enabling direct connectivity with them at these access points. This network architecture also provides us with the capability to manage traffic across several Internet access points, thus helping to ensure Internet access redundancy and quality of service for our customers. Additionally, our national backbone connects our primary systems, which allows for an efficient and economical deployment of services from our centralized platforms that include telephone, VOD, common digital video content, high-speed Internet, provisioning, email and other related services.

We have also focused on system reliability and disaster recovery as part of our national backbone and primary system strategy. For example, to help ensure a high level of reliability in our services, we implemented redundant power capability, as well as fiber route and carrier diversity in our networks serving most of our customers. With respect to disaster recovery, we invested in our telephone platform architecture for geo-redundancy to minimize downtime in the event of a disaster to any single facility.

In addition, we have expanded and refined our bandwidth utilization in capacity constrained systems in order to meet demand for new and improved advanced services. A key component to reclaim bandwidth was the digital delivery of video channels that were previously distributed in analog through the launch of digital simulcast, which duplicates analog channels as digital channels. Additionally, the deployment of lower-cost digital customer premises equipment, such as DTAs, enabled the use of digital channels instead of analog channels, thus allowing the reclamation of expanded basic analog bandwidth in the targeted systems. This reclaimed analog bandwidth could then be re-purposed for other advanced services such as additional HDTV services and faster Internet access speeds. This technology has the added benefit of providing improved picture and sound quality to customers for most of their video programming.

In the third quarter of 2014, we launched Operation GigaSpeed, where we will focus on launching advanced Internet speeds in markets serving 94% of our high-speed Internet customers, with up to 1 Gbps available in markets serving nearly 85% of our high-speed Internet customers by 2017. We will use a similar process to deploy high definition DTAs ("HD-DTAs") and reclaim the remaining analog channels in the systems previously targeted in Project Imagine, as well as all the analog channels in most of the additional systems that were not previously included in Project Imagine. A portion of the analog bandwidth will be re-purposed for advanced high-speed Internet delivery. In addition to bandwidth reclamation, we will replace any remaining deployed DOCSIS 2.0 customer premises equipment with DOCSIS 3.0 equipment to allow our customers to achieve these higher speeds.

Community Relations

We are dedicated to fostering strong relations with the communities we serve, and we believe our local involvement strengthens favorable perception of our brand. We encourage all of our teams to take leadership roles in our local communities and to participate in civic activities. We support a variety of local charities and community causes with events and campaigns to raise funds and supplies for people in need, and in-kind donations that include, but are not limited to, producing and airing public service announcements. We participate in industry initiatives such as the Connect2Compete (C2C) program, which provides high-speed Internet access at a deeply discounted price to qualifying low-income families.

We also develop and provide exclusive local programming for our communities, including the Network West Virginia online marketplace and a variety of public access channels. We believe our local programming helps build customer loyalty in the communities we serve.

Suppliers

Video Programming

We offer a variety of video programming services, which include traditional cable video services, such as basic service, expanded basic service and digital service, and advanced digital video services, such as VOD, HDTV, DVR and pay-per-view. We design our channel line-ups for each system according to demographics, programming contract requirements, market research, local programming preferences, channel capacity, competition, price sensitivity and local regulation. We believe that offering a wide variety of programming influences a customer's decision to subscribe to and retain our video services. We obtain programming, including basic, expanded basic, digital, high-definition, VOD and broadband content, from a number of suppliers, including broadcast and cable networks.

We generally carry cable networks pursuant to written programming contracts, which continue for a fixed period of time, usually from three to five years, and are subject to negotiated renewal. Cable network programming is usually made available to us for a license fee, which is generally paid based on the number of customers who subscribe to the level of service that provides such programming. Such license fees may include "volume" discounts available for higher numbers of customers, as well as discounts for channel placement or service penetration. Where possible, we negotiate volume discount pricing structures. In addition, we purchase approximately 15% of our programming through the National Cable Television Cooperative ("NCTC") which, in certain cases, provides for more favorable pricing or terms than we could negotiate independently with programmers. For home shopping channels, we receive a percentage of the revenue attributable to our customers' purchases, as well as, in some instances, incentives for channel placement.

In every year we have operated, our cable programming costs have increased in excess of customary inflationary and cost-of-living type increases. We expect programming costs to continue to increase due to a variety of factors including annual increases imposed by programmers and additional programming being provided to customers, including high-definition and VOD programming. In particular, sports programming costs have increased significantly over the past several years. In addition, contracts to purchase sports programming sometimes provide for optional additional programming to be available on a surcharge basis during the term of the contract.

We were unable to reach agreement with Viacom on acceptable economic terms for a long-term contract renewal, and effective October 1, 2014, all Viacom networks were removed from our channel lineups, and we launched alternative networks offered by other programmers under new long-term contracts.

We carry local broadcast stations pursuant to either the Federal Communications Commission ("FCC") "must carry" rules or a written retransmission consent agreement with the relevant station owner. Local broadcast stations must choose between "must carry" or "retransmission consent" generally on three year cycles. We successfully completed negotiations for continued carriage of all local broadcast stations that were to expire on December 31, 2015. When negotiating retransmission consent agreements, broadcast stations generally require us to pay them a consent fee and/or carry one or more of their affiliated stations. We typically pass the retransmission consent costs we incur directly to our customers.

We have programming contracts that have expired and others that will expire at or before the end of 2016. We will seek to renegotiate the terms of these agreements, but there can be no assurance that these agreements will be renewed on favorable or comparable terms. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we have been, and may in the future be, forced to remove such programming channels from our line-up, which may result in a loss of customers. For more information, see "Risk Factors - Programming and retransmission costs are increasing and we may not have the ability to pass these increases and certain other costs on to our customers, which would materially adversely affect our cash flow and operating margins."

Set-top Boxes and Network Equipment

We purchase set-top boxes and other customer premises equipment from a limited number of vendors because each of our cable systems uses one or two proprietary technology schemes. We also buy HD, HD/DVRs and VOD equipment, routers and other network equipment from a limited number of suppliers. See "Risk Factors - We may not be able to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs or at all, which could materially adversely affect our business, financial condition, results of operations and liquidity."

High-speed Internet and Telephone Connectivity

We deliver high-speed Internet and telephone services through our hybrid-fiber coaxial network. We use circuits that are either owned by us or leased from third parties to connect to the Internet, the public switched telephone network and to interconnect to its network. We pay fees for leased circuits based on the amount of capacity available to it and pay for Internet connectivity based on the amount of IP-based traffic received from and sent over the other carrier's network.

Franchises

As of December 31, 2015, our systems operated pursuant to a total of approximately 920 franchises, permits and similar authorizations issued by state and local governmental authorities. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require us to pay the granting authority a franchise fee of up to 5.0% of revenues as defined in the various agreements, which is the maximum amount that may be charged under the applicable federal law. We are entitled to and generally do pass this fee through to our customers.

Prior to the scheduled expiration of most franchises, we generally initiate renewal proceedings with the granting authorities. This process usually takes less than three years but can take a longer period of time. The Communications Act of 1934, as amended

(“Communications Act”), which is the primary federal statute regulating interstate communications, provides for an orderly franchise renewal process in which granting authorities may not unreasonably withhold renewals. In connection with the franchise renewal process, many governmental authorities require the cable operator to make certain commitments, such as building out certain franchise areas, meeting customer service requirements and supporting and carrying public access channels. Historically we have been able to renew our franchises without incurring significant costs, although any particular franchise may not be renewed on commercially favorable terms or otherwise. Our failure to obtain renewals of our franchises, especially in our largest primary systems where we have the most customers, could have a material adverse effect on our consolidated financial condition, results of operations and liquidity. For more information, see “Risk Factors - Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.” Approximately 4% of our franchises, covering approximately 3% of our video customers, had expired as of December 31, 2015. Approximately 4% of additional franchises, covering approximately 5% of additional video customers, will expire on or before December 31, 2016, if not renewed prior to expiration, approximately half of which are subject to replacement by state issued franchises. We expect to renew or continue to operate under all or substantially all of these franchises.

Proposals to streamline cable franchising recently have been adopted at both the federal and state levels. These franchise reforms are primarily intended to facilitate entry by new competitors, particularly telephone companies, but they often include substantive relief for incumbent operators as well. In many states, the local franchising process under which we have historically operated has been replaced by a streamlined state certification process.

Competition

We face intense competition from a variety of alternative information and entertainment delivery sources, principally from direct broadcast satellite (“DBS”) providers, certain telephone companies and increasingly from video services delivered over the Internet. DBS providers and telephone companies offer a broad range of services and provide features and functions comparable to those offered by us. In addition, technological advances and product innovations have increased and will likely continue to increase the number of alternatives available to our customers from other providers and intensify the competitive environment. We cannot predict the impact on us, if any, of broadband services offered by our competitors.

Principal Competitors

Broadcast Television. Cable television has long competed with broadcast television, which consists of television signals that the viewer is able to receive without charge using an “off-air” antenna. The extent of such competition is dependent upon the quality and quantity of broadcast signals available through “off-air” reception, compared to the services provided by the local cable system. Traditionally, cable television has provided higher picture quality and more channel offerings than broadcast television. However, the use of digital spectrum now provides traditional broadcasters with the ability to deliver high-definition television pictures and multiple digital-quality program streams.

Direct Broadcast Satellite. Our video services face competition from DBS services, such as DirecTV and DISH. DirecTV and DISH offer one-way satellite-delivered pre-packaged programming services that are received by relatively small and inexpensive receiving dishes. While we continue to believe that the initial investment by a DBS customer exceeds that of a cable customer, the up-front equipment cost for DBS has decreased substantially because of aggressive marketing offers to new customers, which include discounted or free equipment, installation and multiple units. DBS providers are also able to offer service nationwide and are therefore able to establish a national image and branding with standardized offerings. DBS providers are also able to avoid franchise fees of up to 5% of revenues and property tax, which leads to greater efficiencies and lower costs. However, we believe that cable-delivered VOD services, which include high-definition programming, offer a competitive advantage to DBS service because cable headends can provide two-way communication to deliver many titles which customers can access and control independently, whereas DBS technology can only make available a much smaller number of titles with DVR-like customer control.

Telephone Companies. Our telephone service competes directly with established telephone companies and other carriers, including wireless providers, as an increasing numbers of homes are replacing their traditional telephone service with wireless telephone service, and Internet-based VoIP providers (see “Internet Delivered Services” below), for telephone service customers. The telecommunications industry is highly competitive and includes competitors with greater financial and personnel resources, strong brand name recognition, and long-standing relationships with regulatory authorities and customers.

Most telephone companies, which already have wired networks, an existing customer base and other operational functions in place (such as billing and service personnel), offer DSL service. We believe DSL service competes with our high-speed Internet service and is often offered at prices lower than our Internet services. However, we believe that DSL is often offered at speeds lower than the speeds we offer. In addition, DSL providers may currently be in a better position to offer Internet services to businesses since their networks tend to be more complete in commercial areas. They may also have the ability to combine video services with telephone and Internet services on an increasing basis to their customers, particularly as telephone companies enter into co-marketing agreements with other service providers. In addition, the continuing deployment of fiber optics into telephone companies' networks will enable them to provide even higher bandwidth Internet services.

Telephone companies, including AT&T, CenturyLink, Frontier and Verizon, and utility companies are capable of offering video and other services in competition with us, and we expect they will increasingly do so in the future. In addition, where available, AT&T's U-verse, which is an affiliate of AT&T, offers high-speed Internet service at speeds comparable to ours. These services are offered at prices similar to those for our services. Based on our internal estimates and surveys, AT&T U-verse offers these services in areas serving approximately 5.7% of our estimated homes passed as of December 31, 2015. Additional upgrades and service launches are expected in markets in which we operate. Verizon does not currently offer FiOS service in any of our service areas. Moreover, in July 2015, AT&T completed its acquisition of DirecTV, the nation's largest DBS provider and in connection with that acquisition, AT&T committed to expand fiber to the premises to more locations. This transaction created an even larger competitor for our video services that has the ability to expand its video services offerings to include bundled wireless offerings.

In addition to obtaining or seeking to obtain traditional franchises or alternative authorizations to provide video services, telephone companies have been successful in some states in reducing or streamlining the franchising requirements applicable to them. As a result, such telephone companies have enhanced their competitive posture in the provision of video services relative to cable operators like us. The large scale entry of major telephone companies as direct competitors in the video marketplace could adversely affect the profitability and valuation of our cable systems.

Overbuilds. Cable systems are operated under non-exclusive franchises historically granted by local authorities. More than one cable system may legally be built in the same area, which is referred to as an overbuild. It is possible that a franchising authority might grant a second franchise to another cable operator and that such franchise might contain terms and conditions more favorable than those afforded to us. Although entry into the cable industry involves significant cost barriers and risks, well-financed businesses from outside the cable industry, such as public utilities that already possess fiber optic and other transmission lines in the areas they serve, may over time become competitors. In addition, there are a few cities that have constructed their own cable systems, in a manner similar to city-provided utility services, and private cable companies not affiliated with established local exchange carriers have also demonstrated an interest in constructing overbuilds. We believe that for any potential competitor to be successful, such competitor's overbuild would need to be able to serve the homes and businesses in the overbuilt area with equal or better service quality, on a more cost-effective basis than we can.

We believe that the markets we serve are not significantly overbuilt. However, the FCC and some state regulatory commissions direct certain subsidies to entities deploying broadband to areas deemed to be "unserved" or "underserved." We have not applied for any of these funds, but many other organizations did, including broadband services competitors and new entrants into such services. Further, we have generally opposed such subsidies when directed to areas that we serve and have deployed broadband capable networks. Despite those efforts, we could be placed at a competitive disadvantage if recipients use these funds to subsidize services that compete with our broadband services. As of December 31, 2015, we were aware of overbuilds impacting approximately 9.6%, including AT&T U-Verse, of our estimated homes passed.

Internet Delivered Services. High-speed Internet access facilitates the streaming of video and the use of VoIP telephone technology in homes and businesses, thus resulting in the Company's residential video service facing competition from a number of different sources, including services such as Hulu.com, iTunes, AmazonPrime, Netflix and YouTube, that deliver movies, television shows, and other video programming over broadband Internet connections, as well as the Company's telephone services facing competition with national providers of IP-based telephony services, such as Vonage, Skype and magicJack. Increasingly, content owners are utilizing Internet-based delivery of content or services directly to consumers, some without charging a fee for access to the content or services. Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices, such as smartphones and tablets. In 2015 HBO and CBS began selling their programming direct to consumers over the Internet without requiring a pay-TV subscription. Furthermore, DISH launched SlingTV, a service that offers a small selection of popular major cable channels, including ESPN, delivered over the Internet to smart TVs and mobile devices, and Sony launched Playstation Vue which includes 85+ TV channels. If customers were to choose to receive video over the Internet rather than through our basic, expanded basic or digital video services or receive telephone services using IP-based technology other than our telephone services, we could experience a decline in our video or telephone customers or a reduction in our video or telephone revenues.

Private Cable. Additional competition is posed by satellite master antenna television systems ("SMATV"), serving MDUs, such as condominiums, apartment complexes and private residential communities. Private cable systems can offer improved reception of local television stations, and many of the same satellite-delivered program services that are offered by cable systems. SMATV systems currently benefit from operating advantages not available to franchised cable systems, including fewer regulatory burdens.

Utilities. We are subject to competition from utilities that possess fiber optic transmission lines capable of transmitting signals with minimal signal distortion. In some cases, the local municipalities that regulate us also own cable systems that compete with us. Certain utilities are also developing broadband over power line technology, which may allow the provision of Internet and other broadband services to homes and offices. We are not aware of any utilities that have deployed broadband over power line technology in our markets.

Other Competitors. We also face competition:

- for our commercial services from local incumbent telephone companies, especially AT&T, CenturyLink, Frontier and Verizon, as well as from a variety of other national and regional business services competitors.
- for our advertising sales from traditional and non-traditional media outlets, including television and radio stations, traditional print media and the Internet.
- for our security services from nationwide security providers, such as ADT (part of Tyco International, Ltd.) and Protection One, Inc., and numerous local and regional companies that operate within our service areas.

In addition, cable systems compete with all other sources of leisure, news, information and entertainment, including movies, sporting or other live events, radio broadcasts, home video services, console games, print media and the Internet. In general, we also face competition from other media for advertising dollars.

Regulation and Legislation

The following summary addresses the key regulatory and legislative developments affecting the cable industry and our video, high-speed Internet and telephone services. Cable system operations are extensively regulated by the federal government (primarily the FCC), certain state governments and many local governments. Our business can be dramatically impacted by changes to the existing regulatory framework, whether triggered by legislative, administrative or judicial rulings.

Video Service

Cable Rate Regulation. Federal law strictly limits the potential scope of cable rate regulation. Pursuant to federal law, all video offerings are universally exempt from rate regulation, except for the minimum level of video programming service, referred to as "basic service," and associated equipment. Rate regulation of basic service and associated equipment operates pursuant to a federal formula, with state and local governments, commonly referred to as franchising authorities primarily responsible for implementing rate regulation. Franchising authorities must be certified by the FCC in order to regulate rates. The vast majority of our local franchising authorities have never certified to regulate basic service cable rates. In 2015, the FCC adopted an order (which is now under appeal) reversing its historic approach to rate regulation certifications and requiring a local franchise authority interested in regulating cable rates to first make an affirmative showing that there is no "effective competition" (as defined under federal law) in the community. As none of our franchise authorities have filed the necessary rate regulation certification, none of our video services customers are currently subject to rate regulation. Although our franchise authorities generally retain the right to certify in the future, the FCC's 2015 order should make it more difficult for such entities to do so.

There have been frequent calls to impose further rate regulation on the cable industry. It is possible that Congress or the FCC may adopt new constraints on the retail pricing or packaging of cable programming. For example, there has been legislative and regulatory interest in requiring cable operators to offer historically bundled programming services on an à la carte basis. In addition, the FCC recently initiated a proceeding exploring how programming practices involving multichannel video programming distributors ("MVPDs") affect the availability of diverse and independent programming. As we attempt to respond to a changing marketplace with competitive marketing and pricing practices, we may face regulations that impede our ability to compete.

Must Carry/Retransmission Consent and Program Carriage. There are two alternative legal methods for carriage of local broadcast television stations on cable systems. Federal "must carry" regulations require cable systems to carry local broadcast television stations upon the request of the local broadcaster. Alternatively, federal law includes "retransmission consent" regulations, by which commercial television stations can prohibit cable (and DBS) carriage unless the provider first negotiates for the station's consent, which may be conditioned on significant payments or other concessions. Broadcast stations must elect "must carry" or "retransmission consent" every three years.

In the most recent retransmission consent negotiations, popular television stations have demanded substantial compensation increases, thereby increasing our operating costs. Due to changes in the markets for video programming distribution, disputes in the retransmission consent negotiation process have increased in frequency and have become more visible in the industry. Congress passed legislation in 2014 prohibiting local television stations from coordinating retransmission consent negotiations with other television stations in the same market unless the stations are commonly owned and directing the FCC to review aspects of its existing retransmission consent rules. Additionally, a rulemaking proceeding on retransmission consent initiated by the FCC in March 2011 remains open. We are unable to predict what rules, if any, the FCC might adopt in connection with retransmission consent.

Access Channels. Franchise agreements often require cable operators to set aside certain channels for public, educational and governmental access programming. Federal law also requires cable systems to designate up to 15% of their channel capacity for commercial leased access by unaffiliated third parties. The FCC adopted revised rules several years ago mandating a significant reduction in the rates that operators can charge commercial leased access users. The effect of these rules was stayed, however, by a federal court, pending a cable industry appeal. This matter currently remains pending and the revised rules are not yet in effect. Although commercial leased access activity historically has been relatively limited, increased activity in this area could further burden the channel capacity of our cable system.

Ownership Limitations. Federal regulation of the communications field traditionally included a host of ownership restrictions, which limited the size of certain media entities and restricted their ability to enter into competing enterprises. Through a series of legislative, regulatory, and judicial actions, most of these restrictions have been either eliminated or substantially relaxed. Changes in this regulatory area could alter the business environment in which we operate.

Pole Attachments. The Communications Act requires most utilities to provide cable systems with access to poles and conduits and subjects the rates charged for this access to either federal or state regulation. In 2011 and again in 2015, the FCC amended its existing pole attachment rules to promote broadband deployment. The 2011 order allows for new penalties in certain cases involving unauthorized attachments, but generally strengthens the cable industry's ability to access investor-owned utility poles on reasonable rates, terms and conditions. Additionally, the 2011 order reduces the federal rate formula previously applicable to "telecommunications" attachments to closely approximate the more favorable rate formula applicable to "cable" attachments. The 2015 order (which may still be appealed by utility pole owners) continues this rate reconciliation, effectively closing the remaining "loophole" that potentially allowed for significantly higher rates for telecommunications attachments in certain scenarios. Neither the 2011 order nor the 2015 order directly effects the rate in states that self-regulate (rather than allow the FCC to regulate) pole rates, but many of those states have substantially the same rate for cable and telecommunications attachments. Adverse changes to the pole attachment rate structure, rate, and classifications could significantly increase our annual pole attachment costs.

Cable Equipment. In December 2014, Congress repealed an existing prohibition on cable operators offering set-top boxes with integrated security and navigational features (effective December 4, 2015), but also directed the FCC to establish a working group of "technical experts" to identify downloadable security design options to facilitate consumer use of retail navigation devices in lieu of set-top boxes provided by cable operators. The group issued its report in August 2015. In February 2016, the FCC initiated a new rulemaking proceeding that proposed new rules that would to require us (and other MVPDs) to enable customer-owned third party devices to access our video services in lieu of our leased set-top boxes. Specifically, the FCC's proposal would require MVPDs to offer three so-called "information flows" to third-party device makers, which would include: (1) information about programming availability; (2) information about what a device is permitted to do with the content; and (3) the video program content itself. If adopted in its current form, the proposal could require us to undertake costly steps to re-engineer our network, and it could have a significant impact on our ability to deliver cable television services and compete with other video service providers, including those providing so-called over the top ("OTT") video services. New regulations could increase our cost for equipment, affect our relationship with our customers and programmers, and/or enable third parties to try to offer equipment that accesses disaggregated cable content merged with other services delivered over the Internet to compete with our service offerings.

MDUs/Inside Wiring. The FCC has adopted a series of regulations designed to spur competition to established cable operators in MDU complexes. These regulations allow our competitors to access certain existing cable wiring inside MDUs. The FCC also adopted regulations limiting the ability of established cable operators, like us, to enter into exclusive service contracts for MDU complexes.

Other FCC Regulatory Matters. FCC regulations cover a variety of additional areas, including, among other things: equal employment opportunity obligations, customer service standards, technical service standards, mandatory blackouts of certain network and syndicated programming, restrictions on political advertising; restrictions on advertising in children's programming, , licensing of systems and facilities, maintenance of public files, emergency alert system, encryption, disability access, including requirements governing video-description and closed-captioning, and other reporting and filing requirements. Each of these regulations restricts our business practices to varying degrees. The FCC can aggressively enforce compliance with its regulations and consumer protection policies, including the imposition of substantial monetary sanctions. It is possible that Congress or the FCC will expand or modify its regulations of cable systems in the future, and we cannot predict at this time how that might impact our business.

Copyright. Cable systems are subject to a federal compulsory copyright license covering carriage of television and radio broadcast signals. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative and administrative review and could adversely affect our ability to obtain desired broadcast programming. The Copyright Office adopted final rules in 2014 implementing formal procedures for copyright owners to conduct audits of the compulsory copyright payments made by cable operators. Copyright clearances for non-broadcast programming services are arranged through private negotiations. Cable operators also must obtain music rights for locally originated programming and advertising from the major music performing rights organizations. These licensing fees have been the source of litigation in the past, and we cannot predict with certainty whether license fee disputes may arise in the future.

Franchise Matters. Cable systems generally are operated pursuant to nonexclusive franchises granted by a municipality or other state or local government entity in order to utilize and cross public rights-of-way. Cable franchises generally are granted for fixed terms and in many cases include monetary penalties for noncompliance and may be terminable if the franchisee fails to comply with material provisions. The specific terms and conditions of cable franchises vary significantly between jurisdictions. Cable franchises generally contain provisions governing cable operations, franchise fees, system construction, maintenance, technical performance, customer service standards and changes in the ownership of the franchisee. A number of states subject cable systems to the jurisdiction of centralized state government agencies, such as public utility commissions. Although local franchising authorities have considerable discretion in establishing franchise terms, certain federal protections benefit cable operators. For example, federal law caps local franchise fees at 5% of cable service revenues and includes renewal procedures designed to protect incumbent franchisees from arbitrary denials of renewal and the imposition of unreasonable conditions to renewal. Even if a franchise is renewed, however, the local franchising authority may seek to impose new and more onerous requirements as a condition of renewal. Similarly, if a local franchising authority's consent is required for the purchase or sale of a cable system, the local franchising authority may attempt to impose more burdensome requirements as a condition for providing its consent.

The traditional cable franchising regime is undergoing significant change as a result of various federal and state actions. The FCC has adopted rules that streamline entry for new competitors (such as those affiliated with telephone companies) and reduce certain franchising burdens for these new entrants. The FCC adopted more modest relief for existing cable operators.

At the same time, a substantial number of states have adopted new franchising laws. Again, these new laws were principally designed to streamline entry for new competitors, and they often provide advantages for these new entrants that are not immediately available to existing cable operators. In some instances, however, incumbent cable operators have the ability to immediately "opt into" the new franchising regime, which can provide significant regulatory relief. The exact nature of these state franchising laws, and their varying application to new and existing video providers, will impact our franchising obligations and our competitive position.

Internet Service

On February 26, 2015, the FCC adopted a new "network neutrality" or "open Internet" Order that: (1) reclassified broadband Internet access service as a Title II common carrier service, (2) applied certain existing Title II provisions and associated regulations (including requiring that rates and practice be just, reasonable, and nondiscriminatory, allowing complaints in court and before the FCC, imposing privacy and disability obligations, and providing broadband providers with access to poles and conduits); (3) forbore from applying a range of other existing Title II provisions and associated regulations, but to varying degrees indicated that this forbearance may be only temporary, and (4) issued new rules expanding disclosure requirements and prohibiting blocking, throttling, paid prioritization, and unreasonable interference with the ability of end users and edge providers to reach each other. The Order also subjected broadband providers' Internet traffic exchange rates and practices to potential FCC oversight and created a mechanism for third parties to file complaints regarding these matters. The Order has been appealed by multiple parties, but the rules are currently in effect. The Order could have a material adverse impact on our business.

As the Internet has matured, it has become the subject of increasing regulatory interest beyond the "net neutrality" issue. Congress and federal regulators have adopted a wide range of measures directly or potentially affecting Internet use, including, for example, consumer privacy, copyright protections, defamation liability, taxation, obscenity and unsolicited commercial e-mail. Our internet services are subject to the Communications Assistance for Law Enforcement Act ("CALEA") requirements regarding law enforcement surveillance. The FCC is currently exploring the transition of communications networks from circuit-switched to packet-switched technology, including the issue of IP interconnection. To that end, the FCC initiated a proceeding to determine whether to expand existing interconnection rights in a manner that would permit competitive telephone companies to interconnect their IP networks with incumbent telephone companies' IP networks. The expansion of such interconnection rules to our IP networks could also result in new obligations imposed upon us to interconnect with other providers, which could affect our ability to compete in the provision of voice services. Pending and future legislation in this area could adversely affect our operations as an Internet service provider and our relationship with our Internet customers. Additionally, the FCC and Congress are considering subjecting high-speed Internet access services to Universal Service Fund contribution requirements. Any contribution requirements adopted for Internet access services would impose significant new costs on our high-speed Internet service. At the same time, the FCC is changing the manner in which Universal Service funds are distributed. By focusing on broadband and wireless deployment, rather than traditional telephone service, the changes could assist some of our competitors in more effectively competing with our service offerings. State and local governmental organizations have also adopted Internet-related regulations. These various governmental jurisdictions are also considering additional regulations in these and other areas, such as privacy, taxation, pricing, service and product quality and intellectual property ownership.

The FCC and some state regulatory commissions direct certain subsidies to telephone companies deploying broadband to areas deemed to be "unserved" or "underserved." We have generally opposed such subsidies when directed to areas that we serve and have deployed broadband capable networks. Despite those efforts, future subsidies may be directed to areas we serve, which could result in subsidized competitors operating in our service territories.

On January 29, 2015, the FCC, in a nation-wide proceeding evaluating whether "advanced broadband" is being deployed in a reasonable and timely fashion, increased the minimum connection speeds required to qualify as advanced broadband service to 25 Mbps for downloads and 3 Mbps for uploads. As a result, the FCC concluded that advanced broadband was not being sufficiently deployed and initiated a new inquiry into what steps it might take to encourage broadband deployment. This action may lead the FCC to adopt additional measures affecting our business.

The FCC recently granted petitions from municipalities in North Carolina and Tennessee seeking preemption of state laws that restrict the ability of municipalities to deploy broadband systems in competition with private offerings. Municipalities in other states may seek similar relief, as there are approximately 20 such state laws now in effect. FCC preemption is predicated on the belief that such state laws are impeding the nation-wide deployment of broadband service. The FCC rulings have been appealed and are pending in the 6th Circuit Court of Appeals. If the FCC rulings are upheld, it could lead to increased competition from municipal provided broadband.

Telephone Service

We offer telephone services using interconnected VoIP technology. Although traditional providers of circuit-switched telephone service are generally subject to significant regulation, it is unclear whether, and to what extent, federal and state regulators will subject VoIP services to the same regulations as traditional telephone services provided by incumbent local exchange carriers. Some states have begun proceedings to subject cable VoIP services to state level regulation. The FCC has already determined that certain providers of telephone services using Internet Protocol technology like us must comply with 911 emergency service rules, requirements for accommodating law enforcement wiretaps under CALEA, Universal Service Fund contributions, disability access, customer privacy, Customer Proprietary Network Information requirements, disability access, network outage reporting, rural call competition reporting, number porting, battery back-up and other regulatory requirements.

In 2011, the FCC released an order that significantly changed the rules governing intercarrier compensation for the origination and termination of telephone traffic between carriers. That change resulted in a substantial decrease in intercarrier compensation that we pay to other carriers and the amounts that we receive from other carriers, and those amounts will continue to decrease. The schedule and magnitude of these decreases, however, will vary depending on the nature of the carriers and the telephone traffic at issue, and if the FCC initiates further rule changes. We cannot predict with certainty the impact on our revenues and expenses for voice services at particular times over this multi-year period.

Commercial Networking and Transport Services

Entities providing point-to-point and other transport services, like those offered by us, generally have been subjected to various kinds of regulation. In particular, state regulatory authorities commonly require providers of intrastate transport services to obtain and maintain certificates of public convenience and necessity and to file tariffs setting the service's rates, terms and conditions, which typically must be just, reasonable and non-discriminatory. Interstate transport services are governed by similar federal regulations, except that tariffs are not required. In addition, providers generally may not transfer assets or ownership without receiving prior approval from, or providing notice to, state and federal authorities. Finally, providers of point-to-point and similar transport services, like those offered by us, are generally required to contribute to various state and federal regulatory funds, including the Federal Universal Service Fund.

The FCC has recently collected extensive data from providers of point to point transport ("special access") services, including from Cequel's operating subsidiaries. The FCC will use the data to evaluate whether the market for such services is competitive, or whether the market should be subject to further regulation, which may increase our costs or constrain our ability to compete in this market.

Privacy and Information Security Regulation

The Communications Act limits our ability to collect and disclose customers' personally identifiable information and also provides requirements to safeguard such information. We are also subject to other federal, state and local laws and regulations that impose additional customer and employee privacy restrictions. Further, the FCC, the Federal Trade Commission ("FTC") and many states now regulate and restrict the telemarketing practices of cable operators, including telemarketing and online marketing efforts. Efforts are also underway in Congress and in various federal agencies to adopt significant new privacy restrictions affecting the use of personal and profiling data for online and behavioral advertising.

We are also subject to federal and state laws governing information security, including rules requiring customer notification in the event of an information security breach. Such rules may require consumer and government agency notification and may result in regulatory enforcement actions with the potential of substantial monetary forfeitures. The FCC recently brought enforcement actions against two communications companies (including one cable company) for failing to protect customer data from unauthorized access by, and disclosure to, third parties, which resulted in settlements ranging from over $500,000 to $25 million. Similarly, the FTC and state attorneys general regularly bring enforcement actions against companies related to information security breaches and privacy violations. Congress and several state legislatures are considering the adoption of new data security and cyber security legislation that could result in additional network and information security requirements for our business.

On February 12, 2014, the National Institute for Standards and Technologies (NIST), in cooperation with other federal agencies and owners and operators of U.S. critical infrastructure, released a voluntary framework that provides a model for organizations to identify and manage cyber risks. The NIST cybersecurity framework was designed to supplement, not supersede, existing cybersecurity regulations and requirements. Several government agencies have encouraged compliance with the NIST cybersecurity framework, including the FCC, which is also considering expansion of its cybersecurity guidelines or the adoption of new cybersecurity requirements.

Environmental Regulations

Our business operations are subject to environmental laws and regulations, including regulations governing the use, storage, disposal of, and exposure to, hazardous materials, the release of pollutants into the environment and the remediation of contamination. In part as a result of the increasing public awareness concerning the importance of environmental regulations, these regulations have become more stringent over time. Amended or new regulations could impact our operations and costs.

Intellectual Property

We rely on our copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. We believe we own or have the right to use all of the intellectual property that is necessary for the operation of our business as we currently conduct it.

Employees

As of December 31, 2015, we had 6,349 employees, including 33 part-time employees. None of our employees are represented by labor unions. We consider our relations with our employees to be good.

ITEM 1A. RISK FACTORS

Risks Related to our Substantial Indebtedness

We have substantial indebtedness, which could have a negative impact on our financing options and liquidity position and prevent us from fulfilling our obligations under the Notes and our other debt obligations.

As of December 31, 2015, we had approximately $6.159 billion of total debt outstanding. In addition, as of December 31, 2015, we had $328.8 million available for borrowing under the $350.0 million revolving credit facility of the New Credit Facility (net of $21.2 million of letters of credit, which reduce the availability under the revolving credit facility).

Our overall leverage and the terms of our financing arrangements could:

- make it more difficult for us to satisfy obligations under the Notes, the Existing Credit Facility and the New Credit Facility;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions;
- limit our ability to refinance our indebtedness on terms acceptable to us or at all;
- limit our ability to adapt to changing market conditions;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- require us to dedicate a significant portion of our cash flow from operations to paying the principal of and interest on our indebtedness, thereby limiting the availability of our cash flow to fund future capital expenditures, working capital and other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the communications industry generally;
- place us at a competitive disadvantage compared with competitors that have a less significant debt burden; and
- make us more vulnerable to economic downturns and limit our ability to withstand competitive pressures.

In addition, a substantial portion of our indebtedness, consisting of borrowings under the Existing Credit Facility and the New Credit Facility, bears interest at variable rates. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher interest rates, these agreements may not offer complete protection from this risk.

Despite our indebtedness levels, we may be able to incur substantially more debt. Any such indebtedness could further exacerbate the risks associated with our substantial indebtedness.

We may be able to incur substantial additional indebtedness in the future. The terms of the Credit Agreements and Indentures do not fully prohibit us from doing so. If new debt is added to our current debt levels, the related risks we could face would be magnified. Any decrease in our revenues (and corresponding reduction in our cash flow) would further increase our leverage.

To service our indebtedness and meet our other cash needs, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, and to fund capital expenditures, working capital and other cash needs will depend largely upon our future operating performance. Our future operating performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our indebtedness will depend on the satisfaction of the covenants in the Credit Agreements, the Indentures and our other financing arrangements, and other agreements we may enter into in the future. Specifically, we will need to maintain specified financial ratios and satisfy financial condition tests, including a maximum senior secured leverage ratio. We cannot assure you that our business will generate sufficient cash flow from operations, that future borrowings will be available to us under the New and Existing Credit Facilities or from other sources in an amount sufficient to enable us to make payments on our indebtedness, or to fund our other liquidity needs.

The initial term loans under the New Credit Facility mature in December 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. The revolving loans under the New Credit Facility mature in December 2020, or sooner if certain amounts of the 2020 Notes remain outstanding at a certain future date. The term loan facility of the Existing Credit Facility is scheduled to mature on February 14, 2019. We cannot assure you that we would be able to refinance any of our indebtedness, including the New and Existing Credit Facilities, on commercially reasonable terms, or at all. If we are unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, including:

- sales of assets;
- reduction or delay of capital expenditures, strategic acquisitions, investments and alliances; or
- negotiations with our lenders to restructure the applicable debt.

The Credit Agreements and the Indentures may restrict, or market or business conditions may limit, our ability to take some of these actions or the effectiveness of these actions.

Our financing arrangements subject us to various restrictions that could limit our operating flexibility and our ability to make payments on the Notes.

Our financing arrangements contain restrictions, covenants and events of default that, among other things, require us to satisfy certain financial tests and maintain certain financial ratios and restrict our ability to incur additional indebtedness and to refinance our existing indebtedness. The terms of these financing arrangements impose, and any future indebtedness may impose, various restrictions on us that could limit our ability to pay dividends, respond to market conditions, provide for capital investment needs or take advantage of business opportunities by limiting the amount of additional borrowings we may incur. These restrictions may include compliance with, or maintenance of, certain financial tests and ratios, including a maximum senior secured leverage ratio, and may limit or prohibit our ability to, among other things:

- incur additional debt and issue preferred equity;
- create liens;
- redeem or prepay certain debt;
- make distributions on our equity interests, repurchase repay or redeem our equity interests or prepay subordinated indebtedness;
- make certain investments;
- engage in specified sales of assets;
- enter into transactions with affiliates;
- enter new lines of business;
- engage in consolidation, mergers and acquisitions; and
- make certain capital expenditures.

These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing arrangements would result in a default under those arrangements and under other arrangements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt owed to these lenders and to terminate any commitments of these lenders to lend. Under these circumstances, we might have insufficient funds or other resources to satisfy all our obligations, including our obligations under the Notes. In addition, the limitations imposed by any financing arrangements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Risks Related to the Notes

If the Issuers are unable to receive cash from their subsidiaries, they will be unable to service their indebtedness.

The Issuers are holding companies and conduct no operations. Accordingly, the Issuers' ability to make payments on, or repay or refinance, indebtedness, including the Notes, and to fund other cash needs will depend largely upon the cash flows of their operating subsidiaries and the payment of funds by those subsidiaries to the Issuers in the form of dividends, distributions, repayment of loans, or otherwise. Distributions to the Issuers from their operating subsidiaries will depend on their respective operating results and will be subject to restrictions under, among other things,

- the laws of their jurisdiction of organization;
- the rules and regulations of state and federal regulatory authorities; and
- agreements of those subsidiaries, including agreements governing their indebtedness.

The ability of the Issuers' operating subsidiaries to make distributions and other payments to the Issuers will depend on their cash flows and earnings which, in turn, will be affected by all of the factors discussed in these "Risk Factors."

None of the Issuers' subsidiaries or affiliates are guarantors of the Issuers' obligations under the Notes or are otherwise required to make any distributions or payments to the Issuers with respect to the Issuers' obligations under the Notes, and the Issuers' obligations under the Notes are structurally subordinated to the indebtedness and other liabilities and commitments of their subsidiaries, including the New and Existing Credit Facilities and guarantees thereof. As of December 31, 2015, the Issuers' subsidiaries had approximately $2.3 billion of indebtedness outstanding (plus additional availability of $328.8 million under the $350.0 million revolving credit facility of the New Credit Facility).

The terms of the Credit Agreements generally restrict Suddenlink and its restricted subsidiaries from making dividends or distributions and otherwise transferring assets to the Issuers. However, the Credit Agreements do permit Suddenlink to make dividends and distributions to Cequel subject to satisfaction of certain conditions, including pro forma compliance with a maximum senior secured leverage ratio of 4.0x and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, a restricted payment basket. In addition, the New and Existing Credit Facilities permit Suddenlink to make dividends and distributions to Cequel for the payment of regularly scheduled interest payments through maturity on indebtedness which was incurred by Cequel to refinance the 2017 Notes, including the 2020 Notes and the Initial 2021 Notes. We cannot assure you that the agreements governing the current and future indebtedness of the Issuers' subsidiaries will permit such subsidiaries to provide the Issuers with sufficient distributions or loans to fund the cash interest payments on or repay the Notes.

If the operating results of the Issuers' operating subsidiaries at any given time are not sufficient to make distributions or other payments to the Issuers or if such operating subsidiaries are not permitted to make such distributions or payments, the Issuers may not be able to make payments of principal or interest due under the Notes or the Issuers' other indebtedness. As a result, we currently anticipate that, in order to pay principal or interest due under the Notes or to repurchase the Notes upon a change of control (as defined in the Indentures), we may be required to adopt one or more alternatives, such as refinancing the Issuers' indebtedness, or that of their subsidiaries, at or before maturity, selling assets of the Issuers' subsidiaries, seeking capital contributions or loans from the Issuers' affiliates or reducing or delaying business activities and capital expenditures. There can be no assurance that any of the foregoing actions would enable the Issuers to refinance their indebtedness or that of their subsidiaries or pay principal or interest due under the Notes or that any of such actions would be permitted by the terms of the Indentures or any debt instrument of the Issuers' subsidiaries then in effect. Any inability to meet our debt service obligations or refinance our indebtedness would materially adversely affect our business, financial condition, results of operations and liquidity.

The Notes are effectively subordinated to all the Issuers' future secured indebtedness, to the extent of the value of the assets securing such indebtedness.

The Notes are not secured by the assets of the Issuers. Subject to the restrictions in the Indentures, future indebtedness that the Issuers incur may be secured by the Issuers' assets. If the Issuers become insolvent, or are liquidated, or if payment of any secured indebtedness is accelerated, the holders of any secured indebtedness will be entitled to exercise the remedies available to secured lenders under applicable laws, including the ability to foreclose on and sell the Issuers' collateral securing the indebtedness in order to satisfy the secured indebtedness. In such circumstances, the Issuers may not have sufficient assets to repay the Notes.

Many of the covenants contained in the Indentures will be suspended if the Notes are rated investment grade by Standard & Poor's and Moody's, which would reduce limitations on actions that are permitted to be taken by us.

Many of the covenants in the Indentures governing the Notes will be suspended if the Notes are rated investment grade by Standard & Poor's and Moody's. These covenants include restrictions on our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force, and the effects of any such transactions will be permitted to remain in place even if the Notes are subsequently downgraded below investment grade.

Ownership interests in Suddenlink and its subsidiaries are pledged as collateral under the New and Existing Credit Facilities and may not be available to holders of the Notes.

All ownership interests in Suddenlink and its subsidiaries are pledged as collateral under the New and Existing Credit Facilities. Therefore, if we were unable to pay principal or interest on the Notes, the ability of the holders of the Notes to proceed against the ownership interests in Suddenlink and its subsidiaries to satisfy such amounts would be subject to the prior satisfaction in full of all amounts owing under the New and Existing Credit Facilities. Any action to proceed against such interests by or on behalf of the holders of Notes prior to the repayment in full of the New and Existing Credit Facilities would constitute an event of default under the New and Existing Credit Facilities entitling the lenders thereunder to declare all amounts owing thereunder to be immediately due and payable. In addition, as secured creditors, the lenders under the New and Existing Credit Facilities would control the disposition and sale of Suddenlink and its subsidiaries' interests after an event of default under the New and Existing Credit Facilities and would not be legally required to take into account the interests of our unsecured creditors, such as the holders of the Notes, with respect to any such disposition or sale. There can be no assurance that our assets after the satisfaction of claims of our secured creditors would be sufficient to satisfy any amounts owing with respect to the Notes.

We may be unable to make a change of control offer required by the Indentures, which would cause defaults under the Indentures and the Credit Agreements.

The terms of the Notes require the Issuers to make an offer to repurchase the Notes upon the occurrence of certain change of control events at purchase prices set forth in the Indentures. In addition, the terms of the Credit Agreements require, and other financing arrangements may require, repayment of amounts outstanding in the event of a change of control and limit our ability to fund the repurchase of Notes in certain circumstances. We may not have sufficient funds at the time of such change of control events to make the required repurchase of Notes or restrictions in the Credit Agreement and other financing arrangements may not allow the repurchase.

If we fail to repurchase Notes upon certain change of control events, we will be in default under the applicable Indenture or Indentures, which would also cause a default under the Credit Agreements. Any future indebtedness that we incur may also contain restrictions on repurchases in the event of a change of control or similar event. These repurchase requirements may delay or make it more difficult to effect a change of control of the Company.

The change of control provisions may not protect holders of Notes in a transaction in which we incur a large amount of indebtedness, including a reorganization, restructuring, merger or other similar transaction, because such a transaction may not involve any shift in voting power or beneficial ownership, may not involve a shift large enough to trigger a "change of control," or may not result in a ratings downgrade.

We may experience a change in our equity ownership without triggering a "change of control" or "change of control triggering event" under the Indentures. Furthermore, a "change of control" may occur under the Credit Agreement without a "change of control" under the 2020 Indenture or a "change of control triggering event" occurring under the 2021 Indentures. In addition, a "change of control" may occur under the 2020 Indenture without a "change of control triggering event" occurring under the 2021 Indentures.

Under the 2021 Indentures, prior to an initial public offering, a "change of control triggering event" will not occur upon the acquisition by third parties of a controlling interest in, or even the entirety of, our equity interests, unless a ratings downgrade occurs. The consummation of the Acquisition did not constitute a "change of control" under the Credit Agreement despite the acquisition by Cequel Corporation of all of the outstanding common equity interests in Cequel Holdings because the Management Agreement was not terminated. However, as a result of the Acquisition, for purposes of the Credit Agreement, and prior to an initial public offering, a "change of control" would occur upon the termination of the Management Agreement, or the termination of substantially all management services thereunder, while a "change of control" under the 2020 Indenture would require both the acquisition by a third party of a controlling interest and such termination of the Management Agreement or such services, and a "change of control triggering event" under the 2021 Indentures would require those two events and a ratings downgrade. Accordingly, a "change of control" under the Credit Agreement may occur without a "change of control" occurring under the 2020 Indenture or a "change of control triggering event" under the 2021 Indentures, and a "change of control" occurring under the 2020 Indenture may occur without a "change of control triggering event" occurring under the 2021 Indentures unless there is also a ratings downgrade.

Under certain circumstances, federal and state laws may allow courts to void or subordinate claims with respect to the Notes or to modify the contractual or structural relationship between different classes of creditors.

Under the U.S. Bankruptcy Code and comparable provisions of state fraudulent transfer laws, a court could void claims with respect to the Notes, or subordinate them, if, among other things, we, at the time the Notes were issued:

- received less than reasonably equivalent value or fair consideration for the Notes;
- were insolvent or rendered insolvent by reason of the incurrence;
- were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that we would incur, debts beyond our ability to pay such debts as they became due.

The measures of insolvency for purposes of these fraudulent or preferential transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent or preferential transfer has occurred. Generally, however, we would be considered insolvent if:

- the sum of our debts, including contingent liabilities, was greater than the fair saleable value of all of our assets;
- the present fair saleable value of our assets was less than the amount that would be required to pay the probable liability on our existing debts, including contingent liabilities, as they became absolute and mature; or
- we could not pay our debts as they became due.

Based upon information currently available to us, we believe that the Notes are being incurred for proper purposes and in good faith.

In addition, if there were to be a bankruptcy of our parent and/or its subsidiaries, creditors of our parent may attempt to make claims against us and our subsidiaries, including seeking substantive consolidation of our and our subsidiaries' assets and liabilities with the liabilities of our parent, which (if successful) could have an adverse effect on holders of the Notes and their recoveries in any bankruptcy proceeding.

Risks Related to Our Business

We operate in a very competitive business environment which could materially adversely affect our business, financial condition, results of operations and liquidity.

We operate in a highly competitive industry. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater resources, operating capabilities and efficiencies of scale, stronger brand name recognition, long-standing relationships with regulatory authorities and customers and greater access to programming or other services.

Our video business faces competition primarily from direct broadcast satellite, which we refer to as DBS, service providers, principally DirecTV (which was recently acquired by AT&T) and DISH Network. Competition from DBS, including intensive marketing efforts with aggressive pricing, exclusive programming and increased HD programming has had an adverse impact on our ability to retain customers.

High-speed Internet access facilitates the streaming of video into homes and businesses, thus resulting in the Company's residential video service facing competition from a number of different sources, including companies that deliver movies, television shows and other video programming over broadband Internet connections, such as Hulu.com, iTunes, Amazon Prime, Netflix and YouTube. Increasingly, content owners are utilizing Internet-based delivery of content directly to consumers, some without charging a fee for access to the content. In 2015, HBO and CBS, among others, began selling their programming direct to consumers over the Internet without requiring a pay-TV subscription. Furthermore, due to consumer electronics innovations, consumers are able to watch such Internet-delivered content on television sets and mobile devices. DISH launched SlingTV, a service that offers a small selection of popular major cable channels, including ESPN, delivered over the Internet to smart TVs and mobile devices, and Sony launched Playstation Vue which includes 85+ TV channels. If customers were to choose to receive video over the Internet rather than through our basic, expanded basic or digital video services, we could experience a reduction in our video revenues.

Telephone companies, including AT&T, CenturyLink, Frontier and Verizon, and utility companies are capable of offering video and other services in competition with us and we expect that they will increasingly do so in the future. Upgraded portions of these networks carry two-way video, data services and provide digital voice services similar to ours. Additional upgrades and product launches are expected in markets in which we operate. The large scale entry of major telephone companies as direct competitors in the video marketplace could adversely affect the profitability and valuation of our cable systems. Additionally, in July 2015, AT&T completed its acquisition of DirecTV, the nation's largest DBS provider and in connection with that acquisition, AT&T committed to expand fiber to the premises to more locations. This transaction created an even larger competitor for our video services that has the ability to expand its video services offerings to include bundled wireless offerings.

With respect to our high-speed Internet service, we face competition from telephone companies and other providers of DSL. DSL service competes with our Internet service and is often offered at prices lower than our Internet services, although often at speeds lower than the speeds we offer. We also believe that DSL providers may currently be in a better position to offer Internet services to businesses since their networks tend to be more complete in commercial areas. They may also have the ability to combine telephone with Internet services for a higher percentage of their customers. In addition, the continuing deployment of fiber optics into telephone companies' networks will enable them to provide even higher bandwidth Internet services.

With respect to our telephone service, we face considerable competition from established telephone companies, including incumbent telephone companies, and other carriers, including wireless providers and voice over Internet protocol, which we refer to as VoIP, providers. In addition, competition in phone service is intensifying as more consumers are replacing their wireline service with wireless service.

We also face competition from other wireline video providers and cable system operators who conduct their business in the same territory as we do, since our franchises are non-exclusive and local franchising authorities may grant competing franchises in our markets. The existence of more than one cable system operating in the same territory is referred to as an overbuild. We believe that the markets we serve are not significantly overbuilt. However, we cannot assure you that competition from overbuilders will not develop in other markets that we now serve or will serve after any future acquisitions.

In addition, mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, DBS providers, local exchange carriers, and others, may provide additional benefits to some of our competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

We cannot assure you that the services we provide will allow us to compete effectively. Additionally, as we expand our offerings to include other communications services, and to introduce new and enhanced services, we will be subject to competition from other providers of such services. We also expect that future advances in communication technology could lead to the introduction of new competitors, products and services that may compete with our business.

We cannot predict the full extent to which competition may affect our business, financial condition, results of operation and liquidity. However, competition has in the past and may continue to cause us to:

- lose customers;
- reduce prices or offer promotional services;
- incur significant advertising expenses; and
- make additional capital expenditures.

Any of these and other effects on our business from competition could materially adversely affect our cash flows and ability to make payments on our indebtedness.

We face risks relating to competition for the leisure and entertainment time of audiences, which has intensified in part due to advances in technology.

In addition to the various competitive factors, our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, movies, sporting or other live events, radio broadcasts, home video products, console games, print media and the Internet. Technological advancements, such as VOD, new video formats and Internet streaming and downloading, have increased the number of entertainment and information delivery choices available to consumers, and intensified the challenges posed by audience fragmentation. In particular, content owners, including our programmers, are increasingly utilizing Internet-based delivery of content directly to consumers and can reach consumers through other mobile data services, such as smartphones and tablets, often without charging a fee for access to the content. These technologies and services are also driving changes in consumer behavior as consumers seek more control over when, where and how they consume content and access communications services. The growing number of choices available to audiences could reduce the number of customers for certain of our services or negatively impact advertisers' willingness to purchase advertising from us. In addition, these competitors could cause our customers or advertisers to reduce the price they are willing to pay for such services or advertising expenditures, respectively. If we do not respond appropriately to further increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate, and our financial results could suffer.

If we are unable to respond to technological developments and meet customer demand for new products and services, our ability to compete effectively could be limited.

Our business is characterized by rapid technological change and the introduction of new products and services, some of which are bandwidth-intensive or require capacity greater than we possess to be cost effective. We cannot assure you that we will be able to fund the capital expenditures necessary to keep pace with technological developments, or that we will successfully anticipate the demand of our customers for products and services requiring new technology or bandwidth beyond our expectations. Our inability to maintain and expand our upgraded systems and provide advanced services in a timely manner, or to anticipate the demands of the marketplace, could materially adversely affect our ability to attract and retain customers. Consequently, our business, financial condition, results of operations and liquidity could suffer materially.

Increases in programming and retransmission costs or the inability to retain or obtain popular programming could adversely affect our business, financial condition, results of operations and liquidity. Furthermore, disputes with programmers could adversely affect our relationship with customers and lead to customer losses.

Our programming costs have been, and are expected to continue to be, one of our largest single expense items. In recent years, the cost of programming in the cable and satellite video industries has significantly increased. This increase in programming costs is expected to continue and we may not be able to pass on all programming cost increases to our customers. In addition, as we continue to increase the channel capacity of our cable system and add programming, we may also face additional market constraints on our ability to pass the cost of such additional programming on to our customers. To the extent that we cannot pass on increased or additional programming costs to customers or offset such costs through the sale of additional services, our business, financial condition, results of operations and liquidity could be materially adversely affected. In addition, as of December 31, 2015, we purchased approximately 15% of our programming through the NCTC which, in certain cases, provides for more favorable pricing than we could negotiate independently with programmers. There can be no assurance that the cooperative will be able to continue to obtain such favorable pricing or that we will continue our relationship with the cooperative.

The expiration dates of our various programming contracts are staggered, which results in the expiration of a portion of our programming contracts every year, including programming contracts that have expired and others that will expire at or before the end of 2016. Several companies provide significant percentages of our programming, and our negotiations could affect some or all of the programing we receive from those companies. Upon expiration of these programming contracts, we have historically carried certain programming under short-term arrangements while we attempt to negotiate new long-term programming arrangements. Negotiation of new programming arrangements may lead to disputes with programmers that could result in temporary periods during which we do not carry a particular programming service or services. Such disputes may inconvenience some of our customers and could lead to customer dissatisfaction and, in certain cases, the loss of customers, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. In addition, to the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we may be forced, or determine for strategic or business reasons, to remove such programming channels from our line-up and may decide to replace them with other programming, which may not be available on acceptable terms or be as attractive to customers. The removal or replacement of programming could lead to customer dissatisfaction and, in certain cases, the loss of customers, and could have a material adverse effect on our business, financial condition, results of operations and liquidity. There can be no assurance that our expiring programming contracts will be renewed on favorable or comparable terms or at all, or that the rights we negotiate will be adequate for us to execute our business strategy.

We were unable to reach agreement with Viacom on acceptable economic terms for a long-term contract renewal, and effective October 1, 2014, all Viacom networks were removed from our channel lineups. However, the removal of other programming in the future could materially adversely affect our business, operating results or financial condition.

We also may be subject to increasing financial and other demands by broadcast stations for carriage of other services or payments to those broadcasters in order to obtain the required consent for the retransmission of broadcast programming. Federal law allows commercial television broadcast stations to make an election between “must-carry” rights and an alternative “retransmission consent” regime. When a station opts for the latter, cable operators are not allowed to carry the station’s signal without the station’s permission. In 2016, some of our retransmission agreements are scheduled to expire. Several companies own significant percentages of these broadcast stations, and our negotiations could affect some or all of these stations. Upon expiration of these agreements, we may carry some stations under short-term arrangements while we attempt to negotiate new long-term retransmission agreements. In connection with our negotiation of new retransmission agreements, we expect that we may be subject to increasing costs associated with such agreements, which costs we may not be able to pass on to our customers. To the extent that we cannot pass on increased or additional retransmission agreement costs to customers or offset such costs through the sale of additional services, our business, financial condition, results of operations and liquidity could be materially adversely affected. In addition, if negotiations with these broadcasters prove unsuccessful, we may be required, or determine for strategic or business reasons, to cease carrying their signals, possibly for an indefinite period. Any loss of broadcast stations could make our video service less attractive to customers, which could result in a loss of customers, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. There can be no assurance that our expiring retransmission agreements will be renewed on favorable or comparable terms or at all.

If our required capital expenditures exceed our expectations, we may not have sufficient funding, which could materially adversely affect our growth, financial condition and results of operations.

During the year ended December 31, 2015, we had approximately $470.0 million of capital purchases (see Footnote 7). The actual amount of our capital expenditures is impacted by, among other things, the level of growth in advanced video, high-speed Internet and telephone customers and the delivery of advanced broadband services such as additional high-definition channels, faster high-speed Internet services, VOD programming and DVRs and other customer premise equipment, extensions of our existing network to new areas and upgrades to existing network capacity, as well as the cost of introducing any new services. We may need additional capital if there is an increased need to respond to competitive pressures by expanding the delivery of other advanced services or increasing our marketing efforts and related marketing expenses. If we cannot provide for such capital spending from increases in our cash flow from operating activities, additional borrowings, proceeds from asset sales or other sources, our growth, competitiveness, financial condition and results of operations could suffer materially.

In addition, if we decide to introduce other new advanced products and services or the cost for these services increases, we may need to make unplanned capital expenditures. No assurance can be given that we will be able to implement our business plan or that demand for these new products and services will exist after these capital expenditures are made, or that our customers will accept these new products and services as superior to the products and services already available in the market. It is possible that shortly after making these capital expenditures, our competitors may develop and provide superior products and services, rendering our new products and services obsolete, or requiring us to make further significant capital expenditures in order to provide similar products and services.

We face risks inherent in our telephone business that could affect our operations differently than our other businesses.

We face heightened customer expectations for the reliability of telephone services as compared with our video and high-speed Internet services. We have undertaken significant training of customer service representatives and technicians, and we will continue to need a highly trained workforce, which may not be available. In addition, the competitive landscape for telephone services is intense. We face competition from providers of Internet telephone services, as well as incumbent telephone companies. We also face increasing competition for residential telephone services as more consumers in the United States are replacing traditional telephone service with wireless service. If our telephone service is not sufficiently reliable or we otherwise fail to meet customers' expectations, our telephone business could be adversely affected. Finally, we cannot predict the effect that ongoing or future developments in the communications industry, particularly with respect to technology, the applicable regulatory and legislative environment and the consumer marketplace, might have on our telephone business and operations.

We rely on network and information systems and other technologies to conduct our business, and a disruption or failure of such networks, systems or technologies as a result of computer hacking, computer viruses, "cyber-attacks," misappropriation of data, outages, natural disasters and other material events could materially adversely affect our business, financial condition, results of operations and liquidity.

Network and information systems and other technologies are critical to our operating activities, both to our internal uses and in supplying services to customers. Network or information system shutdowns caused by events such as computer hacking, dissemination of computer viruses, worms and other destructive or disruptive software, "cyber-attacks," process breakdowns, denial of service attacks and other malicious activity pose increasing risks. Both unsuccessful and successful "cyber-attacks" on companies have continued to increase in frequency, scope and potential harm in recent years and, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems have become more sophisticated and change frequently, we may be unable to anticipate these techniques or implement adequate preventative measures. While from time to time attempts are made to access our network, these attempts have not as yet resulted in any material release of information, degradation or disruption to our network and information systems.

Our network and information systems are also vulnerable to damage or interruption from power outages, natural disasters (including extreme weather arising from short-term weather patterns or any long-term changes), terrorist attacks and similar events. Any of these events could have a material adverse effect on our business and our customers, including degradation of service, service disruption, excessive call volume to call centers and damage to our plant, equipment, data and reputation. Operational or business delays may result from the disruption of network or information systems and the subsequent remediation activities. Any such event also could result in large expenditures necessary to repair or replace such networks or information systems or to protect them from similar events in the future. Further, the impacts associated with extreme weather or any long-term changes, such as rising sea levels or increased and intensified storm activity, may cause increased business interruptions or may require the relocation of some of our facilities. Significant incidents and subsequent remediation activities could result in a disruption of our operations, customer dissatisfaction, negative publicity, brand damage or a loss of customers or revenue, in addition to increased costs to service our customers to protect our network. Any significant loss of video, high-speed Internet or telephone customers or revenue, or a significant increase in costs could materially adversely affect our business, financial condition, results of operations and liquidity.

In addition, our operating activities could be subject to risks caused by misappropriation, misuse, leakage, falsification, theft, and release or loss of information maintained in our information technology systems and networks, including customer, personnel, vendor data and intellectual property. We could also be subject to employee error or malfeasance or other disruptions. We could be exposed to significant costs if such risks were to materialize, and such events could damage our reputation and credibility and our business and have a negative impact on our revenues. We also could be required to expend significant capital and other resources to remedy any such security breach and we may not be able to remedy these problems in a timely manner, or at all. Moreover, the amount and scope of insurance we maintain against losses resulting from unauthorized access or security breaches may not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our businesses that may result. As a result of the increasing awareness concerning the importance of safeguarding personal information, the potential misuse of such information and legislation that has been adopted or is being considered regarding the protection, privacy and security of personal information, information-related risks are increasing, particularly for businesses like ours that handle a large amount of personal customer data. We could be subject to regulatory actions, fines and claims made by consumers in private litigations involving privacy issues related to consumer data collection and use practices.

Weak economic conditions may negatively impact our ability to attract new customers, increase rates and maintain or increase revenues.

A substantial portion of our revenue comes from customers whose spending patterns may be affected by prevailing economic conditions. Weak economic conditions, or increases in price levels generally due to inflationary pressures, could lead to further reductions in demand for our services, especially premium and digital services, DVRs, HDTV and certain commercial services, and a continued increase in the number of homes that replace their traditional telephone service with wireless service, which would negatively impact our ability to attract new customers, increase rates and maintain or increase subscription revenues. In addition, weak economic conditions could lead to reduced advertising revenues and adversely affect our cash flow, results of operations and financial condition.

Providing basic video services is an established and highly penetrated business. Our ability to achieve incremental growth in basic video customers is dependent to a large extent on growth in occupied housing in our service areas, which is influenced by both national and local economic conditions. If growth in the number of occupied homes declines, it may negatively impact our ability to gain new basic video customers.

We may not be able to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs or at all, which could materially adversely affect our business, financial condition, results of operations and liquidity.

We depend on third parties to provide certain programming and billing services, as well as for equipment, software, services and other items that are critical for the operation of our business. These include, but are not limited to, digital set-top converter boxes and other customer premises equipment, DVRs and VOD equipment; routers, provisioning and other software; the telecommunications network, interconnection agreements and e-mail platform for our high-speed Internet and telephone services; fiber optic cable and construction services for expansion and upgrades of our cable systems; and our customer billing platform. Certain of these vendors and suppliers may have leverage over us considering that there are limited suppliers of certain products and services, or that there is a long lead time and/or significant expense required to transition to another provider. In addition, some of these vendors and suppliers do not have a long operating history or may not be able to continue to supply the equipment and services we desire. Some of our hardware, software and operational support vendors and some of our service providers represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. Any delays or the termination or disruption in these relationships as a result of contractual disagreements, operational or financial failures on the part of suppliers, or other adverse events that prevent such vendors and suppliers from providing the equipment or services we need in a timely manner and at reasonable prices could result in significant costs to us and have a negative effect on our ability to provide services and roll out advanced services, and our business, financial condition, results of operations and liquidity could be materially adversely affected.

In that regard, we currently purchase set-top boxes from a limited number of vendors because each of our cable systems uses one of two proprietary schemes. In most cases, our systems only operate with set-top boxes from one vendor. We believe that the proprietary nature of these schemes makes other manufacturers reluctant to produce set-top boxes for these systems. Accordingly, we believe that our reliance on a limited number of set-top box vendors subjects our business to additional risk because we may not be able to replace our source of set-top boxes if such vendors were to fail or if our relationships with these vendors were to terminate and we would face significant cost to rebuild our networks to allow them to operate with different types of set-top boxes.

The acquisition and integration of additional cable systems could materially adversely affect our business and results of operations.

Our business has grown significantly as a result of acquisitions. Acquisitions entail numerous risks, including:

- strain on our financial, management and operational resources, including the distraction of our management team in identifying potential acquisition targets, conducting due diligence and negotiating acquisition agreements;
- difficulties in integrating the operations, personnel, products, technologies and systems of acquired businesses;
- difficulties in enhancing our customer support resources to adequately service our existing customers and the customers of acquired businesses;

- the potential loss of key employees or customers of the acquired businesses;
- unanticipated liabilities or contingencies of acquired businesses;
- unbudgeted costs which we may incur in connection with pursuing potential acquisitions which are not consummated;
- failure to achieve projected cost savings or cash flow from acquired businesses;
- fluctuations in our operating results caused by incurring considerable expenses to acquire businesses before receiving the anticipated revenues expected to result from the acquisitions; and
- difficulties in obtaining regulatory approvals required to consummate acquisitions.

If we make acquisitions in the future, we may incur more debt, contingent liabilities and amortization expenses, which could materially adversely affect our operating results and financial condition. We also participate in competitive bidding processes, some of which may involve significant cable systems. If we are the winning bidder in any such process involving significant cable systems, we could require substantial additional equity and debt financing to consummate such an acquisition.

If our acquisitions do not result in the anticipated operating efficiencies, are not effectively integrated, or result in costs which exceed our expectations, our operating results and financial condition could be materially adversely affected.

Significant unanticipated increases in the use of bandwidth-intensive Internet-based services could increase our costs.

The rising popularity of bandwidth-intensive Internet-based services poses special risks for our high-speed Internet services. Examples of such services include peer-to-peer file sharing services, gaming services and the delivery of video via streaming technology and by download. If heavy usage of bandwidth-intensive services grows beyond our current expectations, we may need to incur more expenses than currently anticipated to expand the bandwidth capacity of our systems or our customers could have a suboptimal experience when using our high-speed Internet service. In order to continue to provide quality service at attractive prices, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands and to manage bandwidth usage efficiently. Our ability to do these things could be restricted by regulatory and legislative efforts to impose so-called "net neutrality" requirements on cable operators like us that provide high-speed Internet services.

Our business depends on intellectual property rights and on not infringing on the intellectual property rights of others.

We rely on our copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. Third parties have in the past, and may in the future, assert claims or initiate litigation related to exclusive patent, copyright, trademark, and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. Asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers, or customers, alleging infringement of their proprietary rights with respect to our existing or future products and/or services or components of those products and/or services. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to modify our business, develop a non-infringing technology, use alternate technology or enter into license agreements. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to modify our business, develop non-infringing technology, use alternate technology or license the proprietary rights on commercially reasonable terms and conditions, our business, results of operations, and financial condition could be materially adversely affected.

We may be liable for the material that content providers distribute over our networks.

The law relating to the liability of private network operators for information carried on, stored or disseminated through their networks is still unsettled. As such, we could be exposed to legal claims relating to content disseminated on our networks. Claims could challenge the accuracy of materials on our network or could involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our business, results of operations and financial condition could be materially adversely affected.

We are controlled by Altice, whose interests may conflict with the interests of the holders of the Notes.

Altice indirectly through its subsidiaries owns approximately 70% of our outstanding equity interests. The interests of Altice may conflict with your interests as holders of the Notes. Altice may appoint a majority of Cequel Corporation's and each of its subsidiaries' respective board of directors and to determine our corporate strategy, management and policies. In addition, Altice has control over our decisions to enter into any corporate transaction and has the ability to prevent any transaction that requires the approval of shareholders regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as our debt instruments and the intercreditor agreements to which we are party permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenues, each of which could adversely affect the holders of the Notes. Furthermore, Altice may operate our business in ways that are different than how we have historically operated our business.

In addition, acquisitions are a key component of Altice's strategy and it may pursue additional acquisitions or other business opportunities, including those that compete with Cequel Corporation. On September 16, 2015, Altice entered into a definitive agreement to acquire Cablevision Systems Corporation. Altice may undertake additional such transactions from time to time.

Any acquisition, other strategic transaction or change in our business operations that Altice may undertake related to us in the future could result in the incurrence of debt, an increase in expenses and we may experience difficulties in connection with integration related to any such acquisition or other strategic transaction, incur higher than expected costs and not realize all the anticipated benefits or synergies related to such acquisitions, other strategic transaction or change in our business operations.

Our long-lived assets may become impaired in the future, which could cause a non-cash charge to our earnings.

As a result of the Altice Acquisition, we engaged a third party to complete a valuation of our assets to assist us in determining our new enterprise value resulting from the Altice Acquisition. This valuation resulted in increases to the book value of long-lived assets, including property, plant and equipment, and intangible assets. Amortizable long-lived assets must be reviewed for impairment whenever indicators of impairment exist. Non-amortizable long-lived assets are required to be reviewed for impairment on an annual basis or more frequently whenever indicators of impairment exist. Indicators of impairment could include, but are not limited to:

- an inability to perform at levels that were forecasted;
- a permanent decline in market capitalization;
- implementation of restructuring plans;
- changes in industry trends; and/or
- unfavorable changes in our capital structure, cost of debt, interest rates or capital expenditures levels.

Situations such as these could result in an impairment that would require a material non-cash charge to our results of operations and could have a material adverse effect on our consolidated results of operations.

Risks Related to Regulatory and Legislative Matters

Our business is subject to extensive governmental legislation and regulation, which could adversely affect our business, increase our operational and administrative expenses and limit our revenues.

Regulation of the cable industry has increased cable operators' operational and administrative expenses and limited their revenues. Cable operators are subject to, among other things:

- rules governing the provisioning and marketing of cable equipment and compatibility with new digital technologies;
- rules and regulations relating to customer and employee privacy;
- rules establishing limited rate regulation of video service;
- rules governing the copyright royalties that must be paid for retransmitting broadcast signals;
- rules governing when a cable system must carry a particular broadcast station and when it must first obtain retransmission consent to carry a broadcast station;
- rules governing the provision of channel capacity to unaffiliated commercial leased access programmers;
- rules limiting the ability to enter into exclusive agreements with MDUs, and control inside wiring;

- rules, regulations and regulatory policies relating to the provision of high-speed Internet service, including new "net neutrality" requirements;
- rules, regulations and regulatory policies relating to the provision of voice communications;
- rules for franchise renewals and transfers; and
- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards and customer service and consumer protection requirements.

Additionally, many aspects of these regulations are currently the subject of judicial proceedings and administrative or legislative proposals. There are also ongoing efforts to amend or expand the federal, state and local regulation of some of our cable systems, which may compound the regulatory risks we already face, and proposals that might make it easier for our employees to unionize. The federal Internet Tax Freedom Act, which prohibited many taxes on Internet access service, but was subject to periodic renewals, was recently modified so that the collection of taxes on Internet service is now permanently prohibited. Certain states and localities are considering new cable and telecommunications taxes that could increase operating expenses. Certain states are also considering adopting energy efficiency regulations governing the operation of equipment that we use, which could constrain innovation. Congress is considering whether to rewrite the entire Communications Act of 1934, as amended (the "Communications Act") to account for changes in the communications marketplace or to adopt more focused changes. In response to recent data breaches and increasing concerns regarding the protection of consumers' personal information, Congress and regulatory agencies are considering the adoption of new privacy and data security laws and regulations that could result in additional privacy, as well as network and information security, requirements for our business. These new laws, as well as existing legal and regulatory obligations, could require significant expenditures.

Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.

Our cable systems generally operate pursuant to franchises, permits and similar authorizations issued by a state or local governmental authority controlling the public rights-of-way. Some franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In some instances, local franchises have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities.

The traditional cable franchising regime is currently undergoing significant change as a result of various federal and state actions. Some state franchising laws do not allow incumbent operators like us to immediately opt into favorable statewide franchising as quickly as new entrants, and often require us to retain certain franchise obligations that are more burdensome than those applied to new entrants.

We cannot assure you that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisors have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, we cannot assure you that we will be able to renew, or to renew on terms as favorable, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more key markets could adversely affect our business in the affected geographic area.

Our cable system franchises are non-exclusive. Accordingly, local and state franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect results of operations.

Our cable system franchises are non-exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with us without securing a local franchise or on more favorable franchise terms. There are federal legislative and regulatory proposals now pending regarding the ability of municipalities to construct and deploy broadband facilities that could compete with our cable systems. In addition, certain telephone companies are seeking authority to operate in communities without first obtaining a local franchise. As a result, competing operators may build systems in areas in which we hold franchises.

The FCC has adopted rules that streamline entry for new competitors (including those affiliated with telephone companies) and reduce franchising burdens for these new entrants. At the same time, a substantial number of states have adopted new franchising laws. Again, these laws were principally designed to streamline entry for new competitors, and they often provide advantages for these new entrants that are not immediately available to existing operators. As a result of these new franchising laws and regulations, we have seen an increase in the number of competitive cable franchises or operating certificates being issued, and we anticipate that trend to continue.

The FCC also administers a program that collects Universal Service Fund contributions from telecommunications service providers and uses them to subsidize the provision of telecommunications services in high-cost areas and to low-income consumers and the provision of Internet and telecommunications services to schools, libraries and certain health care providers. The FCC has begun to redirect some of this funding to broadband deployment in ways that could assist competitors in competing with our services.

Local franchising authorities have the ability to impose additional regulatory constraints on our business, which could reduce our revenues or increase our expenses.

In addition to the franchise agreement, local franchising authorities in some jurisdictions have adopted cable regulatory ordinances that further regulate the operation of cable systems. This additional regulation increases the cost of operating our business. For example, some local franchising authorities impose minimum customer service standards on our operations. There are no assurances that the local franchising authorities will not impose new and more restrictive requirements. Local franchising authorities who are certified to regulate rates generally have the power to reduce rates and order refunds on the rates charged for basic service and equipment, which could reduce our revenues.

Further regulation of the cable industry could restrict our marketing options or impair our ability to raise rates to cover our increasing costs.

The cable industry has operated under a federal rate regulation regime for approximately two decades. Currently, rate regulation is strictly limited to the basic service tier and associated equipment and installation activities. Our franchise authorities have not certified to exercise this limited rate regulation authority, and they would now need to demonstrate that absence of "effective competition" (as defined under federal law) as part of any rate regulation certification. However, the FCC and Congress continue to be concerned that cable rate increases are exceeding inflation. It is possible that either the FCC or Congress will adopt more extensive rate regulation for our video services or regulate our other services, such as high-speed Internet and telephone services, which could impede our ability to raise rates, or require rate reductions. To the extent we are unable to raise our rates in response to increasing costs, or are required to reduce our rates, our business, financial condition, results of operations and liquidity will be materially adversely affected.

There has been legislative and regulatory interest in requiring cable operators to offer historically bundled programming services on an á la carte basis. It is possible that new marketing restrictions could be adopted in the future. These restrictions could affect how we provide, and limit, customer equipment used in connection with our service and how we provide access to video programming beyond conventional cable delivery. A recent FCC proposal that would require MVPDs to accommodate third-party devices through the provision of multiple "information flows" to third-party devices could adversely affect our relationship with our customers and programmers and our operations. It is also possible that regulations will be adopted affecting the negotiations between MVPDs (like us) and programmers. While these regulations might provide us with additional rights and protections in our programming negotiations, they might also limit our flexibility in ways that adversely affect our operations.

We may be materially adversely affected by regulatory changes related to pole attachment costs.

Pole attachments are cable wires that are attached to utility poles. Cable system pole attachments to utility poles historically have been regulated at the federal or state level, generally resulting in favorable pole attachment rates for attachments used to provide cable service. Any changes in the current pole attachment approach could result in a substantial increase in our pole attachment costs.

Increasing regulation of our Internet service product could adversely affect our ability to provide new products and services.

On February 26, 2015, the FCC adopted a new "network neutrality" or "open Internet" Order that: (1) reclassified broadband Internet access service as a Title II common carrier service, (2) applied certain existing Title II provisions and associated regulations; (3) forbore from applying a range of other existing Title II provisions and associated regulations, but to varying degrees indicated that this forbearance may be only temporary, and (4) issued new rules expanding disclosure requirements and prohibiting blocking, throttling, paid prioritization, and unreasonable interference with the ability of end users and edge providers to reach each other. The Order also subjected broadband providers' Internet traffic exchange rates and practices to potential FCC oversight and created a mechanism for third parties to file complaints regarding these matters. The Order has been appealed by multiple parties, but the rules are currently effect. The Order could limit our ability to efficiently manage our cable systems and respond to operational and competitive challenges.

Changes in channel carriage regulations could impose significant additional costs on us.

Cable operators also face significant regulation affecting the carriage of broadcast and other programming channels. We can be required to devote substantial capacity to the carriage of programming that we might not otherwise carry voluntarily, including certain local broadcast signals; local public, educational and governmental access programming; and unaffiliated, commercial leased access programming (channel capacity designated for use by programmers unaffiliated with the cable operator). Regulatory changes in this area could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity and limit our ability to offer services that would maximize our revenue potential. It is possible that other legal restraints will be adopted limiting our discretion over programming decisions.

Offering telephone services may subject us to additional regulatory burdens, causing us to incur additional costs.

We offer telephone services over our broadband network and continue to develop and deploy interconnected VoIP services. The FCC has ruled that competitive telephone companies that support VoIP services, such as those that we offer to our customers, are entitled to interconnect with incumbent providers of traditional telecommunications services, which ensures that our VoIP services can operate in the market. However, the scope of these interconnection rights are being reviewed in a current FCC proceeding, which may affect our ability to compete in the provision of voice services or result in additional costs. It remains unclear precisely to what extent federal and state regulators will subject VoIP services to traditional telephone service regulation. Expanding our offering of these services may require us to obtain certain authorizations, including federal and state licenses. We may not be able to obtain such authorizations in a timely manner, or conditions could be imposed upon such licenses or authorizations that may not be favorable to us. The FCC has already extended certain traditional telecommunications requirements, such as E911 capabilities, Universal Service Fund contribution, Communications Assistance for Law Enforcement Act ("CALEA"), measures to protect Customer Proprietary Network Information and customer privacy, disability access, number porting, battery back-up, network outage reporting, rural call completion reporting, and other regulatory requirements to many VoIP providers such as us. If additional telecommunications regulations are applied to our VoIP service, it could cause us to incur additional costs and may otherwise materially adversely impact our operations.

In 2011, the FCC released an order significantly changing the rules governing intercarrier compensation for the origination and termination of telephone traffic between interconnected carriers. These rules have resulted in a substantial decrease in interstate compensation payments over a multi-year period. Further, the FCC's initiative to collect data concerning certain point to point transport ("special access") services we provide could result in additional regulatory burdens and additional costs.

We may be materially adversely affected by regulatory, legal and economic changes relating to our physical plant.

Our systems depend on physical facilities, including transmission equipment and miles of fiber and coaxial cable. Significant portions of those physical facilities occupy public rights-of-way and are subject to local ordinances and governmental regulations. Other portions occupy private property under express or implied easements, and many miles of the cable are attached to utility poles governed by pole attachment agreements. No assurances can be given that we will be able to maintain and use our facilities in their current locations and at their current costs. Changes in governmental regulations or changes in these relationships could have a material adverse effect on our business and our results of operations.

Risks Related to the Altice Acquisition

Anticipated synergies from the Altice Acquisition may not materialize.

Altice expects to achieve certain synergies [discussed elsewhere in this Annual Report] relating to the operations of Cequel Corporation as part of the Altice Group. Any or all of the anticipated synergies of the Altice Acquisition that Altice currently anticipates may not be realized. Among the synergies that Altice currently expects are operational synergies in the following areas: subcontractor rationalization, increased buying power through combined procurement, reduction in international minutes and data traffic costs, renegotiation of price lists with suppliers, network maintenance savings, optimization of sales force, distribution channels and customer care services and simplification of operating practices. Altice's estimated synergies from the Altice Acquisition are subject to a number of assumptions about the timing, execution and costs associated with realizing the synergies. There can be no assurance that such assumptions are correct and, as a result, the amount of synergies that are actually realized over time may differ significantly from the ones that Altice currently estimates. We may not be successful in integrating into the Altice Group as currently anticipated which may have a material adverse effect on our business and operations.

The integration of Cequel Corporation into the Altice Group could result in operating difficulties and other adverse consequences.

The integration of Cequel Corporation as anticipated into the Altice Group may create unforeseen operating difficulties and expenditures and pose significant management, administrative and financial challenges to our business. These challenges include:

- integration of Cequel Corporation and Cablevision Systems Corporation into the Altice Group's current structure in a cost effective manner, including management information and financial control systems, marketing, branding, customer service and product offerings;
- outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the Altice Acquisition;
- integration of different company and management cultures; and
- retention, hiring and training of key personnel.

In such circumstances, the failure to effectively integrate Cequel Corporation into the Altice Group could have a material adverse effect on our financial condition and results of operations.

Moreover, the Altice Acquisition and the acquisition of Cablevision Systems Corporation has required, and will likely continue to require, substantial amounts of certain of our management's time and focus, which could potentially affect their ability to operate our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal physical assets consist of cable operating plant and equipment, including signal receiving, encoding and decoding devices, headend facilities, fiber optic transport networks, coaxial and distribution systems and equipment at or near customers' homes or places of business for each of the systems. The signal receiving apparatus typically includes a tower, antenna, ancillary electronic equipment and earth stations for reception of satellite signals. Headend facilities are located near the receiving devices. Our distribution system consists primarily of coaxial and fiber optic cables and related electronic equipment. Customer premise equipment consists of set-top devices, cable modems, wireless devices and media terminal adapters for telephone. Our cable plant and related equipment generally are attached to utility poles under pole rental agreements with local public utilities; although in some areas the distribution cable is buried in underground ducts or trenches. The physical components of the cable systems require maintenance and periodic upgrading to improve system performance and capacity. In addition, we operate a network operations center that monitors our network 24 hours a day, seven days a week, helping to ensure a high quality of service and reliability for both our residential and commercial customers.

We own or lease the real property housing our regional call centers, corporate facilities, business offices and warehouses throughout our operating areas. Our headend facilities and signal reception sites are located on owned and leased parcels of land. We own most of our service vehicles. We believe that our properties, both owned and leased, are in good condition and are suitable and adequate for our operations.

ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings

Patent Litigation

From time to time, the Company receives notices from third parties and, in some cases, is party to litigation alleging that certain of the Company's services or technologies infringe the intellectual property rights of others. Other industry participants are also defendants in certain of these cases, and, in certain of these cases, we expect that any potential liability would be in part or in whole the responsibility of our equipment and technology vendors pursuant to applicable contractual indemnification provisions. Claims of intellectual property infringement could require Suddenlink to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability, modify certain products and services we offer to our customers or be enjoined preliminarily or permanently from further use of the intellectual property in question. In addition, certain agreements entered into by the Company may require it to indemnify the other party for certain third-party intellectual property infringement claims, which could increase the Company's damages and its costs of defending against such claims. We intend to defend these claims vigorously, but can give no assurance that any adverse outcome would not be material to our consolidated financial condition, results of operations, or liquidity. Whether or not we ultimately prevail in any particular lawsuit or claim, litigation can be time consuming and costly and injure our reputation.

Other Proceedings

From time to time, the Company is involved in other litigation and regulatory proceedings arising in the ordinary course of conducting our business. Although the ultimate outcome of these other proceedings cannot be predicted, Management believes that the Company is not currently a party to any other legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect its business, financial position, results of operations or liquidity. Whether or not we ultimately prevail in any particular lawsuit or claim, litigation can be time consuming and costly and injure our reputation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no public trading market for Cequel's common equity securities, all of which are held by Cequel Holdings.

ITEM 6. SELECTED FINANCIAL DATA

The information in the following table should be read together with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes included in Item 8. "Financial Statements and Supplementary Data". The following selected financial historical financial data have been derived from our audited consolidated financial statements.

On December 21, 2015, Altice S.A. acquired approximately 70% of the total outstanding equity interests in Cequel Corporation. Combined results for 2015 include the accounts of Cequel and its subsidiaries for the period from January 1, 2015 through December 20, 2015 ("Predecessor"), and of Cequel and its subsidiaries for the period from December 21, 2015 through December 31, 2015 ("Successor"). We believe the combined results of operations for the twelve months ended December 31, 2015 provide management and investors with a more meaningful perspective on our ongoing financial and operational performance and trends than if we did not combine the results of operations of the Predecessor and the Successor in this manner.

The following table details selected historical financial data for the years ended December 31, 2015, 2014, 2013, 2012 and 2011.

(dollars in thousands)	2015 Combined (1)	2015 Successor	2015 Predecessor	2014 Predecessor	2013 Predecessor	2012 Predecessor	2011 Predecessor
Statement of Operations Data (1):							
Revenue	$ 2,420,312	$ 72,943	$ 2,347,369	$ 2,330,697	$ 2,183,301	$ 2,054,784	$ 1,900,736
Costs and expenses:							
Operating (excluding depreciation and amortization)	898,894	26,586	872,308	930,085	877,386	839,836	788,775
Selling, general and administrative	915,251	39,161	876,090	543,377	481,846	409,227	407,409
Depreciation and amortization	555,094	23,533	531,561	594,459	635,754	432,206	415,486
Loss/(gain) on disposal of cable assets	1,837	41	1,796	4,277	3,647	1,416	(736)
Total costs and expenses	2,371,076	89,321	2,281,755	2,072,198	1,998,633	1,728,730	1,610,934
Income from operations	49,236	(16,378)	65,614	258,499	184,668	326,054	289,802
Interest expense, net	(248,032)	(10,707)	(237,325)	(230,156)	(243,270)	(287,002)	(297,194)
Loss on termination of derivative instruments	—	—	—	—	—	(6,565)	—
Loss on extinguishment of debt	—	—	—	—	(6,525)	(33,147)	—
(Loss)/income before income taxes	(198,796)	(27,085)	(171,711)	28,343	(65,127)	(46,705)	(7,392)
(Provision)/benefit for income taxes	(28,257)	9,969	(38,226)	(8,861)	16,691	3,428	(7,585)
Net (loss)/income	$ (227,053)	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)	$ (43,277)	$ (14,977)
Balance Sheet Data:							
Cash	$ 80,456	$ 80,456	—	$ 146,922	$ 192,014	$ 208,482	$ 128,663
Total assets (2)	$ 10,697,053	$ 10,697,053	—	$ 7,138,319	$ 7,305,654	$ 7,555,426	$ 4,082,554
Long-term debt	$ 6,159,192	$ 6,159,192	—	$ 5,092,010	$ 4,751,861	$ 4,915,262	$ 3,786,729
Other Data (1):							
Cash interest expense (3)	$ 248,119	$ 9,362	$ 238,757	$ 233,193	$ 252,394	$ 282,229	$ 287,074
Capital expenditures (4)	$ 478,446	$ 478,446	$ 447,864	$ 420,605	$ 359,307	$ 354,964	$ 365,644
Contribution from parent	$ 21,437	$ —	$ 21,437	$ —	$ —	$ —	$ —
Distribution to parent	$ 247,000	$ —	$ (247,000)	$ 600,000	$ 64,600	$ 960,001	$ 491,849
Adjusted EBITDA (5)	$ 893,858	$ 7,196	$ 886,662	$ 887,916	$ 839,555	$ 763,020	$ 706,658

(1) Combined results for 2015 include the accounts of Predecessor and Successor.

(2) Total assets for 2015 includes adjustments made in 2015 related to the Altice Acquisition (see Footnote 4 of the accompanying consolidated financial statements).

(3) Cash interest expense is defined as interest expense, net, less interest income, less amortization of deferred financing fees and payment-in-kind interest.

(4) Capital expenditures for the Predecessor year ended December 31, 2011 includes an adjustment of $2.4 million to include cash inflows related to the increase in accounts payable and accrued expenses related to capital expenditures from the Predecessor year ended December 31, 2010 (not presented) to the Predecessor year ended December 31, 2011.

(5) Adjusted EBITDA, as used herein, is a non-GAAP measure that is defined as net loss plus interest expense, provision for income taxes, depreciation, amortization, non-cash share based compensation expense, (gain)/loss on disposal of cable assets, loss on swap contract termination, loss on extinguishment of debt and other expenses. Certain financial covenants in the Credit Facility contain ratios based on a similar calculation of Adjusted EBITDA and the restricted payment and debt incurrence covenants in the Indentures are based on a similar calculation of Adjusted EBITDA. Adjusted EBITDA for purposes of the Credit Facility and the Indentures differs from what is presented herein as such definitions in those documents permit us to exclude certain non-recurring costs and expenses and include interest income and the pro forma results of certain acquisitions and dispositions, among other things. Adjusted EBITDA for purposes of the Credit Facility and the Indentures for the years ended December 31, 2015, 2014 and 2013 was approximately $977.5 million, $905.0 million, and $847.8 million, respectively. We believe that Adjusted EBITDA may be useful for investors in assessing our operating performance and our ability to meet our debt services requirements. Adjusted EBITDA, as used herein, is not necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with generally accepted accounting principles in the United States (“GAAP”).

A reconciliation of net (loss)/income to Adjusted EBITDA is provided below:

(dollars in thousands)	Year Ended December 31,						
	Combined 2015 (a)	**Successor 2015**	**Predecessor 2015**	**Predecessor 2014**	**Predecessor 2013**	**Predecessor 2012**	**Predecessor 2011**
Reconciliation of net loss to Adjusted EBITDA							
Net (loss)/income	$ (227,053)	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)	$ (43,277)	$ (14,977)
Add back:							
Interest expense, net	248,032	10,707	237,325	230,156	243,270	287,002	297,194
Provision/(benefit) for income taxes	28,257	(9,969)	38,226	8,861	(16,691)	(3,428)	7,585
Depreciation and amortization	555,094	23,533	531,561	594,459	635,754	478,251	415,486
Non-cash share based compensation	287,691	—	287,691	30,681	15,486	3,344	2,106
Loss/(gain) on disposal of cable assets	1,837	41	1,796	4,277	3,647	1,416	(736)
Loss on termination of derivative instruments	—	—	—	—	—	6,565	—
Loss on extinguishment of debt	—	—	—	—	6,525	33,147	—
Adjusted EBITDA	893,858	7,196	886,662	887,916	839,555	763,020	706,658

(a) Combined results for 2015 include the accounts of Predecessor and Successor.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to the "Risk Factors" in Item 1A for a discussion of important factors that could cause actual results to differ from expectations and any of our forward-looking statements contained herein. The following discussion should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2015, 2014 and 2013.

The Altice Acquisition

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law ("Altice"), as successor in interest to Altice S.A., certain other direct or indirect wholly-owned subsidiaries of Altice (the "Purchasers"), acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Altice Acquisition") from the direct and indirect stockholders of Cequel Corporation (the "Sellers"). Prior to the date hereof, Cequel Corporation was directly or indirectly owned by investment funds advised by BC Partners Limited ("BCP"), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), and IW4MK Carry Partnership LP (the "Management Holder" and together with the Sponsors, the "Stockholders"). The consideration for the acquired equity interests was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132.0 million, which includes $2,956.4 million of cash consideration, $675.6 million of retained equity held by the Sponsors and $500 million funded by the issuance by an affiliate of Altice of a senior vendor note that is subscribed by the Sponsors. Following the closing of the Altice Acquisition, the Sponsors retained equity interests in Cequel Corporation representing, in the aggregate, 30% of Cequel Corporation's outstanding capital stock on a post-closing basis. In addition, the carry interest plans of the Stockholders were cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such carry interest plans, including certain officers and directors of Cequel and Cequel Corporation.

In connection with the Altice Acquisition, on June 12, 2015, affiliates of Altice issued (i) $320 million principal amount of senior holdco notes due 2025 (the "Holdco Notes"), (ii) $300 million principal amount of senior notes due 2025 (the "2025 Senior Notes") and (iii) $1.1 billion principal amount of senior secured notes due 2023 (the "Senior Secured Notes"), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Altice Acquisition. The Holdco Notes were issued by Altice US Finance S.A. (the "Holdco Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 98.275%. The 2025 Senior Notes were issued by Altice US Finance II Corporation (the "Senior Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. The Senior Secured Notes were issued by Altice US Finance I Corporation (the "Senior Secured Notes Issuer"), an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Holdco Notes, the 2025 Senior Notes and the Senior Secured Notes is payable semi-annually on January 15 and July 15. The Holdco Notes will automatically exchange into an equal aggregate principal amount of 2025 Senior Notes once the 2025 Senior Notes Issuer builds sufficient restricted payment capacity and the ability to incur additional indebtedness in excess of the aggregate amount of the Holdco Notes. Following the consummation of the Altice Acquisition and related transactions, (i) the indirect parent of the Holdco Notes Issuer owned 70% of Cequel Corporation, (ii) the 2025 Senior Notes Issuer merged into Cequel, the Senior Notes became the obligations of Cequel and Cequel Capital Corporation became the co-issuer of the 2025 Senior Notes, and (iii) the equity interests in the Senior Secured Notes Issuer were contributed through one or more intermediary steps to Suddenlink, and the Senior Secured Notes were guaranteed by Cequel Communications Holdings II LLC, Suddenlink and certain of the subsidiaries of Suddenlink and are secured by certain assets of Cequel Communications Holdings II LLC, Suddenlink and its subsidiaries.

In connection with the Altice Acquisition, we received consent from holders of the 2020 Notes to, among other things, waive any obligation that the Issuers may have under the 2020 Indenture to repurchase the 2020 Notes as a result of the consummation of the Altice Acquisition and make certain related changes to the 2020 Indenture (the "Indenture Amendments"), and the Issuers entered into a first supplemental indenture to the 2020 Indenture with U.S. Bank National Association, as trustee (the "First Supplemental Indenture"), containing the Indenture Amendments. In exchange for this consent, we paid holders who consented to these amendments an aggregate fee of approximately $26.3 million at the closing of the Altice Acquisition, at which time the Indenture Amendments become effective.

In connection with the Altice Acquisition, we received consent from lenders under the credit and guaranty agreement, dated February 14, 2012, entered into by Cequel Communications, LLC, Cequel Communications Holdings II, LLC, certain subsidiaries of Cequel Communications, LLC and a syndicate of lenders, as amended, which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and a $500.0 million revolving credit facility (collectively, the "Existing Credit Facility"), to amend the definition of change of control and certain other related definitions therein so that the consummation of the Altice Acquisition did not constitute a change of control and corresponding event of default thereunder (the "Existing Credit Facility Amendments"), and we entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Credit Facility Amendments. In exchange for this consent, we paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

In addition, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility and (b) approximately $815.4 million of loans under the existing term loan facility under the Existing Credit Facility consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Credit Facility into loans and commitments of the same amount under a new credit facility (the "New Credit Facility") made available to Altice US Finance I Corporation effective upon the consummation of the Altice Acquisition (the "Roll Consents"). The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Altice Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility that lenders have elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, formed a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

Overview

We are the seventh largest cable system operator in the United States, making our services available over our advanced hybrid-fiber coaxial network to approximately 3.21 million homes in the United States as of December 31, 2015. We support the information, communication and entertainment demands of approximately 1,467,000 customers as of December 31, 2015. Our customer base is clustered geographically with approximately 96% of our customers located in the ten states of Texas, West Virginia, Louisiana, Arkansas, North Carolina, Oklahoma, Arizona, California, Missouri and Ohio, and 91% of our customers located within our top 20 primary systems.

We believe we are the leading integrated communications provider in our coverage areas, serving approximately 1,092,800 basic video customers as of December 31, 2015. Our cable video services include traditional basic and digital video service and, in most areas, advanced digital video services such as video on demand ("VOD"), high definition television ("HDTV") and both TiVo and traditional digital video recorders ("DVRs"). Approximately 880,000 of our basic video customers were also digital video customers. As of December 31, 2015, we provided high speed Internet services to approximately 1,223,100 residential high-speed Internet customers, provided telephone services to approximately 576,500 residential telephone customers, and provided home automation and security services to 21,600 home automation and security customers. In addition to residential subscription services, we provide high-speed Internet and telephone services, and a variety of other services such as cell tower backhaul, last mile Ethernet, Primary Rate Interface ("PRI") and regional transport services, to commercial and carrier customers and sell advertising inventory to a variety of local, regional and national customers.

As of December 31, 2015, we served approximately 3,772,400 revenue generating units ("RGUs") and 2,892,400 primary service units ("PSUs"), representing an increase of 1.8% and 2.0%, respectively, over the prior year. In addition, as of December 31, 2015, we served approximately 72,300 commercial high-speed data and 47,500 commercial telephone customers, not included in our RGU or PSU totals. Including commercial customers, our RGUs increased 2.1% and our PSUs increased 2.5% over the prior year.

We reported net losses of $17.1 million and $209.9 million for the Successor period from December 21, 2015 through December 31, 2015 and the Predecessor period from December 1, 2015 through December 20, 2015, respectively, net income of $19.5 million for the Predecessor year ended December 31, 2014, and a net loss of $48.4 million for the Predecessor year ended December 31, 2013.

As of December 31, 2015, we had approximately $7.02 billion of indefinite lived intangible assets, including goodwill of $2.04 billion and franchise rights of $4.98 billion on our consolidated balance sheets. These intangible assets represented approximately 66% of our total assets. Accounting guidance for intangible assets requires that goodwill and other intangible assets deemed to have indefinite useful lives, such as cable franchise rights, should not be amortized but instead are tested at least annually for impairment.

Our business is subject to extensive governmental legislation and regulation. Such regulation has led to increases in our operational and administrative expenses. In addition, our business could be dramatically impacted by changes to the existing regulatory framework, whether triggered by legislative, administrative or judicial rulings.

Acquisition and Divestiture Activity

We continue to evaluate and selectively pursue acquisitions that we believe will add value to our existing residential and commercial business. Our strategy focuses on residential opportunities that either build upon our existing clusters or are large enough to form a new cluster of systems, and, in each case, enable us to achieve strong financial performance across our systems. Our pursuit of acquisitions may include participation in competitive bidding processes, some of which may involve significant cable systems. We also evaluate opportunities to expand our commercial business in areas that may not be limited to our existing residential footprint.

On January 2, 2014, we acquired three cable systems from Northland Communications ("Northland") for approximately $40.6 million using cash on hand (the "Northland Acquisition"). The cable systems involved in the Northland Acquisition serve nearly 12,000 residential and more than 500 commercial customers and are located in Texas near our existing markets, which allowed efficient integration with our existing systems.

On October 1, 2014, the Company acquired two cable systems in Nevada from NewWave Communications ("New Wave") for $6.1 million, using cash on hand (the "New Wave Acquisition"). The cable systems involved in the New Wave Acquisition serve nearly 3,000 residential and less than 100 commercial customers and are located in Nevada near our existing markets, which allowed efficient integration with our existing systems.

Revenues

Video service, our largest service in terms of revenues generated, decreased 1.9% in 2015 and grew 1.6% in 2014, and represented approximately 47.2%, 49.9% and 52.5% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively. Video service revenues primarily represent monthly subscription fees charged to residential and commercial customers for our basic, digital and premium programming services, pay-per-view and VOD charges, converter rental revenues and certain recurring fees passed through to our residential and commercial customers, including franchise fees and broadcast retransmission fees. Although providing video services is a competitive and highly penetrated business, we expect to continue to increase video revenues through the offering of advanced digital video services to meet increasing demand, as well as through video price increases, which we expect to be offset in part by decreasing demand for basic video services.

High-speed Internet services grew 16.6% in 2015 and grew 16.9% in 2014, and represented approximately 36.1%, 32.1% and 29.3% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively. High-speed Internet service revenue is comprised of residential and commercial revenues. Residential high-speed Internet service revenues primarily represent monthly fees charged to residential customers for our high-speed Internet services, including equipment rental and in-home Wi-Fi services. Commercial high-speed data service revenues primarily represent monthly fees charged to small to medium sized commercial establishments for our high-speed data services, including equipment rental, and fees charged to medium to large sized businesses for our broadband service via fiber optic connections and fees charged to carriers for cell tower backhaul. We expect continued growth in residential and commercial high-speed data customers and revenues for the foreseeable future as the demand for these services continues to increase. However, the rate of growth of residential and commercial customers and revenues is expected to slow over time as high-speed Internet services become increasingly penetrated.

Telephone services grew 1.4% in 2015 and grew 2.3% in 2014, and represented approximately 8.6%, 8.8% and 9.2% of our total revenues for each of the years ended December 31, 2015, 2014 and 2013, respectively. Telephone service revenues primarily represent monthly fees charged to residential and commercial customers, including telephone regulatory fees. We expect increases in both residential and commercial telephone customers for the foreseeable future as the demand for these services continues to increase. However, the rate of growth of residential and commercial customers and service revenues is expected to slow over time as our telephone services become increasingly penetrated and as an increasing number of homes in the U.S. replace their traditional telephone service with wireless telephone service.

We generate revenues from selling advertising time to national, regional and local customers. As part of the agreements under which we acquire video programming, we typically receive an allocation of scheduled advertising time during such programming (generally two minutes per hour) into which our systems can insert commercials, subject, in some instances, to certain subject matter limitations. We also offer advanced advertising technologies to our customers, including interactive TV advertising, and online advertising, including display and pre-roll video, on thousands of the most popular websites. Advertising revenues, which represented approximately 3.6%, 4.3% and 4.1% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively, is cyclical, benefiting in years that include political elections as a result of political candidate and issue-related advertising.

Other revenues include equipment sales, installation charges, wire maintenance charges, security revenues and other miscellaneous revenue streams, and represented approximately 4.6%, 4.8% and 4.9% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively.

Operating Costs and Expenses

Our significant operating expenses include: video programming costs; employee expenses related to wages and benefits of technical personnel who maintain our cable network, perform customer installation activities and provide customer support; high-speed Internet costs, including costs of bandwidth connectivity and customer provisioning; telephone service costs, including delivery and other expenses; and field operating costs, including outside contractors, vehicle, utilities and pole rental expenses. Our significant selling, general and administrative expenses include: wages and benefits for our call centers, customer service and support and administrative personnel; marketing; franchise fees and taxes; bad debt and collections expenses; billing; advertising; and facilities costs.

Viacom Contract

We were unable to reach agreement with Viacom on acceptable economic terms for a long-term programming contract renewal, and effective October 1, 2014, all Viacom networks were removed from our channel lineups, and we launched alternative networks offered by other programmers under new long-term contracts.

Operation Reliant

Under a multi-year agreement that expired in December 2014, a third-party provider performed certain functions and services necessary to provide our telephone service, such as carrying traffic to and from destinations outside our network via the public switched telephone network, delivering E911 service and assisting in local number portability and long-distance traffic carriage. In March 2013, we began “Operation Reliant,” an initiative to replace our use of the third-party provider with our own internal platform and resources. The majority of the migration activity relating to Operation Reliant began in the third quarter of 2014, and we substantially migrated all residential and commercial lines by the end of 2014. We significantly reduced telephone operating expenses upon completion of Operation Reliant.

Operation GigaSpeed

Starting in the second half of 2014 and extending through 2017, we expect to invest up to $230 million of capital expenditures to significantly enhance our Internet speeds in markets serving 94% of our high-speed Internet customers and ultimately position our network to offer speeds of up to 1 Gbps in markets serving nearly 85% of our high-speed Internet customers. Internally known as "Operation GigaSpeed," this initiative will include expenditures to upgrade data network headend equipment, replace any remaining deployed Data over Cable Service Interface Specification (“DOCSIS”) 2.0 customer premises equipment with DOCSIS 3.0 equipment, and complete our all-digital video conversion that began with Project Imagine, our three year bandwidth expansion plan that was completed in 2012. We expect to complete these enhancements in a phased, market-by-market approach, focusing first on our largest and most competitive markets. Once fully phased in, the plan calls for our flagship Internet speed to increase from 15 to 200 Mbps and our top Internet speed to increase from over 100 Mbps to 1 Gbps in a vast majority of our markets. We completed the initial phases of Operation GigaSpeed in 112 markets, which serve over 90% of our residential high-speed Internet customers. Those investments allowed us to increase the flagship Internet speed from 15 Mbps to 50 Mbps and to increase our top Internet speed to up to 150 Mbps in those markets, with top speeds in 28 markets increasing to 1 Gbps, which serve approximately 50% of our residential high-speed Internet customers. For the year ended December 31, 2015, we spent approximately $81.3 million of capital expenditures related to Operation GigaSpeed. Since the inception of Operation GigaSpeed, we have incurred $116.5 million in capital expenditures related to this initiative.

Customer Information

During 2015, we added 57,200 PSUs, representing 2.0% growth, from December 31, 2014, which is primarily due to growth in residential high-speed Internet and residential telephone customers as a result of continued increases in demand for these services, offset by a decline of 45,600 basic video customers as a result of declining demand for basic video services and the removal of Viacom programming from our channel lineup. Including commercial, we added approximately 73,300 PSUs in 2015, representing 2.5% growth from December 31, 2014, reflecting growth in commercial data and commercial telephone customers resulting from increased market share in those areas.

We added approximately 65,300 RGUs in 2015, representing 1.8% growth from December 31, 2014, which is primarily due to growth in residential high-speed Internet customers as discussed above, as well as growth in digital video customers as a result of increasing demand for these services, offset in part by a decline in basic video customers as discussed above. Including commercial, we added approximately 81,400 RGUs in 2015, representing 2.1% growth from December 31, 2014, reflecting growth in commercial data and commercial telephone customers as discussed above.

The following table provides an overview of selected customer data for our cable systems for the time periods specified:

Customer Counts	Approximate as of			Growth Rates	
	December 31, 2015	December 31, 2014 (11)	December 31, 2013	December 31, 2015	December 31, 2014
Basic video customers (1)	1,092,800	1,138,400	1,177,400	(4.0%)	(3.3%)
Residential high-speed Internet customers (2)	1,223,100	1,149,100	1,059,500	6.4%	8.5%
Residential telephone customers (3)	576,500	547,700	513,300	5.3%	6.7%
Total PSUs (4)	2,892,400	2,835,200	2,750,200	2.0%	3.1%
Digital video customers (5)	880,000	871,900	868,700	0.9%	0.4%
Total RGUs (6)	3,772,400	3,707,100	3,618,900	1.8%	2.4%
Commercial data (7)	72,300	63,700	57,300	13.5%	11.2%
Commercial telephone (8)	47,500	40,000	31,800	18.8%	25.8%
Total PSUs, including commercial (9)	3,012,200	2,938,900	2,839,300	2.5%	3.5%
Total RGUs, including commercial (10)	3,892,200	3,810,800	3,708,000	2.1%	2.8%

Net (Loss)/Gain	Approximate as of December 31,		
	2015	2014 (11)	2013
Basic video customers	(45,600)	(39,000)	(33,800)
Residential high-speed Internet customers	74,000	89,600	57,400
Residential telephone customers	28,800	34,400	41,600
Total PSUs	57,200	85,000	65,200
Digital video customers	8,100	3,200	31,200
Total RGUs	65,300	88,200	96,400
Commercial data	8,600	6,400	5,400
Commercial telephone	7,500	8,200	7,700
Total PSUs, including commercial	73,300	99,600	78,300
Total RGUs, including commercial	81,400	102,800	109,500

(1) 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.

(2) Residential high-speed Internet customers include all residential customers who subscribe to our high-speed Internet service. Excluded from these totals are all commercial high-speed data customers, including small and medium sized commercial cable modem accounts, customers who take our broadband service optically, via fiber connections, and customers who receive our services via bulk Ethernet.

(3) 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.

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

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

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

(7) 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. Excluded from these totals are all customers who receive our services via bulk Ethernet.

(8) Commercial telephone customers are commercial accounts that subscribe to our telephone service, and on average have 2.7, 2.8 and 2.8 telephone lines per customer as of December 31, 2015, 2014 and 2013, respectively.

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

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

(11) Includes a total of approximately 10,300 basic video, 10,600 residential high-speed Internet, 2,400 residential telephone, 4,100 digital video, 400 commercial data and 200 commercial telephone customers acquired from Northland and New Wave in 2014.

Residential Customer Relationships

In a continued effort to grow our customer relationships and diversify our sources of revenue, we added approximately 39,800 residential customer relationships in 2015, representing 2.8% growth from December 31, 2014. We also added 81,800 non-video customers, representing 21.8% growth over the prior year, offset in part by video customer losses. In addition, while our total bundled penetration decreased from 64.8% as of December 31, 2014 to 63.6% as of December 31, 2015, our net gain of 13,900 triple play customers in 2015 represents our continued effort to provide multiple services to our customers.

The following table presents selected statistical data regarding our residential customer relationships, excluding EBUs, and residential double play and triple play customers for the periods specified:

	Approximate as of December 31,		
Residential Customer Relationships:	**2015**	**2014 (9)**	**2013**
	(in thousands, except percentages)		
Customer relationships (1)	1,467,000	1,427,200	1,380,700
Double play (2)	521,600	528,400	536,900
Double play penetration (3)	35.6%	37.0%	38.9%
Triple play (4)	410,700	396,800	374,400
Triple play penetration (5)	28.0%	27.8%	27.1%
Total bundled penetration (6)	63.6%	64.8%	66.0%
Non-video customer relationships (7)	456,600	374,800	287,200
Non-video as a % of total customer relationships (8)	31.1%	26.3%	20.8%

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

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

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

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

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

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

(7) Non-video customer relationships represent 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.

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

(9) Includes approximately 14,600 total customer relationships, 4,700 double play relationships, and 1,500 triple play relationships acquired from Northland and New Wave in 2014.

Commercial Customer Relationships

During 2015, we added 8,400 total commercial customer relationships, representing growth of 9.3% from the prior year. In addition, we added 5,100 double play customers and 1,600 triple play customers, and we increased our total bundled penetration from 48.6% as of December 31, 2014 to 51.3% as of December 31, 2015, reflecting our continued success with our sales channels and bundle offers in the commercial market.

The following table presents selected statistical data regarding our commercial customer relationships and commercial double play and triple play customers for the periods specified:

	Approximate as of December 31,		
Commercial Customer Relationships:	**2015**	**2014 (7)**	**2013**
	(in thousands, except percentages)		
Customer relationships (1)	98,300	89,900	83,200
Double play (2)	37,300	32,200	28,000
Double play penetration (3)	37.9%	35.8%	33.7%
Triple play (4)	13,100	11,500	8,900
Triple play penetration (5)	13.3%	12.8%	10.7%
Total bundled penetration (6)	51.3%	48.6%	44.4%

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

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

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

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

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

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

(7) Includes approximately 500 total customer relationships, 200 double play relationships and less than 100 triple play relationships acquired from Northland and New Wave in 2014.

Results of Operations

The following discussion provides an analysis of our results of operations and should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

The following table sets forth our consolidated statements of operations and the percentages of revenue that each item constituted for the periods presented (dollars in thousands):

	Year Ended December 31,						Growth Rates	
	Combined 2015	% of Revenue	Predecessor 2014	% of Revenue	Predecessor 2013	% of Revenue	2015	2014
Revenue	$ 2,420,312	100.0%	$ 2,330,697	100.0%	$ 2,183,301	100.0%	3.8 %	6.8 %
Costs and expenses:								
Operating (excluding depreciation and amortization)	898,894	37.1%	930,085	39.9%	877,386	40.2%	(3.4)%	6.0 %
Selling, general and administrative	915,251	37.8%	543,377	23.3%	481,846	22.1%	68.4 %	12.8 %
Depreciation and amortization	555,094	22.9%	594,459	25.5%	635,754	29.1%	(6.6)%	(6.5)%
Loss on disposal of cable assets	1,837	0.1%	4,277	0.2%	3,647	0.2%	(57.0)%	17.3 %
Total costs and expenses	2,371,076	98.0%	2,072,198	88.9%	1,998,633	91.5%	14.4 %	3.7 %
Income from operations	49,236	2.0%	258,499	11.1%	184,668	8.5%	(81.0)%	40.0 %
Interest expense, net	(248,032)		(230,156)		(243,270)		(7.8)%	5.4 %
Loss on extinguishment of debt	—		—		(6,525)		— %	100.0 %
(Loss)/income before income taxes	(198,796)		28,343		(65,127)		(801.4)%	143.5 %
(Provision)/benefit for income taxes	(28,257)		(8,861)		16,691		218.9 %	(153.1)%
Net (loss)/income	$ (227,053)		$ 19,482		$ (48,436)		(1,265.5)%	140.2 %

Revenue. Total revenue rose $89.6 million, or 3.8% in the year ended December 31, 2015 as compared to 2014, and grew $147.4 million, or 6.8%, in the year ended December 31, 2014 as compared to 2013, $15.3 million of which was attributable to asset acquisitions. Revenue growth primarily reflects increases in residential high-speed Internet and telephone customers during the trailing twelve months; growth in commercial high-speed data and telephone customers, including carrier customers, during the trailing twelve months; the impact of video rate increases; customers subscribing to higher level Internet services; and incremental revenues from DVR and HDTV services as more customers purchased advanced video services from us. These increases were offset by a decrease in basic and digital video customers during the trailing twelve months; the impact of bundling and promotional discounts; decreases in premium, pay-per-view and video on-demand services and digital customers purchasing fewer digital tiers of service during the trailing twelve months. Further discussion of changes in revenue by service offering is included below.

Average monthly revenue was as follows for the periods presented:

	Year Ended December 31,			Growth Rates	
	2015	2014	2013	2015	2014
Total Revenue per Basic Video Customer (a)	$ 182.47	$ 165.90	$ 152.24	10.0%	9.0 %
Residential Revenue per Residential Customer Relationship (b)	$ 112.85	$ 111.77	$ 109.00	1.0%	2.5 %
Total Revenue per Customer Relationship (c)	$ 130.81	$ 129.45	$ 130.79	1.1%	(1.0)%

(a) Total revenue per basic video customer represents total revenue, divided by the number of months in the respective period, divided by the average number of basic video customers, including EBUs, during the respective period.

(b) Residential revenue per residential customer relationship represents total residential revenue, divided by the number of months in the respective period, divided by the average number of residential customer relationships during the respective period.

(c) Total revenue per customer relationship represents total revenue, divided by the number of months in the respective period, divided by the average number of total customer relationships during the respective period.

Revenue by service offering and the percentages of revenue that each item constituted was as follows for the periods presented (dollars in thousands):

	Year Ended December 31,									
	Combined 2015		Predecessor 2014		Predecessor 2013		2015 vs. 2014		2014 vs. 2013	
	Revenues	% of Revenues	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change	Change	% Change
Video	$ 1,141,408	47.2%	$1,163,892	49.9%	$ 1,145,882	52.5%	$(22,484)	(1.9)%	$ 18,010	1.6%
High-speed Internet	873,303	36.1%	748,842	32.1%	640,576	29.3%	124,461	16.6 %	108,266	16.9%
Telephone	207,586	8.6%	204,693	8.8%	200,032	9.2%	2,893	1.4 %	4,661	2.3%
Advertising sales	87,666	3.6%	101,197	4.3%	88,798	4.1%	(13,531)	(13.4)%	12,399	14.0%
Other	110,349	4.6%	112,073	4.8%	108,013	4.9%	(1,724)	(1.5)%	4,060	3.8%
Total revenues	$ 2,420,312	100.0%	$2,330,697	100.0%	$ 2,183,301	100.0%	$ 89,615	3.8 %	$147,396	6.8%

Video services revenues consist primarily of revenues from basic and digital video services provided to residential and commercial customers, as well as revenues from premium video services, pay-per-view services, VOD services, retransmission revenue, and converter rental revenue for high-definition HDTV and DVR capable digital converters. Video service revenues decreased $22.5 million, or 1.9%, in 2015 and increased $18.0 million, or 1.6%, in 2014. The changes in video revenues are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Decrease in basic video customers	$ (38.0)	$ (21.0)
Decrease in premium, pay-per-view and VOD purchases	(6.8)	(8.4)
(Decrease)/ Increase in digital video customers	(1.1)	2.6
Change in rates and impact of incremental video service level changes	14.0	19.2
Increase in HD/DVR service revenue	8.1	18.4
Acquisitions, net	1.3	7.2
Total	$ (22.5)	$ 18.0

High-speed Internet service revenues increased $124.5 million, or 16.6%, in 2015 and increased $108.3 million, or 16.9%, in 2014. The increases in high-speed Internet revenues are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Change in rates and impact of residential service level changes	$ 48.8	$ 35.3
Increase in residential high-speed Internet customers	35.1	31.6
Increase in residential home networking revenue	9.5	10.1
Increase in commercial high-speed Internet customers	15.7	12.2
Increase in commercial rates	5.9	4.7
Increase in commercial carrier services	8.7	7.7
Acquisitions, net	0.8	6.7
Total	$ 124.5	$ 108.3

Telephone service revenues grew $2.9 million, or 1.4%, in 2015 and grew $4.7 million, or 2.3%, in 2014. The increases in telephone revenues are attributable to the following (dollars in millions):

	2015 compared to 2014	2014 compared to 2013
Increase in residential telephone customers	$ 7.1	$ 13.0
Decrease in residential rates	(10.4)	(15.9)
Increase in commercial telephone customers	9.5	10.4
Decrease in commercial rates	(3.4)	(3.6)
Acquisitions, net	0.1	0.8
Total	$ 2.9	$ 4.7

Advertising revenues consist primarily of revenues from selling advertising inventory to commercial advertising customers, programmers and other vendors. Advertising revenues decreased $13.5 million, or 13.4%, in 2015, which was primarily a result of decreases in national political advertising sales, local ad sales, interconnect and local political advertising sales of $8.9 million, $2.0 million, $1.5 million and $1.3 million, respectively . In 2014, advertising revenues increased $12.4 million, or 14.0%. $0.7 million of the increase is related to asset acquisitions, and the remaining increase was primarily as a result of an increase in national and local political ad sales of $9.3 million and $1.7 million, respectively, and national advertising of $0.7 million.

Other revenues consist primarily of installation, security service, wire maintenance fees, tower construction management services, administrative fees and other miscellaneous revenues. Other revenues decreased $1.7 million, or 1.5%, in 2015, which was due primarily to a decrease in installation revenue, offset in part by an increase in tower construction management services and equipment sales revenues. In 2014, other revenues increased $4.1 million, or 3.8%. $0.7 million of the increase is related to asset acquisitions, and the remaining increase was primarily as a result of an increase in administrative fee revenue, revenues from our tower services business, installation revenue and state cost recovery fees.

Costs and expenses. Costs and expenses, including depreciation and amortization, as a percentage of revenues were 98.0%, 88.9% and 91.5% for the years ended December 31, 2015, 2014 and 2013, respectively. Total costs and expenses consist of the following:

Operating expenses (excluding depreciation and amortization)

Operating expenses (excluding depreciation and amortization) as a percentage of revenues were 37.1%, 39.9% and 40.2% for the years ended December 31, 2015, 2014 and 2013, respectively. The decrease in our operating costs and expenses (excluding depreciation and amortization) are attributable to the following (dollars in thousands):

	Year Ended December 31,						2015 vs. 2014		2014 vs. 2013	
	Combined 2015		Predecessor 2014		Predecessor 2013		Change	% Change	Change	% Change
Programming	$ 612,095	68.1%	$ 617,410	66.4%	$ 590,047	67.3%	$ (5,315)	(0.9)%	$ 27,363	4.6 %
High-speed Internet	55,736	6.2%	52,716	5.7%	51,858	5.9%	$ 3,020	5.7 %	$ 858	1.7 %
Telephone	27,757	3.1%	54,295	5.8%	57,901	6.6%	$ (26,538)	(48.9)%	$ (3,606)	(6.2)%
Plant and Operating	203,306	22.6%	205,664	22.1%	177,580	20.2%	$ (2,358)	(1.1)%	$ 28,084	15.8 %
Total	$ 898,894	100.0%	$ 930,085	100.0%	$ 877,386	100.0%	$ (31,191)	(3.4)%	$ 52,699	6.0 %

Programming costs consist primarily of costs paid to programmers for basic, digital, premium, video on demand and pay-per-view programming. Programming costs decreased $5.3 million, or 0.9%, for the year ended December 31, 2015, which is primarily as a result of a decreased number of video customers and the removal of Viacom programming from our channel line-up, offset in part by higher contractual rates charged by our programming and broadcast vendors and the costs of new channels launched. Programming costs increased $27.4 million, or 4.6%, for the year ended December 31, 2014. $4.2 million of the increase in 2014 is related to asset acquisitions. The remaining increase is primarily as a result of higher contractual rates charged by our programming and broadcast vendors, as well as an increased number of digital customers.

High-speed Internet costs primarily consist of costs for bandwidth connectivity. High-speed Internet costs increased $3.0 million, or 5.7%, and $0.9 million, or 1.7%, for each of the years ended December 31, 2015 and 2014, respectively. The increases in high-speed Internet costs were primarily driven by increases in circuit costs to support growth in our residential and commercial high-speed data business, but were offset in part by decreases in backbone costs and high-speed Internet content costs.

Telephone service costs, including delivery and other costs, decreased $26.5 million, or 48.9%, for the year ended December 31, 2015 and decreased $3.6 million, or 6.2%, for the year ended December 31, 2014, primarily as a result of the decrease in subscriber line costs associated with Operation Reliant.

Plant and operating costs consist primarily of employee costs related to wages and benefits of technical personnel who maintain our cable network and provide customer support, outside labor costs, vehicle, utilities and pole rental expenses. Plant and operating costs decreased $2.4 million, or 1.1%, and increased $28.1 million, or 15.8%, for each of the years ended December 31, 2015 and 2014, respectively. $15.2 million of the decrease in 2015 is related to a decrease in costs associated with Operation Reliant, offset in part by the impact of annual salary increases. $12.6 million of the increase in 2014 is related to migration costs associated with Operation Reliant, and $1.6 million of the increase is related to asset acquisitions. The remaining increase of $13.9 million is primarily as a result of headcount additions, the impact of annual salary increases and increased overtime levels, an increase in technical costs, and an increase in contract labor.

Selling, general and administrative expenses

Selling, general and administrative expenses as a percentage of revenues were 37.8%, 23.3% and 22.1% for years ended December 31, 2015, 2014 and 2013, respectively. The increase in our selling, general and administrative expenses are attributable to the following (dollars in thousands):

	Year Ended December 31,						2015 vs. 2014		2014 vs. 2013	
	Combined 2015		Predecessor 2014		Predecessor 2013		Change	% Change	Change	% Change
General and administrative	$ 695,784	76.0%	$ 393,135	72.4%	$ 348,537	72.3%	$302,649	77.0%	$ 44,598	12.8%
Marketing and sales	98,420	10.8%	91,237	16.8%	75,560	15.7%	$ 7,183	7.9%	$ 15,677	20.7%
Corporate overhead and management fees	121,047	13.2%	59,005	10.8%	57,749	12.0%	$ 62,042	105.1%	$ 1,256	2.2%
Total	$ 915,251	100.0%	$ 543,377	100.0%	$ 481,846	100.0%	$371,874	68.4%	$ 61,531	12.8%

General and administrative expenses consist primarily of wages and benefits for our call centers, customer service and support and administrative personnel; bad debt and collection expenses; billing; advertising; facilities costs; non-cash stock compensation expenses and other non-recurring expenses. General and administrative expenses increased $302.6 million, or 77.0%, and $44.6 million, or 12.8%, for each of the years ended December 31, 2015 and 2014, respectively. $257.0 million of the increase in 2015 was related to an increase in non-cash stock compensation expenses for the profits interest plan. The remaining increase was primarily as a result of $26.3 million of financing and other transaction expenses associated with the Altice Acquisition, as well as the impact of salary and commission and benefit expense increases, increases in consulting fees resulting from subscriber growth related initiatives and an increase in bad debt expense, offset in part by a decrease in advertising expense. $15.2 million of the increase in 2014 was related to an increase in non-cash stock compensation expenses for the profits interest plan. The remaining increase was primarily as a result of headcount additions and the impact of salary and commission and benefit expense increases, offset in part by a decrease in third party call center labor expenses and acquisition due diligence expenses.

Marketing and sales expenses primarily consist of wages and benefits for our sales force and costs for marketing and promotional materials. Marketing and sales expenses increased $7.2 million, or 7.9%, and $15.7 million, or 20.7%, for each of the years ended December 31, 2015 and 2014, respectively, primarily as a result of increases in direct mail advertising and e-marketing costs, as well as increases in salary and commission expense increases for our door to door sales force.

Corporate overhead and management fees primarily consist of wages and benefits for our corporate personnel, legal fees, accounting and audit fees and other corporate expenses, and transaction and acquisition due diligence expenses. Corporate overhead and management fees increased $62.0 million, or 105.1%, and increased $1.3 million, or 2.2%, for each of the years ended December 31, 2015 and 2014, respectively. Corporate overhead and management fees increased in 2015 primarily as a result of $58.0 million of costs related to the Altice Acquisition that did not occur in 2014, as well as increases in compensation and public relations expenses. The increase in 2014 was primarily as a result of increases in corporate wages and employee benefits, offset in part by a decrease in legal fees and acquisition due diligence expenses.

Depreciation and amortization

Depreciation and amortization decreased $39.4 million, or 6.6%, in 2015 and decreased $41.3 million, or 6.5%, in 2014. The decrease in 2015 was primarily as a result of decreased amortization expenses for customer relationships, as well as a decrease in depreciation resulting from assets being fully depreciated. The decrease in 2014 was largely as a result of decreased amortization expense for customer relationships, offset in part by increased depreciation resulting from increased capital expenditures associated with Operation GigaSpeed.

Income from Operations. Income from operations decreased $209.3 million, or 81.0%, in 2015 and increased $73.8 million, or 40.0%, in 2014. The decrease in 2015 is primarily as a result of increased non-cash stock compensation expense and costs associated with the Altice Acquisition, offset in part by revenue increases outpacing costs and expenses increases, and decreased amortization expense. The increase in 2014 is primarily as a result of revenue increases outpacing costs and expenses increases, as well as decreased amortization expense.

Interest Expense, net. Changes in net interest expense are attributable to the following:

	2015 compared to 2014	2014 compared to 2013
Decrease in effective interest rate from 4.80% to 4.79% and from 5.16% to 4.80%, respectively	$ (0.5)	$ (17.5)
Increase/(Decrease) in weighted average debt outstanding	15.4	(1.7)
Changes in amortization of debt issuance costs and deferred financing fees	3.0	6.1
	$ 17.9	$ (13.1)

Loss on Extinguishment of Debt. Loss on extinguishment of debt consists of the following for the years ended December 31, 2015, 2014 and 2013 (dollars in millions):

	Year ended December 31,		
	Combined 2015	Predecessor 2014	Predecessor 2013
2017 Notes repayments (1)	—	—	6.5
	$ —	$ —	$ 6.5

(1) See Footnote 10 of our consolidated financial statements for additional information.

Provision/Benefit for Income Taxes. We recorded an income tax provision of $28.3 million for the year ended December 31, 2015. The provision for current year taxes was materially impacted by the Texas Gross Margin tax of $4.6 million which is reflected in the total. The provision of $28.3 million is at an effective tax rate of (14.2)% for the year ended December 31, 2015, as compared to an income tax provision of $8.9 million for current and deferred income taxes at an effective tax rate of 31.3% for the year ended December 31, 2014, as compared to a benefit of income taxes of $16.7 million for current and deferred income taxes at an effective tax rate of 25.6% for the year ended December 31, 2013. The Company's annual effective tax rate differs significantly from the statutory tax rate primarily due to the impact of the permanent differences associated with the accounting for non-cash equity compensation expense relative to the Company's earnings before income taxes, which causes an inverse impact on the effective income tax percentage.

Net Loss/Income. As a result of the factors described above, we incurred a net loss of $227.1 million for the year ended December 31, 2015, net income of $19.5 million for the year ended December 31, 2014 and a net loss of $48.4 million for the year ended December 31, 2013.

Use of Adjusted EBITDA and Free Cash Flow

We use certain measures that are not defined by GAAP to evaluate various aspects of our business. Adjusted EBITDA and free cash flow are non-GAAP financial measures and should be considered in addition to, not as a substitute for, net income/(loss) and net cash flows from operating activities reported in accordance with GAAP. These terms, as defined by us, may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA and free cash flow are reconciled to net income/(loss) and net cash flows from operating activities, respectively, below.

Adjusted EBITDA is defined as net income/(loss) plus net interest expense, provision/(benefit) for income taxes, depreciation and amortization, non-cash share based compensation expense, (gain)/loss on disposal of cable assets, loss on termination of derivative instruments, loss on extinguishment of debt, and transaction fees and expenses related to the Acquisition. As such, it eliminates the significant non-cash depreciation and amortization expense that results from the capital-intensive nature of our businesses as well as other non-cash or special items, and is unaffected by our capital structure or investment activities. Adjusted EBITDA is used by management and board of directors to evaluate the performance of our business. However, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues and our cash cost of financing. Management evaluates these costs through other financial measures.

Free cash flow is defined as Adjusted EBITDA, less capital expenditures, plus or minus changes in accounts payable and accrued expenses related to capital expenditures, less cash interest expense.

We believe that Adjusted EBITDA and free cash flow provide information useful to investors in assessing our performance and our ability to service our debt, fund operations and make additional investments with internally generated funds. In addition, certain financial covenants in the Credit Facility contain ratios based on a similar calculation of Adjusted EBITDA and the restricted payment and debt incurrence covenants in the Indentures are based on a similar calculation of Adjusted EBITDA. Adjusted EBITDA for purposes of the Credit Facility and the Indentures differs from what is presented herein as such definitions in those documents permit us to exclude certain non-recurring costs and expenses and include interest income and the pro forma results of certain acquisitions and dispositions, among other things. Adjusted EBITDA for purposes of the Credit Facility and the Indentures for the years ended December 31, 2015, 2014 and 2013 were approximately $977.5 million, $905.0 million and $847.8 million, respectively. Adjusted EBITDA and free cash flow, as used herein, are not 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 or other combined income or cash flow data prepared in accordance with GAAP.

A reconciliation of net (loss)/income to Adjusted EBITDA and free cash flow is as follows (dollars in thousands):

	Year ended December 31,		
	2015 Combined	2014	2013
Net (loss)/income	$ (227,053)	$ 19,482	$ (48,436)
Plus:			
Interest expense, net	248,032	230,156	243,270
Provision/(benefit) for income taxes	28,257	8,861	(16,691)
Depreciation and amortization	555,094	594,459	635,754
Non-cash share based compensation	287,691	30,681	15,486
Loss on disposal of cable assets	1,837	4,277	3,647
Loss on extinguishment of debt	—	—	6,525
Adjusted EBITDA	$ 893,858	$ 887,916	$ 839,555
Less:			
Purchases of property, plant and equipment (1)	(478,446)	(420,605)	(359,307)
Change in accounts payable and accrued expenses related to capital expenditures	8,455	3,330	(12,127)
Cash interest expense	(248,119)	(233,193)	(252,394)
Free cash flow	$ 175,748	$ 237,448	$ 215,727

(1) See Footnote 7 of the accompanying consolidated financial statements.

Liquidity and Capital Resources

General

Our primary sources of liquidity and capital resources have been cash flow from operating and financing activities. We expect to utilize free cash flow and availability under the New and Existing Credit Facilities 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 Notes through open market purchases, privately negotiated purchases, tender offers, or redemption provisions. We have negative working capital, which is primarily due to the payment terms we have with our vendors. We believe that existing cash balances, operating cash flows and availability under the revolving credit facility of the New Credit Facility will provide adequate funds to support our current operating plan, make planned capital expenditures and for debt service requirements for the next 12 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, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Further, there can be no assurance that we will be able to generate sufficient cash flows to repay our outstanding indebtedness. At December 31, 2015, we had approximately $80.5 million of cash on hand and approximately $21.2 million of outstanding letters of credit, which reduced the availability under the $350.0 million revolving credit facility of the New Credit Facility to approximately $328.8 million.

On April 29, 2016, the Company will be required to make an excess cash flow recapture payment of $80.7 million in accordance with the terms of the Existing Credit Agreement.

The Issuers are holding companies and conduct no operations. Accordingly, the Issuers will depend on the cash flow of their subsidiaries in order to make payments on, or repay or refinance, the Notes. The terms of the Existing and New Credit Agreements generally restrict Suddenlink and its restricted subsidiaries from making dividends and other distributions to the Issuers except under certain circumstances. The Existing and New Credit Agreements permit Suddenlink to make dividends and distributions to Cequel subject to satisfaction of certain conditions, including pro forma compliance with a maximum senior secured leverage ratio of 4.0x and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, a restricted payment basket. In addition, the Existing and New Credit Agreements permit Suddenlink to make dividends and distributions to Cequel for payment of regularly scheduled interest payments through maturity on indebtedness which was incurred by Cequel to refinance the 2017 Notes, including the 2020 Notes and the Initial 2021 Notes.

Long-Term Debt and Derivative Instruments

The following table details debt and capital leases outstanding at December 31, 2015 (dollars in thousands):

	As of December 31, 2015 (Successor)		
	Principal Amount	**Accreted Value (a)**	**Schedule Maturity Date**
Existing credit facility	1,481,151	1,459,077	February 14, 2019
New credit facility	815,443	795,138	December 21, 2022
6.375% Senior Notes	1,500,000	1,447,659	September 15, 2020
5.125% Senior Notes (b)	1,250,000	1,094,461	December 15, 2021
5.375% Senior Secured Notes	1,100,000	1,089,036	July 15, 2023
7.750% Senior Notes	300,000	273,821	July 15, 2025
Subtotal - credit facility and notes	6,446,594	6,159,192	
Capital leases and other obligations	12,939	12,939	Varies
Total debt and capital leases	$ 6,459,533	$ 6,172,131	

(a) On December 21, 2015, we applied business combination accounting to adjust our debt to reflect fair value. Therefore, as of December 31, 2015, the accreted values presented above generally represent the fair value at December 21, 2015, plus or minus the accretions to the balance sheet date of December 31, 2015.

(b) Includes the Initial 2021 Notes and the 2021 Mirror Notes.

Existing Credit Facility

On February 14, 2012, Suddenlink, Cequel Communications Holdings II, LLC ("Holdings II"), Cequel's direct subsidiary and the direct parent of Suddenlink, certain subsidiaries of Suddenlink and a syndicate of lenders entered into a Credit and Guaranty Agreement, (the " Existing Credit Agreement"), which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility funded at closing and a $500.0 million revolving credit facility (collectively, the "Existing Credit Facility"). The revolving credit facility was scheduled to mature on February 14, 2017. The term loan facility is scheduled to mature on February 14, 2019. The interest rate on the term loans outstanding under the Existing Credit Agreement initially equaled the prime rate plus 1.75% or the LIBOR rate plus 2.75%, with a LIBOR floor of 0.75%, while the interest rate on the revolver loans initially equaled the prime rate plus 1.50% or the LIBOR rate plus 2.50%. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, with the remainder due at maturity. The debt under the Existing Credit Agreement is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its restricted subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the Existing Credit Agreement. The Existing Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the Existing Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Existing Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the Existing Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

On April 26, 2013, the Company borrowed $300.0 million of incremental term loans (the "Incremental Term Loans") under the Existing Credit Facility. The Incremental Term Loans have the same terms as the existing term loans under the Existing Credit Facility. The proceeds from the Incremental Term Loans and cash on hand were used to redeem $400.0 million aggregate principal amount of the outstanding 2017 Notes on May 16, 2013 (see discussion within the 'Senior Notes' section below).

On April 30, 2014, the Company was required to make an excess cash flow recapture payment of $72.7 million in accordance with the terms of the Existing Credit Agreement. Lenders holding approximately 16.4% of the outstanding term loans under the Existing Credit Facility waived their right to receive this payment. Accordingly, the Company made an excess cash flow recapture payment of $60.8 million to the other lenders under the Existing Credit Facility and retained $11.9 million related to the waived excess cash flow recapture payment.

On December 29, 2014, the Company made a voluntary principal prepayment in the amount of $55.0 million, using cash on hand.

In connection with the Altice Acquisition, we received consent from lenders under the Existing Credit Facility to amend the definition of change of control and certain other related definitions therein so that the consummation of the Altice Acquisition did not constitute a change of control and corresponding event of default thereunder (the "Existing Credit Facility Amendments"), and we entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Credit Facility Amendments. In exchange for this consent, we paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

Additionally, as of December 21, 2015, in connection with the formation of the New Credit Facility (as described below) the interest rate on the term loans outstanding under the Existing Credit Agreement was increased to the prime rate plus 1.8125% or the LIBOR rate plus 2.8125%, with a LIBOR floor of 1.00%, and the commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

On April 29, 2016, the Company will be required to make an excess cash flow recapture payment of $80.7 million in accordance with the terms of the Existing Credit Agreement.

New Credit Facility

In connection with the Altice Acquisition, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility and (b) approximately $815.4 million of loans under the existing term loan facility under the Existing Credit Facility consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Credit Facility into loans and commitments of the same amount under the New Credit Facility made available to Altice US Finance I Corporation effective upon the consummation of the Altice Acquisition. The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Altice Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility that lenders elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, formed a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

The revolving credit facility under the New Credit Facility is scheduled to mature on December 21, 2020. The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. The interest rate on the term loans outstanding under the New Credit Agreement equal the prime rate plus 2.25% or the LIBOR rate plus 3.25%, with a LIBOR floor of 1.00%, while the interest rate on the revolver loans equal the prime rate plus 2.25% or the LIBOR rate plus 3.25%. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, commencing on March 31, 2016, with the remainder due at maturity. The debt under the New Credit Agreement is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its restricted subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the New Credit Agreement. The New Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the New Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The New Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the New Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

Senior Secured Notes

On June 12, 2015, affiliates of Altice issued $1.1 billion principal amount of Senior Secured Notes, the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Altice Acquisition. The Senior Secured Notes were issued by the Senior Secured Notes Issuer, an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Senior Secured Notes is payable semi-annually on January 15 and July 15. Following the consummation of the Altice Acquisition and related transactions the equity interests in the Senior Secured Notes Issuer were contributed through one or more intermediary steps to Suddenlink, and the Senior Secured Notes were guaranteed by Cequel Communications Holdings II LLC, Suddenlink and certain of the subsidiaries of Suddenlink and are secured by certain assets of Cequel Communications Holdings II LLC, Suddenlink and its subsidiaries.

Senior Notes

On October 25, 2012, the Escrow Issuers, each subsidiaries of Cequel, issued $500.0 million aggregate principal amount of the 2020 Notes. The 2020 Notes were sold at an offering price of 100%. Interest is payable on the 2020 Notes semi-annually in cash on March 15 and September 15, commencing on March 15, 2013. The proceeds from the sale were placed in an escrow account along with interest payable through March 11, 2013. On November 15, 2012, Cequel and Cequel Capital become obligors under the October 2020 Notes.

On December 13, 2012, the Company commenced a tender offer (the "Tender Offer") for up to $750.0 million of the senior notes due 2017 (the "2017 Notes"). The Tender Offer expired on January 11, 2013, and included an early settlement date of December 28, 2012. The Tender Offer was for a price of 104.057%. However, any 2017 Notes tendered prior to December 28, 2012 received a tender price of 107.057%. At December 28, 2012, the Company paid $712.4 million in connection with tendered 2017 Notes, and paid a tender call premium of approximately $50.3 million, which is included in the calculation of loss on extinguishment of debt. No additional 2017 Notes were tendered by the tender close date of January 11, 2013.

On December 28, 2012, the Issuers issued $1.0 billion aggregate principal amount of the 2020 Notes. The 2020 Notes were sold at an offering price of 103%. Interest is payable on the 2020 Notes semi-annually in cash on March 15 and September 15. The Issuers used the net proceeds from the sale to (i) purchase $712.4 million aggregate principal amount of the Issuers' 2017 Notes pursuant to the Tender Offer, (ii) make a capital contribution to Suddenlink, which was used to repay all outstanding borrowings under Suddenlink's revolving credit facility and for working capital and general corporate purposes, and (iii) pay related costs, fees and expenses.

On May 16, 2013, the Issuers issued $750.0 million aggregate principal amount of the Initial 2021 Notes. The proceeds from the sale of the Initial 2021 Notes and cash on hand were used to redeem the remaining $712.6 million aggregate principal amount of the outstanding 2017 Notes and pay related fees and expenses.

On May 16, 2013, the Issuers redeemed $400.0 million aggregate principal amount of the outstanding 2017 Notes and paid the applicable redemption premium of approximately $25.9 million, which was financed using the proceeds from the Incremental Term Loans and cash on hand. The carrying amount of the redeemed 2017 Notes was $423.8 million, thus resulting in a loss on extinguishment of debt of $2.1 million.

On June 17, 2013, the Issuers redeemed the remaining $712.6 million aggregate principal amount of the outstanding 2017 Notes and paid the applicable redemption premium of approximately $46.1 million, which was financed using the proceeds from the issuance of the Initial 2021 Notes. The carrying amount of the remaining 2017 Notes was $754.3 million, thus resulting in a loss on extinguishment of debt of $4.4 million.

On September 9, 2014, the Issuers issued $500.0 million aggregate principal amount of the 2021 Mirror Notes. The proceeds from the sale, plus cash on hand, were used to make a distribution in the amount of $600 million to our parent (see Footnote 20) and pay related fees and expenses. The 2021 Mirror Notes mature on December 15, 2021. Interest is payable on the 2021 Mirror Notes semi-annually in cash on June 15 and December 15 of each year. The 2021 Mirror Notes have substantially the same terms as the Initial 2021 Notes.

On June 12, 2015, affiliates of Altice issued $300 million principal amount of the 2025 Senior Notes, the proceeds from which were placed in escrow to finance a portion of the purchase price for the Altice Acquisition. The 2025 Senior Notes were issued by the 2025 Senior Notes Issuer, an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. Interest on the 2025 Senior Notes is payable semi-annually on January 15 and July 15. Following the consummation of the Altice Acquisition and related transactions, the 2025 Senior Notes Issuer merged into Cequel, the 2025 Senior Notes became the obligations of Cequel and Cequel Capital Corporation became the co-issuer of the 2025 Senior Notes.

The Issuers have no ability to service interest or principal on the Senior Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of the Credit Agreements. However, the Credit Agreements permit Suddenlink to make dividends and distributions subject to satisfaction of certain conditions, including pro forma compliance with a maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. The Senior Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

The Indentures contain certain covenants, agreements and events of default which are customary with respect to non-investment grade debt securities, including limitations on our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies.

Financial Covenant Compliance

As of December 31, 2015, we were in compliance with the maximum senior secured leverage ratio of 4.00x under the senior secured leverage maintenance covenant of the Credit Agreements with a calculated senior secured leverage ratio of 3.35x. We expect to remain in compliance with this financial covenant for at least the next twelve months.

In addition, our total leverage ratio, as defined in the indenture governing our 2020 Senior Notes and the 2021 Senior Notes, was 6.25x at December 31, 2015, compared to a maximum ratio of 7.50x at the incurrence of new indebtedness.

In addition, our total leverage ratio, as defined in the indenture governing our 2025 Senior Notes, was 6.25x at December 31, 2015, compared to a maximum ratio of 5.50x at the incurrence of new indebtedness.

Off Balance Sheet Arrangements

We are not aware of any off-balance sheet arrangements, other than immaterial operating leases and similar commitment contracts.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of December 31, 2015 and for the subsequent five years and thereafter.

	Payments Due by Period (dollars in millions)				
	Total	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Contractual obligations:					
Debt and notes principal payments (1)	$ 6,446.6	$ 105.1	$ 48.8	$ 2,870.5	$ 3,422.2
Debt and notes interest payments (2)	1,487.6	268.7	530.9	429.9	258.1
Capital and operating lease obligations	35.1	12.6	11.6	6.8	4.1
Other commitments (3)	5.8	5.4	0.2	0.2	—
Total contractual obligation	$ 7,975.1	$ 391.8	$ 591.5	$ 3,307.4	$ 3,684.4

(1) See Footnote 10 of our consolidated financial statements for further discussion of our debt and notes.

(2) Interest payments on variable debt are estimated using amounts outstanding at December 31, 2015 and the average implied forward LIBOR rates applicable for the period during the interest rate reset based on the yield curve in effect at December 31, 2015. Actual interest payments will differ based on actual LIBOR rates and actual amounts outstanding for applicable periods.

(3) 'Other commitments' represents programming fees and vendor service agreements (see Footnote 12 of our accompanying consolidated financial statements).

The following items are not included as contractual obligations due to various factors discussed below. However, the Company incurs these costs as part of its operations:

- The Company rents utility poles used in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole rental attachments was approximately $0.4 million, $13.9 million, $12.9 million and $12.4 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

- The Company pays franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. Franchise fees and other franchise-related costs included in the accompanying consolidated statements of operations were $1.4 million, $46.2 million, $48.2 million and $46.2 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

- The Company has cable franchise agreements containing provisions requiring the construction of cable plant and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such letters of credit as of December 31, 2015 and 2014 totaled $21.2 million and $18.0 million, respectively, which reduced the availability under the $350.0 million and $500.0 million revolving credit facility, respectively, to approximately $328.8 million and $482.0 million, respectively. Payments under these arrangements are required only in the event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid within at least the next twelve months.

We do not expect significant payments related to our deferred tax liabilities or our liability for uncertain tax positions to be made within the next twelve months. We are not able to estimate the timing of future payments relating to these non-current obligations, and thus, have not included these within the 'Contractual Obligations and Commitments' table above.

Distributions to Parent

The Credit Agreements and the Indentures permit in certain instances distributions to holders of equity interests in Cequel Holdings and Cequel Corporation.

On April 1, 2013, we used cash on hand to make a distribution to Cequel Holdings of $64.6 million (the "Deferred Fee"). Cequel Holdings then made a distribution to Cequel Corporation of $64.6 million. Cequel Corporation used this distribution to pay the Deferred Fee (see Footnote 17).

On September 10, 2014, the Issuers used the proceeds from the sale of the 2021 Mirror Notes, plus cash on hand, to make a distribution to Cequel Holdings in the amount of $600.0 million. Cequel Holdings then made a distribution to Cequel Corporation in the amount of $600.0 million. Cequel Corporation used this distribution to make a distribution in the amount of $600.0 million to holders of equity interests in Cequel Corporation.

In January 2015, Cequel made a distribution to Cequel Holdings in the amount of $4.0 million. Cequel Holdings then made a distribution to Cequel Corporation in the amount of $4.0 million. Cequel Corporation used this distribution to invest in an IP video platform company.

In December 2015, Cequel Holdings contributed $21.4 million to the Company to pay certain transaction fees and expenses related to the Altice Acquisition.

In December 2015, the Company distributed $243.0 million to Cequel Corporation, which was used to fund a portion of the purchase price of the Altice Acquisition, and pay for certain transaction fees and expenses related to the Altice Acquisition.

Operating, Investing and Financing Activities

Operating Activities

Net cash provided by operating activities decreased $16.0 million from $690.7 million for the year ended December 31, 2014 to $674.7 million for the year ended December 31, 2015, primarily due to financing and other transaction expenses associated with the Altice Acquisition, offset in part by improved operating results.

Net cash provided by operating activities increased $180.1 million from $510.6 million for the year ended December 31, 2013 to $690.7 million for the year ended December 31, 2014, primarily due to the 2017 Notes redemption premium of $72.0 million in 2013 that was not present in 2014, as well as improved operating results excluding depreciation and amortization.

Investing Activities

Net cash used in investing activities increased $14.8 million from $465.6 million for the year ended December 31, 2014 to $480.3 million for the year ended December 31, 2015, which is primarily due to increased capital expenditures, offset in part by the acquisition of Northland in 2014 that did not occur in 2015.

Net cash used in investing activities increased $107.3 million from $358.3 million for the year ended December 31, 2013 to $465.6 million for the year ended December 31, 2014, which is primarily due to the acquisition of Northland and increased capital expenditures.

Financing Activities

Net cash used in financing activities was $260.9 million, $270.1 million and $168.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. The net cash used in financing activities of $260.9 million at December 31, 2015 primarily included cash outflows related to the $247.0 million distribution to our parent (see Footnote 20), regular principal payments on our Existing Credit Facility of $22.3 million, and capital lease payments of $13.1 million, offset in part by cash inflows related to a $21.4 million contribution from our parent. The net cash used in financing activities of $270.1 million at December 31, 2014 primarily included cash outflows related to the $600.0 million distribution to our parent (see Footnote 22), the excess cash flow recapture payment of $60.8 million in accordance with the terms of the Existing Credit Agreement, the voluntary principal prepayment on our Existing Credit Facility of $55.0 million, regular principal payments on our Existing Credit Facility of $24.4 million, the discount on our issuance of the 2021 Mirror Notes of $13.7 million, capital lease payments of $9.8 million, and cash paid for financing costs of $6.2 million, offset in part by cash inflows from the issuance of the $500.0 million aggregate principal amount of the 2021 Mirror Notes (see Footnote 11).

The net cash used in financing activities of $168.8 million at December 31, 2013 primarily included the redemption of the 2017 Notes and term loan repayments, offset in part by the issuance of the Initial 2021 Notes and the Incremental Term Loans under the Existing Credit Facility.

Free Cash Flow

Free cash flow was $175.7 million, $237.4 million and $215.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. The decrease in free cash flow in 2015 compared to 2014 is primarily due to an increase in purchases of property, plant and equipment of $57.8 million and an increase in cash interest expense of $14.9 million, offset in part by an increase in Adjusted EBITDA of $5.9 million and the change in accounts payable and accrued expenses related to capital expenditures. The increase in free cash flow in 2014 compared to 2013 is primarily due to an increase in Adjusted EBITDA of $48.4 million, a decrease in cash interest expense of $19.2 million primarily due to a decrease in the effective interest rate with the completion of refinancings and the change in accounts payable and accrued expenses related to capital expenditures, offset in part by an increase in property, plant and equipment purchases of $61.3 million. See "- Use of Adjusted EBITDA and Free Cash Flow" above for a reconciliation of net (loss)/ income to free cash flow.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Our capital expenditures are funded primarily by cash on hand and cash flows from operating activities. Capital purchases were $470.0 million, $417.3 million, and $371.4 million for the years ended December 31, 2015, 2014 and 2013. The year ended December 31, 2015 includes $81.3 million of capital expenditures related to Operation GigaSpeed (described below). See the table below for more details.

Starting in the second half of 2014 and extending through 2017, we expect to invest up to $230 million of capital expenditures to significantly enhance our Internet speeds in markets serving 94% of our high-speed Internet customers and ultimately position our network to offer speeds of up to 1 Gbps in markets serving nearly 85% of our high-speed Internet customers. Internally known as "Operation GigaSpeed," this initiative will include expenditures to upgrade data network headend equipment, replace any remaining deployed Data over Cable Service Interface Specification ("DOCSIS") 2.0 customer premises equipment with DOCSIS 3.0 equipment, and complete our all-digital video conversion that began with Project Imagine. We expect to complete these enhancements in a phased, market-by-market approach, focusing first on our largest and most competitive markets. Once fully phased in, the plan calls for our flagship Internet speed to increase from 15 to 200 Mbps and our top Internet speed to increase from over 100 Mbps to 1 Gbps in a vast majority of our markets. We completed the initial phases of Operation GigaSpeed in 112 markets, which serve over 90% of our residential high-speed Internet customers. Those investments allowed us to increase the flagship Internet speed from 15 Mbps to 50 Mbps and to increase our top Internet speed to up to 150 Mbps in those markets, with top speeds in 28 markets increasing to 1 Gbps, which serve approximately 50% of our residential high-speed Internet customers. For the year ended December 31, 2015, we spent approximately $81.3 million of capital expenditures related to Operation GigaSpeed. Since the inception of Operation GigaSpeed, we have incurred $116.5 million in capital expenditures related to this initiative.

We have adopted capital expenditure disclosure guidance as supported by the NCTA. These disclosures are not required under GAAP, nor do they impact our accounting for capital expenditures under GAAP.

The following table presents our major capital purchases categories in accordance with NCTA disclosure guidelines for the years ended December 31, 2015, 2014 and 2013. Figures below are shown in thousands.

	Years Ended December 31,		
	Combined 2015	Predecessor 2014	Predecessor 2013
Customer Premises Equipment	$ 105,859	$ 108,462	$ 109,075
Scalable infrastructure	77,810	48,058	25,701
Line extensions	30,696	21,233	8,678
Upgrade/rebuild	19,027	20,285	9,388
Commercial	33,227	34,398	54,293
Support capital	203,372	184,839	164,299
Total capital purchases	$ 469,991	$ 417,275	$ 371,434
Change in accounts payable and accrued expenses related to capital expenditures	8,455	3,330	(12,127)
Total capital expenditures	$ 478,446	$ 420,605	$ 359,307

Critical Accounting Policies

The preparation of our financial statements requires us to make estimates and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Periodically, we evaluate our estimates, including those related to doubtful accounts, long-lived assets, capitalized costs and accruals. We base our estimates on historical experience and on various other assumptions that we believe are reasonable. Actual results may differ from these estimates under different assumptions or conditions. We believe that the application of the critical accounting policies discussed below requires significant judgments and estimates on the part of management.

Business Combinations

We applied business combination accounting for the Altice Acquisition, which resulted in a new accounting basis in the identifiable assets and liabilities and no retained earnings or accumulated losses. Accordingly, the consolidated financial statements on or after December 21, 2015 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to December 20, 2015 do not include the effect of any changes in our corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

December 21, 2015 was the effective date for the Altice Acquisition. Business combination accounting provides, among other things, for a determination of the value to be assigned to the equity of the company as of a date selected for financial reporting purposes. The value of the Company was approximately $9.1 billion. The value was based upon the purchase price that the Purchasers paid for the Company on December 21, 2015, and includes liabilities assumed. For a summary of the application and valuation of business combination accounting, see Footnote 4.

Revenue

Revenues from video, high-speed Internet, telephone and security services are recognized when the related services are provided. Installation revenue is recognized in the period the service is performed to the extent of direct selling costs, with the remaining amount deferred over the life of the customer relationship. Subscriber services paid for in advance are recorded as income when earned. Advertising sales are recognized in the period that the advertisements are broadcast.

Local or state government authorities impose franchise fees on the majority of the Company's systems ranging up to a federally mandated maximum of 5% of gross revenues as defined in the franchise agreements. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to franchise authorities. Because franchise fees are the Company's obligation, the Company presents them on a gross basis in revenue with a corresponding operating expense.

Long-Lived and Intangible Assets

Long-lived Assets

A long-lived asset or asset group is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include:

- a significant decrease in the market value of the asset;
- a significant change in the extent or manner in which an asset is used or a significant change in the physical condition of the asset;
- a significant adverse change in legal factors or in the business climate that could affect the value of an asset, including an adverse action or assessment by a regulator;

- an accumulation of costs significantly in excess of the amount originally expected to acquire or construct an asset;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset; and
- a current expectation that, more likely than not, an asset will be sold or otherwise disposed of significantly before the end of its estimated useful life.

When an indicator of impairment is determined, the first step is to identify the future intent of the asset or asset group: hold for continued use, hold for sale, or dispose by a means other than sale. If the asset is held for continued use and the carrying amount exceeds the undiscounted sum of cash flows expected from the use and eventual disposition of the property, the impairment loss is recognized as the difference between the carrying amount and the estimated fair value of the asset or asset group, and the new cost basis is depreciated over the remaining useful life of the asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale, and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value. To the extent the carrying value is greater than the asset's estimated fair value, an impairment charge is recognized for the difference. If the asset is to be disposed by a means other than sale, the depreciation estimates are revised to reflect the use of the asset over its shortened useful life.

Significant judgments in this area involve determining whether an event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested annually for impairment during the fourth quarter or earlier upon occurrence of a triggering event. Accounting guidance related to goodwill impairment testing provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company performs a qualitative assessment, various events and circumstances are considered when evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and whether the first step of the goodwill impairment test is necessary. If, after this qualitative assessment, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then no further quantitative testing would be necessary.

If determined necessary as a result of the qualitative assessment described above, or if we do not perform the qualitative assessment as allowed under authoritative guidance from the FASB, goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Company to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value using a discounted cash flow ("DCF") analysis corroborated by a market-based approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the Company. If the estimated fair value of the Company exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Company exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the goodwill with the goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Company is allocated to all of the assets and liabilities of the Company (including any unrecognized intangible assets) as if the Company had been acquired in a business combination and the fair value of the Company was the purchase price paid. If the carrying amount of the Company's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets not subject to amortization, primarily cable franchise rights, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of a triggering event. The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. The estimates of fair value of intangible assets not subject to amortization are determined using Greenfield Discounted Cash Flow Method ("Greenfield Method"), which entails identifying the projected discrete cash flows related to such cable franchise rights and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates, estimating the amount and timing of estimated future cash flows attributable to cable franchise rights and identification of appropriate terminal growth rate assumptions. The discount rates used in the Greenfield Method are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

Income Taxes

Cequel is a single member limited liability company, and as such is disregarded for income tax purposes. The Company's operating activities are included in consolidated income tax returns filed by Cequel Corporation. As such, the Company's accounting policy is to provide for income taxes on a separate return basis in accordance with existing guidance from the FASB. Under this guidance, estimated income taxes are provided for amounts payable or refundable on current year income tax returns, as well as, the estimated future tax effects attributable to temporary differences and carryforwards. This guidance also requires that a valuation allowance be recorded against deferred tax assets when it is more likely than not that some portion or all of the deferred income tax asset will not be realized in the future. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowances required.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The new guidance stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early application is not permitted, and the standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. In August 2015, the FASB issued Accounting Standards update No. 2015-14, Deferral of Effective Date, which deferred the effective date of ASU 2014-09 by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. The FASB permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company has not yet selected a transition method nor has it determined the effect of these standards on its ongoing operations or financial reporting.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"), which requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. ASU 2014-15 is effective for the annual period ended December 31, 2016 and for annual periods and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 is not expected to materially impact the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). The new guidance stipulates that an entity should present debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset, and amortization of the costs should be reported as interest expense. ASU 2015-03 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015. Early application is permitted, and entities would apply the new guidance retrospectively to all prior periods. In August 2015, the FASB issued Accounting Standards Update No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with line-of-Credit Arrangements ("ASU 2015-15"), which provides additional guidance to ASU 2015-03 to address the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the arrangement. The adoption of ASU 2015-03 and ASU 2015-15 is not expected to have a material impact on the Company's consolidated financial statements and related disclosures.

In September 2015, the FASB issued Accounting Standards Update No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"), which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Prior to the issuance of the standard, entities were required to retrospectively apply adjustments made to provisional amount recognized in a business combination.

ASU 2015-16 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and early adoption is permitted. The adoption of ASU 2015-16 is not expected to materially impact the Company's consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"), which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. ASU 2015-17 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. The adoption of ASU 2015-17 is not expected to materially impact the Company's consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including fluctuations in interest rates. We manage our exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt.

As of December 31, 2015, the Company had fixed-rate debt with an outstanding balance of $4.150 billion and an estimated fair value of $3.949 billion, and variable-rate debt with an outstanding balance of $2.297 billion and an estimated fair value of $2.252 billion.

We do not hold or issue derivative instruments for trading or speculative purposes.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 2015 (dollars in millions):

	2016	2017	2018	2019	2020	Thereafter	Total	Fair Value at December 31, 2015
Debt:								
Variable Debt - Existing Credit Facility term loan facility	$ 96.5	$ 15.8	$ 15.8	$1,353.1	$ —	$ —	$ 1,481.2	$ 1,455.2
Debt Rate	3.90%	4.40%	4.74%	4.84%	0.00%	0.00%	4.38%	
Variable Debt - New Credit Facility term loan facility	$ 8.7	$ 8.7	$ 8.7	$ 8.7	$ 8.7	$ 772.1	$ 815.6	$ 797.1
Debt Rate	4.71%	5.14%	5.30%	5.53%	5.68%	5.84%	5.25%	
Fixed Debt - 6.375%	$ —	$ —	$ —	$ —	$ —	$ 1,500.0	$ 1,500.0	$ 1,451.3
Debt Rate	0.00%	0.00%	0.00%	0.00%	0.00%	6.38%	6.38%	
Fixed Debt - 5.125%	$ —	$ —	$ —	$ —	$ —	$ 1,250.0	$ 1,250.0	$ 1,118.8
Debt Rate	0.00%	0.00%	0.00%	0.00%	0.00%	5.13%	5.13%	
Fixed Debt - 5.375%	$ —	$ —	$ —	$ —	$ —	$ 1,100.0	$ 1,100.0	$ 1,102.8
Debt Rate	0.00%	0.00%	0.00%	0.00%	0.00%	5.38%	5.38%	
Fixed Debt - 7.750%	$ —	$ —	$ —	$ —	$ —	$ 300.0	$ 300.0	$ 276.0
Debt Rate	0.00%	0.00%	0.00%	0.00%	0.00%	7.75%	7.75%	

Interest rates on variable debt are estimated using the average implied forward LIBOR for the year of maturity based on the yield curve in effect at December 31, 2015, as applicable, including applicable bank spread.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Independent Auditor's Report

To the Member and Board of Directors of
Cequel Communications Holdings I, LLC

We have audited the accompanying consolidated financial statements of Cequel Communications Holdings I, LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 ("Successor") and 2014 ("Predecessor"), and the related consolidated statements of income/(loss) and comprehensive income/(loss), of member's equity and of cash flows for the period from December 21, 2015 to December 31, 2015 ("Successor") and for the period from January 1, 2015 to December 20, 2015 and the years ended December 31, 2014 and 2013 ("Predecessor").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries at December 31, 2015 ("Successor") and 2014 ("Predecessor"), and the results of their operations and their cash flows for the period from December 21, 2015 to December 31, 2015 ("Successor") and for the period from January 1, 2015 to December 20, 2015 and the years ended December 31, 2014 and 2013 ("Predecessor") in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
March 29, 2016

Cequel Communications Holdings I, LLC

Consolidated Balance Sheets

(in thousands)

ASSETS	Successor December 31, 2015	Predecessor December 31, 2014
Cash and cash equivalents	$ 80,456	$ 146,922
Accounts receivable, net of allowances of $1,051 and $15,567, respectively	192,667	190,063
Deferred tax asset	20,866	14,021
Prepaid expenses and other assets	23,445	26,078
Total current assets	317,434	377,084
Property, plant and equipment	2,234,274	2,744,328
Less - accumulated depreciation	(10,162)	(967,156)
Property, plant and equipment, net	2,224,112	1,777,172
Deferred financing costs, net	33,311	25,681
Intangible assets:		
Subscriber relationships, net	1,054,728	164,073
Franchise rights, net	4,984,589	3,068,543
Trade Names	37,109	188,676
Goodwill	2,040,402	1,526,071
Total intangible assets, net	8,116,828	4,947,363
Other long-term assets	5,368	11,019
Total assets	$ 10,697,053	$ 7,138,319
LIABILITIES AND MEMBER'S EQUITY		
Liabilities:		
Accounts payable and accrued expenses	$ 211,518	$ 225,453
Due to affiliates	296	3,523
Deferred revenue	157,764	148,251
Accrued interest	79,954	48,429
Current portion of capital leases and other obligations	10,126	13,169
Current portion of long-term debt	105,129	24,422
Total current liabilities	564,787	463,247
Long-term deferred revenue	623	1,381
Long-term deferred tax liability	1,932,369	684,376
Long-term portion of capital leases and other obligations	2,813	13,372
Long-term debt	6,054,063	5,067,588
Other long-term liabilities	247	280
Total liabilities	$ 8,554,902	$ 6,230,244
Commitments and contingencies (Note 12)		
Member's equity:		
Member's equity	2,159,267	954,591
Accumulated deficit	(17,116)	(46,516)
Total member's equity	2,142,151	908,075
Total liabilities and member's equity	$ 10,697,053	$ 7,138,319

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Operations and Comprehensive (Loss)/Income

(in thousands)

	Successor Period from December 21, 2015 to December 31, 2015	Predecessor Period from January 1, 2015 to December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Revenues	$ 72,943	$ 2,347,369	$ 2,330,697	$ 2,183,301
Costs and expenses:				
Operating (excluding depreciation and amortization)	26,586	872,308	930,085	877,386
Selling, general and administrative	39,161	876,090	543,377	481,846
Depreciation and amortization	23,533	531,561	594,459	635,754
Loss on disposal of cable assets	41	1,796	4,277	3,647
Total costs and expenses	89,321	2,281,755	2,072,198	1,998,633
(Loss)/income from operations	(16,378)	65,614	258,499	184,668
Interest expense, net	(10,707)	(237,325)	(230,156)	(243,270)
Loss on extinguishment of debt	—	—	—	(6,525)
(Loss)/income before income taxes	(27,085)	(171,711)	28,343	(65,127)
Benefit/(provision) for income taxes	9,969	(38,226)	(8,861)	16,691
Net (loss)/income	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)
Comprehensive (loss)/income	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Cash Flows

(in thousands)

	Successor Period from December 21, 2015 to December 31, 2015	Predecessor Period from January 1, 2015 to December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Cash flows from operating activities:				
Net (loss)/income	$ (17,116)	$ (209,937)	$ 19,482	$ (48,436)
Adjustments to reconcile net loss to cash flows from operating activities:				
Loss on disposal of cable assets	41	1,766	4,277	3,647
Depreciation and amortization	23,533	531,562	594,459	635,754
Non-cash interest expense	1,348	(1,184)	(2,813)	(8,883)
Bond call premium paid	—	—	—	(71,976)
Non-cash equity compensation expense	—	287,691	30,681	15,486
Loss on extinguishment of debt	—	—	—	6,525
Deferred income tax (benefit)/provision	(10,124)	33,793	3,443	(22,178)
Changes in assets and liabilities, excluding acquisitions:				
Accounts receivable, net	(13,291)	30,319	(945)	(7,269)
Prepaid expenses	959	7,325	7,884	1,489
Accounts payable and accrued expenses	(23,079)	20,889	31,652	477
Deferred revenue	11,584	(2,829)	1,598	6,433
Accrued interest	9,166	(20,660)	945	(464)
Net cash (used in)/provided by operating activities	(16,979)	678,735	690,663	510,605
Cash flows from investing activities:				
Purchases of property, plant and equipment (Note 7)	(30,582)	(447,864)	(420,605)	(359,307)
Acquisition of cable systems	—	—	(46,720)	—
Net proceeds from disposal of assets	25	2,137	1,713	1,020
Purchase of patent rights	—	(4,003)	—	—
Other	—	—	(21)	(20)
Net cash used in investing activities	(30,557)	(449,730)	(465,633)	(358,307)
Cash flows from financing activities:				
Issuance of long-term debt	—	—	486,250	1,050,000
Repayments of long-term debt	(3,941)	(18,317)	(140,375)	(1,136,874)
Repayments of capital lease obligations	(30)	(13,065)	(9,756)	(7,654)
Contribution from parent	—	21,437	—	—
Distribution to parent	—	(247,000)	(600,000)	(64,600)
Cash paid for financing costs	—	—	(6,241)	(9,638)
Net cash used in financing activities	(3,971)	(256,945)	(270,122)	(168,766)
Decrease in cash and cash equivalents	(51,507)	(27,940)	(45,092)	(16,468)
Cash and cash equivalents, beginning of period	131,963	146,922	192,014	208,482
Cash and cash equivalents, end of period	$ 80,456	$ 118,982	$ 146,922	$ 192,014
Supplemental cash flow disclosures:				
Cash paid for interest	$ 196	$ 259,417	$ 232,248	$ 252,858
Cash paid for taxes	$ —	$ 6,137	$ 5,851	$ 5,617
Non-cash transactions:				
Other obligations (Note 9)	$ —	$ —	$ 14,876	$ 21,378

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Changes in Member's Equity

(in thousands)

	Member's Equity	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Member's Equity
PREDECESSOR:				
Balance, December 31, 2013	$ 1,523,910	$ (65,998)	$ —	1,457,912
Net income	—	19,482	—	19,482
Non-cash equity compensation	30,681	—	—	30,681
Distribution to parent	(600,000)	—	—	(600,000)
Balance, December 31, 2014	954,591	(46,516)	—	908,075
Net loss	—	(209,937)	—	(209,937)
Non-cash equity compensation	287,691			287,691
Contribution from parent	$ 21,437			21,437
Distribution to parent	$ (247,000)			$ (247,000)
Balance, December 20, 2015	1,016,719	(256,453)	—	760,266
SUCCESSOR:				—
Balance, December 21, 2015	2,159,267	—	—	2,159,267
Net loss	—	(17,116)	—	(17,116)
Balance, December 31, 2015	$ 2,159,267	$ (17,116)	$ —	$ 2,142,151

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Notes to Consolidated Financial Statements

December 31, 2015, 2014 and 2013

(dollars in thousands, except where otherwise indicated)

1. Organization

Cequel Communications Holdings I, LLC ("Cequel") through its subsidiaries (together with Cequel, the "Company") is a leading owner, operator and acquirer of broadband communication systems serving a diversified mix of markets. Cequel is a wholly owned subsidiary of Cequel Communications Holdings, LLC, a Delaware limited liability company ("Cequel Holdings") and our ultimate parent Cequel Corporation, a Delaware Corporation ("Cequel Corporation"). Cequel Capital Corporation is a wholly owned subsidiary of Cequel (and together with Cequel, the "Issuers"). Cequel Communications, LLC, a Delaware limited liability company, doing business as Suddenlink Communications ("Suddenlink") is an indirect wholly owned subsidiary of Cequel.

The Issuers are holding companies and conduct no operations. Accordingly, the Issuers depend on the cash flow of their subsidiaries in order to make payments on, or repay or refinance, the Senior Notes, as defined herein. The terms of the Credit Agreements generally restrict Suddenlink and its restricted subsidiaries from making dividends and other distributions to the Issuers subject to satisfaction of certain conditions, including pro forma compliance with maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. However, the Credit Agreement permits Suddenlink to make dividends and distributions to Cequel for payment of regularly scheduled interest payments through maturity on indebtedness which was incurred by Cequel to refinance the Issuers' 8.625% Senior Notes due 2017 (the "2017 Notes"). The Issuers' 6.375% Senior Notes due 2020 (the "2020 Notes"), the Issuers' 5.125% Senior Notes due 2021, issued on May 16, 2013 (the "Initial 2021 Notes") and the Issuers' 5.125% Senior Notes due 2021, issued on September 9, 2014 (the "2021 Mirror Notes,") and the 2025 Senior Notes, as defined herein (collectively the 2020 Notes, the 2021 Notes and the 2025 Senior Notes, the "Senior Notes"), are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law ("Altice"), as successor in interest to Altice S.A., certain other direct or indirect wholly-owned subsidiaries of Altice (the "Purchasers"), acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the "Altice Acquisition") from the direct and indirect stockholders of Cequel Corporation (the "Sellers"). Prior to the date hereof, Cequel Corporation was directly or indirectly owned by investment funds advised by BC Partners Limited ("BCP"), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), and IW4MK Carry Partnership LP (the "Management Holder" and together with the Sponsors, the "Stockholders"). The consideration for the acquired equity interests was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132.0 million, which includes $2,956.4 million of cash consideration, $675.6 million of retained equity held by the Sponsors and $500 million funded by the issuance by an affiliate of Altice of a senior vendor note that is subscribed by the Sponsors. Following the closing of the Altice Acquisition, the Sponsors retained equity interests in Cequel Corporation representing, in the aggregate, 30% of Cequel Corporation's outstanding capital stock on a post-closing basis. In addition, the carry interest plans of the Stockholders were cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such carry interest plans, including certain officers and directors of Cequel and Cequel Corporation.

2. Liquidity and Capital Resources

The Company has significant indebtedness and incurred net losses of $17.1 million and $209.9 million for the successor period from December 21, 2015 through December 31, 2015 and the predecessor period from January 1, 2015 through December 20, 2015, respectively, generated net income of $19.5 million for the predecessor year ended December 31, 2014, and incurred a net loss of $48.4 million for the predecessor year ended December 31, 2013. The Company's net cash flows used in operating activities were $17.0 million for the successor period from December 21, 2015 through December 31, 2015, and net cash flows provided by operating activities were $678.7 million, $690.7 million and $510.6 million for the predecessor period from January 1, 2015 through December 20, 2015 and the predecessor years ended December 31, 2014 and 2013, respectively.

The Company requires significant cash to fund debt service requirements, capital expenditures and ongoing operations. The Company also has negative working capital, which is primarily due to the payment terms it has with its vendors. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its $2.7 billion credit facility (the "Credit Facility"), sales of assets, issuances of debt, and cash on hand. However, the mix of funding sources changes from period to period. For the combined year ended December 31, 2015, the Company generated $674.7 million of cash flows from operating activities after paying cash interest of $259.6 million. In addition, the Company used $478.4 million for purchases of property, plant and equipment. For the year ended December 31, 2014, the Company generated $690.7 million of cash flows from operating activities after paying cash interest of $232.2 million. In addition, the Company used $420.6 million for purchases of property, plant and equipment in the year ended December 31, 2014.

The Company expects that cash on hand, cash flows from operating activities and available credit under its revolving credit facility will be adequate to meet its cash flow needs in 2016.

3. Summary of Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. All significant intercompany accounts and transactions have been eliminated in consolidation. However, in the opinion of management, such financial statements include all adjustments, which consist of only normal recurring adjustments, necessary for the fair statement of the results of the periods presented. Certain estimates and assumption have been made that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The financial information set forth in this report, unless otherwise set forth or as the context otherwise indicates, includes the accounts of Cequel and its subsidiaries for the period from December 21, 2015 to December 31, 2015 ("Successor"), and of Cequel and its subsidiaries for the period from January 1, 2015 through December 20, 2015 ("Predecessor"). Effective December 21, 2015, the Company applied business combination accounting which requires certain assets and liabilities to be reflected at fair value. For a summary of the application and valuation of business combination accounting, see Footnote 4.

Revenue Recognition

Revenue by service offering consisted of the following:

	Successor Period from December 21, 2015 to December 31, 2015	Predecessor Period from January 1, 2015 to December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Video	$ 33,690	$ 1,107,718	$ 1,163,892	$ 1,145,882
High-speed Internet	27,789	845,514	748,842	640,576
Telephone	6,209	201,377	204,693	200,032
Advertising sales	2,079	85,587	101,197	88,798
Other	3,176	107,173	112,073	108,013
Total revenues	$ 72,943	$ 2,347,369	$ 2,330,697	$ 2,183,301

Video revenue includes subscriber fees received from residential and commercial customers for the Company's various tiers or packages of video programming services, related equipment and rental charges, fees collected on behalf of local franchising authorities and the Federal Communications Commission, as well as revenue from the sale of premium networks, transactional video-on-demand (e.g. events and movies) and digital video recorder service. High-speed Internet revenue includes subscriber fees received from residential and commercial customers for the Company's high-speed Internet services and related equipment rental charges, and wholesale transport revenue, including amounts generated by the sale of point-to-point transport services offered to wireless telephone providers (i.e. cell tower backhaul) and other carriers. Telephone revenue includes subscriber fees received from residential and commercial customers for the Company's telephone services, as well as fees collected on behalf of governmental authorities. Advertising sales includes revenue generated from the sale of advertising time to national, regional and local customers. Other revenue includes revenue from the Company's security services, installation charges, revenue from tower services, including site development and construction, and other residential and commercial subscriber-related fees.

Revenue from video, high-speed Internet, telephone and security services are recognized in the period during which the related services are provided. Revenue received from customers who purchase bundled services at a discounted rate is allocated to each product in a pro-rata manner based on the individual product's selling price (generally, the price at which the product is regularly sold on a standalone basis). Installation revenue is recognized in the period the service is performed to the extent of direct selling costs, with the remaining amount deferred over the life of the customer relationship. Customer services paid for in advance are recorded as income when earned. Advertising sales are recognized in the period that the advertisements are broadcast.

Local or state government authorities impose franchise fees on the majority of the Company's systems ranging up to a federally mandated maximum of 5% of gross revenues as defined in the franchise agreements. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to franchise authorities. Because franchise fees are the Company's obligation, the Company presents them on a gross basis in revenue with a corresponding operating expense. Franchise fees reported on a gross basis in revenue amounted to approximately $1.4 million, $46.3 million, $47.8 million and $46.5 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents the Company's best estimate of uncollectible balances in the accounts receivable balance. The allowance is based on the number of days outstanding, customer balances, historical experience and other currently available information.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentration of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs

The Company purchases certain analog, digital and premium programming provided by program suppliers whose compensation is typically based on a flat fee per customer at the negotiated rates included in the programming contracts. The cost of the right to provide network programming under such arrangements is recorded in operating expenses in the month the programming is distributed. Programming costs are paid each month based on calculations performed by the Company and are subject to adjustment based on periodic audits performed by the programmers. Net programming costs included in the operating costs line item in the accompanying consolidated statements of operations was $17.9 million, $594.2 million, $617.4 million and $590.0 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense, included in the selling, general and administrative expense line item in the accompanying consolidated statements of operations, was approximately $1.9 million, $62.7 million, $58.7 million and $50.1 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

Equity Based Compensation

Prior to the Altice Acquisition, the general partners of the partnerships that held the shares of Cequel Corporation (collectively, the "Carry Interest Partnerships"), each adopted a separate carried interest plan (see Footnote 19). The Company measured the cost of employee services received in exchange for carried interest units based on the fair value of the award at each reporting period. The Company used the Monte Carlo Simulation Method to estimate the fair value of the awards. Because the Monte Carlo Simulation Method required the use of subjective assumptions, changes in these assumptions can materially affect the fair value of the carried interest units granted. The time to liquidity event assumption is based on management's judgment. The equity volatility assumption was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed in valuing the units was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The Company's total equity value was estimated by a third party using a range of indicated business enterprise values. The plan was terminated on December 21, 2015, concurrent with the Altice Acquisition.

Income Taxes

Cequel is a single member limited liability company, and as such is disregarded for income tax purposes. The Company's operating activities are generally included in consolidated income tax returns filed by Cequel Corporation. As such, the Company's accounting policy is to provide for income taxes on a separate return basis in accordance with existing guidance from the FASB. Under this guidance, estimated income taxes are provided for amounts payable or refundable on current year income tax returns, as well as the estimated future tax effects attributable to temporary differences and carryforwards. This guidance also requires that a valuation allowance be recorded against deferred tax assets when it is more likely than not that all or some portion of the deferred income tax asset will not be realized in the future. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowances required (See Footnote 16).

On September 15, 2014, the Company filed its U.S. Corporation Income Tax Return for the calendar year 2013 reflecting an adjustment to a previously filed position which effectively eliminated the Company's uncertain tax position. The elimination of the uncertain tax position resulted in a corresponding adjustment to the Company's net deferred tax liabilities and deferred tax assets which resulted in a net benefit to income taxes of $13.0 million for the period.

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities (or fair value at date of Acquisition). While the Company's capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated with initial customer installations and the additions of network equipment necessary to enable advanced services are capitalized. Costs capitalized as part of initial customer installations include materials, labor and certain indirect costs. Indirect costs are associated with the activities of the Company's personnel who assist in connecting and activating the new service. Indirect costs include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting of installation and construction vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. Leasehold improvements are amortized over the shorter of their estimated life or the term of the related leases. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacements, including replacement of cable drops, are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	3-20 years
Customer equipment and installations	4-7 years
Capitalized leases	3-15 years
Vehicles	3-5 years
Broadband distribution systems	4-25 years
Office furniture, tools and equipment	2-7 years

Capitalized Internal Costs

Costs capitalized as part of new customer installations include materials, subcontractor costs and internal direct labor costs, including service technicians and internal overhead costs incurred to connect the customer to the plant from the time of installation scheduling through the time service is activated and functioning. The internal direct labor cost capitalized is based on a combination of the actual and estimated time to complete the installation. Overhead capitalized consists mainly of employee benefits, such as payroll taxes and health insurance, directly associated with that portion of the capitalized labor and vehicle operating costs related to capitalizable activities. Capitalized internal payroll costs were approximately $1.2 million, $49.2 million, $46.2 million and $45.0 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively. Related capitalized overhead were approximately $0.7 million, $28.7 million, $29.0 million and $28.5 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

Deferred Financing Costs

Deferred financing costs are being amortized to interest expense using the effective interest method over the terms of the related debt.

Franchises

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized against earnings but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances (see Footnote 13). Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Accounting for Long-Lived and Intangible Assets

Long-lived Assets

Long-lived assets (e.g., property, plant and equipment) do not require that an annual impairment test be performed; instead, long-lived assets are tested for impairment upon the occurrence of a triggering event. Triggering events include the more likely than not disposal of a portion of such assets or the occurrence of an adverse change in the market involving the business employing the related assets. Once a triggering event has occurred, the impairment test is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test first requires a comparison of estimated undiscounted future cash flows generated by the asset group against the carrying value of the asset group. If the carrying value of the asset group exceeds the estimated undiscounted future cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. Fair value is generally determined by discounting the future cash flows associated with that asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale, and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value. To the extent the carrying value is greater than the asset's estimated fair value, an impairment charge is recognized for the difference. Significant judgments in this area involve determining whether a triggering event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value. For the years ended December 31, 2015 and 2014, no triggering events have occurred and no impairment tests were performed.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested annually for impairment during the fourth quarter or earlier upon occurrence of a triggering event. Accounting guidance related to goodwill impairment testing provides an option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company performs a qualitative assessment, various events and circumstances are considered when evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and whether the first step of the goodwill impairment test is necessary. If, after this qualitative assessment, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then no further quantitative testing would be necessary.

If determined necessary as a result of the qualitative assessment described above, or if we do not perform the qualitative assessment as allowed under authoritative guidance from the FASB, goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Company to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value using a discounted cash flow ("DCF") analysis corroborated by a market-based approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the Company. If the estimated fair value of the Company exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Company exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the goodwill with the goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Company is allocated to all of the assets and liabilities of the Company (including any unrecognized intangible assets) as if the Company had been acquired in a business combination and the fair value of the Company was the purchase price paid. If the carrying amount of the Company's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets not subject to amortization, primarily cable franchise rights, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of a triggering event. The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. The estimates of fair value of intangible assets not subject to amortization are determined using Greenfield Discounted Cash Flow Method ("Greenfield Method"), which entails identifying the projected discrete cash flows related to such cable franchise rights and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates, estimating the amount and timing of estimated future cash flows attributable to cable franchise rights and identification of appropriate terminal growth rate assumptions. The discount rates used in the Greenfield Method are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

For the Company's impairment analyses completed in the fourth quarters of 2015 and 2014 the Company did not perform a qualitative assessment for any of its six reporting units and instead began with the first step of the goodwill impairment analysis. The Company's impairment analyses for 2015 and 2014 indicated no impairment of its goodwill and other intangible assets not subject to amortization.

Asset Retirement Obligations

Accounting for asset retirement obligations requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a lease or franchise agreement is not renewed, certain of the Company's franchise agreements and leases contain provisions requiring the Company to remove equipment or restore facilities. The Company expects to continually renew its franchise agreements and has concluded that the related franchise right is an indefinite lived intangible asset. The Company could be required to incur substantial restoration or removal costs related to these franchise agreements in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company would record an estimated liability at the time that it became probable that a franchise agreement would not be renewed. The obligations related to the removal provisions contained in the Company's lease agreements or any disposal obligations related to the Company's operating assets are not material to the Company's consolidated financial condition or results of operation or are not estimable.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate fair value because of their short maturities (see Footnote 11).

Derivative Financial Instruments

Accounting for derivative financial instruments requires that all derivative instruments be recognized on the balance sheet at fair value. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. The Company does not hold or issue derivative instruments for trading or speculative purposes.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The new guidance stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Early application is not permitted, and the standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. In August 2015, the FASB issued Accounting Standards update No. 2015-14, Deferral of Effective Date, which deferred the effective date of ASU 2014-09 by one year to December 15, 2017 for interim and annual reporting periods beginning after that date. The FASB permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company has not yet selected a transition method nor has it determined the effect of these standards on its ongoing operations or financial reporting.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"), which requires management to evaluate whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, and to provide certain disclosures when it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. ASU 2014-15 is effective for the annual period ended December 31, 2016 and for annual periods and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 is not expected to materially impact the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"). The new guidance stipulates that an entity should present debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset, and amortization of the costs should be reported as interest expense. ASU 2015-03 is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015. Early application is permitted, and entities would apply the new guidance retrospectively to all prior periods. In August 2015, the FASB issued Accounting Standards Update No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with line-of-Credit Arrangements ("ASU 2015-15"), which provides additional guidance to ASU 2015-03 to address the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the arrangement. The adoption of ASU 2015-03 and ASU 2015-15 is not expected to have a material impact on the Company's consolidated financial statements and related disclosures.

In September 2015, the FASB issued Accounting Standards Update No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments ("ASU 2015-16"), which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Prior to the issuance of the standard, entities were required to retrospectively apply adjustments made to provisional amount recognized in a business combination. ASU 2015-16 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, and early adoption is permitted. The adoption of ASU 2015-16 is not expected to materially impact the Company's consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”), which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. ASU 2015-17 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. The adoption of ASU 2015-17 is not expected to materially impact the Company’s consolidated financial statements.

4. Altice Acquisition

On December 21, 2015, Altice N.V., a public company with limited liability (*naamloze vennootshcap*) under Dutch law (“Altice”), as successor in interest to Altice S.A., certain other direct or indirect wholly-owned subsidiaries of Altice (the “Purchasers”), acquired approximately 70% of the total outstanding equity interests in Cequel Corporation (the “Altice Acquisition”) from the direct and indirect stockholders of Cequel Corporation (the “Sellers”). Prior to the date hereof, Cequel Corporation was directly or indirectly owned by investment funds advised by BC Partners Limited (“BCP”), CPPIB-Suddenlink LP, a wholly owned subsidiary of Canada Pension Plan Investment Board (“CPPIB” and together with BCP, the “Sponsors”), and IW4MK Carry Partnership LP (the “Management Holder” and together with the Sponsors, the “Stockholders”). The consideration for the acquired equity interests was based on a total equity valuation for 100% of the capital and voting rights of Cequel Corporation of $4,132.0 million, which includes $2,956.4 million of cash consideration, $675.6 million of retained equity held by the Sponsors and $500 million funded by the issuance by an affiliate of Altice of a senior vendor note that is subscribed by the Sponsors. Following the closing of the Altice Acquisition, the Sponsors retained equity interests in Cequel Corporation representing, in the aggregate, 30% of Cequel Corporation’s outstanding capital stock on a post-closing basis. In addition, the carry interest plans of the Stockholders were cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such carry interest plans, including certain officers and directors of Cequel and Cequel Corporation.

In connection with the Altice Acquisition, on June 12, 2015, affiliates of Altice issued (i) $320 million principal amount of senior holdco notes due 2025 (the “Holdco Notes”), (ii) $300 million principal amount of senior notes due 2025 (the “2025 Senior Notes”) and (iii) $1.1 billion principal amount of senior secured notes due 2023 (the “Senior Secured Notes”), the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Altice Acquisition. The Holdco Notes were issued by Altice US Finance S.A. (the “Holdco Notes Issuer”), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 98.275%. The 2025 Senior Notes were issued by Altice US Finance II Corporation (the “Senior Notes Issuer”), an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. The Senior Secured Notes were issued by Altice US Finance I Corporation (the “Senior Secured Notes Issuer”), an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Holdco Notes, the 2025 Senior Notes and the Senior Secured Notes is payable semi-annually on January 15 and July 15. The Holdco Notes will automatically exchange into an equal aggregate principal amount of 2025 Senior Notes once the 2025 Senior Notes Issuer builds sufficient restricted payment capacity and the ability to incur additional indebtedness in excess of the aggregate amount of the Holdco Notes. Following the consummation of the Altice Acquisition and related transactions, (i) the indirect parent of the Holdco Notes Issuer owned 70% of Cequel Corporation, (ii) the 2025 Senior Notes Issuer merged into Cequel, the Senior Notes became the obligations of Cequel and Cequel Capital Corporation became the co-issuer of the 2025 Senior Notes, and (iii) the equity interests in the Senior Secured Notes Issuer were contributed through one or more intermediary steps to Suddenlink, and the Senior Secured Notes were guaranteed by Cequel Communications Holdings II LLC, Suddenlink and certain of the subsidiaries of Suddenlink and are secured by certain assets of Cequel Communications Holdings II LLC, Suddenlink and its subsidiaries.

In connection with the Altice Acquisition, we received consent from holders of the 2020 Notes to, among other things, waive any obligation that the Issuers may have under the 2020 Indenture to repurchase the 2020 Notes as a result of the consummation of the Altice Acquisition and make certain related changes to the 2020 Indenture (the "Indenture Amendments"), and the Issuers entered into a first supplemental indenture to the 2020 Indenture with U.S. Bank National Association, as trustee (the "First Supplemental Indenture"), containing the Indenture Amendments. In exchange for this consent, we paid holders who consented to these amendments an aggregate fee of approximately $26.3 million at the closing of the Altice Acquisition, at which time the Indenture Amendments become effective.

In connection with the Altice Acquisition, we received consent from lenders under the credit and guaranty agreement, dated February 14, 2012, entered into by Cequel Communications, LLC, Cequel Communications Holdings II, LLC, certain subsidiaries of Cequel Communications, LLC and a syndicate of lenders, as amended, which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and a $500.0 million revolving credit facility (collectively, the "Existing Credit Facility"), to amend the definition of change of control and certain other related definitions therein so that the consummation of the Altice Acquisition did not constitute a change of control and corresponding event of default thereunder (the "Existing Credit Facility Amendments"), and we entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Credit Facility Amendments. In exchange for this consent, we paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

In addition, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility and (b) approximately $815.4 million of loans under the existing term loan facility under the Existing Credit Facility consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Credit Facility into loans and commitments of the same amount under a new credit facility (the "New Credit Facility") made available to Altice US Finance I Corporation effective upon the consummation of the Altice Acquisition (the "Roll Consents"). The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Altice Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility that lenders elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, formed a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

We applied business combination accounting for the Altice Acquisition. This resulted in the Company having a new accounting basis in the identifiable assets and liabilities and no retained earnings or accumulated losses. Accordingly, the consolidated financial statements on or after December 21, 2015 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to December 20, 2015 do not include the effect of any changes in our corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

Business combination accounting provides, among other things, for a determination of the value to be assigned to the equity of the company as of a date selected for financial reporting purposes. The value of the Company was set forth at approximately $9.1 billion. The value was based upon the purchase price that the Purchasers paid to acquire the Company on December 21, 2015, and including liabilities assumed. Further, DCF analysis was completed for purchase price allocation purposes. A more detailed explanation of the DCF analysis is discussed below.

The basis for the DCF analysis was the Company's projections. These seven-year projections were based on management's assumptions including among others, penetration rates for basic and digital video, high speed Internet, and telephone; revenue growth rates; operating margins; and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The DCF analysis was completed using a discount rate of approximately 9.0% based on the Company's cost of equity and after-tax cost of debt and a perpetuity growth rate of 2.5%. The value is highly dependent on the achievement of the future financial results contemplated in the projections. The estimates and assumptions made in the valuation are inherently subject to significant uncertainties, many of which are beyond our control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized. The following table summarizes the estimates of the fair values of the assets acquired and liabilities assumed in the Altice Acquisition (dollars in millions):

	Amount Recognized as of December 21, 2015
Current Assets	$ 156.2
Accounts Receivable	179.4
Property, plant and equipment	2,208.3
Goodwill ($538.9 million tax deductible)	2,040.4
Intangible assets	6,089.8
Other non-current assets	62.1
Current liabilities	(571.4)
Long-term debt	(6,056.7)
Deferred income taxes	(1,944.8)
Other non-current liabilities	(4.0)
Total	$ 2,159.3

The significant assumptions related to the valuations of our assets and liabilities in connection with business combination accounting include the following:

Property, plant and equipment was given a preliminary fair value of $2.2 billion as of December 21, 2015. In establishing fair value for the vast majority of the Company's property, plant and equipment, the cost approach was utilized. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation, and functional and economic obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

The Company identified the following intangible assets to be valued: franchise and patent rights, trade names and subscriber relationships. Franchise rights were valued using the greenfield method and were given a preliminary value of $4,984.6 million as of December 21, 2015. Trade names were valued using a deviation of the income approach, known as the royalty savings method, and were given a preliminary value of $37.9 million as of December 21, 2015. Subscriber relationships were valued using a deviation of the excess earnings method and were given a preliminary value of $1,067.4 million as of December 21, 2015. (See Footnote 13)

Long-term debt was valued at fair value as of December 21, 2015 using quoted market prices (Level 2).

The carrying value of most other assets and liabilities approximated fair value as of December 21, 2015. The contractual value of accounts receivable as of December 21, 2015 is approximately $191.2 million, compared to a preliminary fair value of $179.4 million.

As a result of applying business combination accounting, the Company recorded preliminary goodwill of $2.0 billion, which represented the excess of organization value over amounts assigned to the other identifiable tangible and intangible assets, arising from expectations of future operational performance and cash generation.

5. Acquisitions of Broadband Systems

On January 2, 2014, the Company consummated its acquisition of three cable systems from Northland Communications ("Northland"), for a purchase price of $40.6 million (the "Northland Acquisition"). The Northland Acquisition was funded by cash on hand. The Company incurred no acquisition related costs for the successor period from December 21, 2015 through December 31, 2015 and the predecessor period from January 1, 2015 through December 20, 2015, and incurred acquisition related costs of approximately $0.2 million and $0.2 million for the predecessor years ended December 31, 2014 and 2013, respectively, which are included in selling, general and administrative expense in the consolidated statements of operations.

The Company accounted for the Northland Acquisition in accordance with ASC Topic 805, and the operating results of Northland have been consolidated from the date of acquisition. The total estimated purchase price was allocated to the identifiable tangible and intangible assets acquired based on their fair values using Level 3 inputs (see Footnote 11). The excess of the estimated purchase price over those fair values was recorded as goodwill, which represents the value of expected synergies and other intangible assets that do not qualify for separate recognition. The fair value assigned to the identifiable tangible and intangible assets acquired are based upon a third party valuation using the assumptions developed by management and other information compiled by management.

The table below presents the final allocation of the purchase price to the assets acquired (in millions):

Total purchase price		$	40.6
	Estimated Useful Life		
Property, plant and equipment	1 - 15 years	$	11.3
Subscriber relationships	7 years		5.7
Franchise rights	Indefinite-lived		16.7
Goodwill (tax deductible)	Indefinite-lived		6.8
Current assets			0.1
Total allocated purchase price		$	40.6

On October 1, 2014, the Company consummated its acquisition of two cable systems in Nevada from NewWave Communications ("New Wave") for $6.1 million using cash on hand.

The Company's consolidated statement of operations for the year ended December 31, 2014 includes $15.3 million of revenue and $3.1 million of net income, from the acquisition of Northland. In addition, the Company's consolidated statement of operations for the year ended December 31, 2014 includes $0.8 million of revenue and less than $0.1 million of net income from the acquisition of New Wave, which are considered to be immaterial to the Company's consolidated financial statements.

6. Allowance for Doubtful Accounts

Allowance for doubtful accounts consisted of the following as of December 31:

	Successor 2015	Predecessor 2015	Predecessor 2014
Balance, beginning of period	$ —	$ 15,567	$ 13,323
Charged to expense	1,051	29,144	28,283
Uncollected balances written off, net of recoveries	—	(33,106)	(26,039)
Balance, end of period	$ 1,051	$ 11,605	$ 15,567

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31:

	Successor 2015	Predecessor 2014
Land	$ 44,666	$ 24,396
Buildings and improvements	112,085	99,933
Capitalized leases	2,547	17,605
Vehicles	25,324	58,523
Broadband distribution systems	2,005,783	2,415,462
Office furniture, tools and equipment	43,869	128,409
Total Property, plant and equipment	2,234,274	2,744,328
Less: accumulated depreciation	(10,162)	(967,156)
Property, plant and equipment, net	$ 2,224,112	$ 1,777,172

Depreciation expense was $10.2 million, $465.2 million, $480.3 million and $440.7 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

During the successor period from December 21, 2015 through December 31, 2015, we acquired $26.0 million of property, plant and equipment. As reflected in our consolidated statement of cash flows, $30.6 million represents capital expenditures for which cash was paid during the year ended December 31, 2015. This amount includes $4.6 million of cash outflows related to the decrease in accounts payable and accrued expenses related to capital expenditures from $16.9 million as of December 20, 2015 to $12.3 million as of December 31, 2015.

During the predecessor period from January 1, 2015 through December 20, 2015, we acquired $444.0 million of property, plant and equipment. As reflected in our consolidated statement of cash flows, $447.9 million represents capital expenditures for which cash was paid during the year ended December 31, 2015. This amount includes $3.8 million of cash outflows related to the decrease in accounts payable and accrued expenses related to capital expenditures from $20.8 million as of December 31, 2014 to $16.9 million as of December 20, 2015.

During the predecessor year ended December 31, 2014, we acquired $417.3 million of property, plant and equipment. As reflected in our consolidated statement of cash flows, $420.6 million represents capital expenditures for which cash was paid during the predecessor year ended December 31, 2014. This amount includes $3.3 million of cash outflows related to the decrease in accounts payable and accrued expenses related to capital expenditures from $24.1 million as of December 31, 2013 to $20.8 million as of December 31, 2014.

For the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, the Company recorded a loss on the disposal of cable assets of less than $0.1 million, $1.8 million, $4.3 million and $3.6 million, respectively.

8. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31, 2015 and 2014 consist of the following:

	December 31,	
	Successor 2015	Predecessor 2014
Accounts payable - trade	$ 17,497	$ 20,265
Accounts payable and accrued expenses related to capital expenditures	12,329	20,785
Accrued liabilities:		
Programming costs	54,047	52,241
Compensation and benefits	43,498	40,048
Taxes and insurance	23,851	31,737
Telephone and circuit costs	7,271	15,907
Franchise related fees	15,399	15,789
Pole rentals	9,441	6,508
Other	28,185	22,173
Total	$ 211,518	$ 225,453

9. Capital Lease and Other Obligations

Capital lease and other obligations consist of capital leases related to assets, facilities and multi-year vendor service agreements. The Company has financing agreements with original obligations totaling $43.0 million, of which $12.9 million was outstanding at December 31, 2015, that expire between December 2015 and January 2028.

The future principal payments of the Company's capital lease obligations as of December 31, 2015 are as follows (dollars in thousands):

Year	Amount
2016	$ 10,127
2017	865
2018	503
2019	180
2020	266
Thereafter	1,001
Total	$ 12,942

In 2014, the Company entered into a three year capital lease commitment totaling approximately $14.1 million, of which $4.1 million was outstanding at December 31, 2015, and a five year capital lease commitment totaling approximately $0.8 million, of which $0.6 million was outstanding at December 31, 2015.

10. Long-Term Debt

Outstanding debt consisted of the following at December 31:

	Successor 2015 (a)	Predecessor 2014
Existing credit facility	$ 1,459,077	$ 2,327,948
New credit facility	795,138	—
6.375% Senior Notes due 2020	1,447,659	1,527,331
5.125% Senior Notes due 2021 (b)	1,094,461	1,236,731
5.375% Senior Secured Notes due 2023	1,089,036	—
7.750% Senior Notes due 2025	273,821	—
Total Debt	6,159,192	5,092,010
Less: Current portion	105,129	24,422
Long-Term Debt	$ 6,054,063	$ 5,067,588

(a) On December 21, 2015, we applied business combination accounting to adjust our debt to reflect fair value. Therefore, as of December 31, 2015, the accreted values presented above generally represent the fair value at December 21, 2015, plus or minus the accretions to the balance sheet date of December 31, 2015.

(b) Includes the Initial 2021 Notes and the 2021 Mirror Notes.

Existing Credit Facility

On February 14, 2012, Suddenlink, Cequel Communications Holdings II, LLC ("Holdings II"), Cequel's direct subsidiary and the direct parent of Suddenlink, certain subsidiaries of Suddenlink and a syndicate of lenders entered into a Credit and Guaranty Agreement, (the " Existing Credit Agreement"), which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility funded at closing and a $500.0 million revolving credit facility (collectively, the "Existing Credit Facility"). The revolving credit facility was scheduled to mature on February 14, 2017. The term loan facility is scheduled to mature on February 14, 2019. The interest rate on the term loans outstanding under the Existing Credit Agreement initially equaled the prime rate plus 1.75% or the LIBOR rate plus 2.75%, with a LIBOR floor of 0.75%, while the interest rate on the revolver loans initially equaled the prime rate plus 1.50% or the LIBOR rate plus 2.50%. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, with the remainder due at maturity. The debt under the Existing Credit Agreement is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its restricted subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the Existing Credit Agreement. The Existing Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the Existing Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Existing Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the Existing Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

On April 26, 2013, the Company borrowed $300.0 million of incremental term loans (the "Incremental Term Loans") under the Existing Credit Facility. The Incremental Term Loans have the same terms as the existing term loans under the Existing Credit Facility. The proceeds from the Incremental Term Loans and cash on hand were used to redeem $400.0 million aggregate principal amount of the outstanding 2017 Notes on May 16, 2013 (see discussion within the 'Senior Notes' section below).

On April 30, 2014, the Company was required to make an excess cash flow recapture payment of $72.7 million in accordance with the terms of the Existing Credit Agreement. Lenders holding approximately 16.4% of the outstanding term loans under the Existing Credit Facility waived their right to receive this payment. Accordingly, the Company made an excess cash flow recapture payment of $60.8 million to the other lenders under the Existing Credit Facility and retained $11.9 million related to the waived excess cash flow recapture payment.

On December 29, 2014, the Company made a voluntary principal prepayment in the amount of $55.0 million, using cash on hand.

In connection with the Altice Acquisition, we received consent from lenders under the Existing Credit Facility to amend the definition of change of control and certain other related definitions therein so that the consummation of the Altice Acquisition did not constitute a change of control and corresponding event of default thereunder (the "Existing Credit Facility Amendments"), and we entered into a Second Amendment and Consent to the Existing Credit Facility (the "Second Amendment and Consent") with the lenders thereunder, containing, among other things, the Existing Credit Facility Amendments. In exchange for this consent, we paid lenders who consented to these amendments an aggregate fee of approximately $6.8 million.

Additionally, as of December 21, 2015, in connection with the formation of the New Credit Facility (as described below) the interest rate on the term loans outstanding under the Existing Credit Agreement was increased to the prime rate plus 1.8125% or the LIBOR rate plus 2.8125%, with a LIBOR floor of 1.00%, and the commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

On April 29, 2016, the Company will be required to make an excess cash flow recapture payment of $80.7 million in accordance with the terms of the Existing Credit Agreement.

New Credit Facility

In connection with the Altice Acquisition, lenders holding (a) $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility and (b) approximately $815.4 million of loans under the existing term loan facility under the Existing Credit Facility consented to roll over, on a cashless basis, such lenders' loans and commitments under the Existing Credit Facility into loans and commitments of the same amount under the New Credit Facility made available to Altice US Finance I Corporation effective upon the consummation of the Altice Acquisition. The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. Upon the closing of the Altice Acquisition, the $290.0 million of loans and commitments under the existing revolving credit facility under the Existing Credit Facility that lenders elected to rollover into the New Credit Facility, plus $60.0 million of new revolving commitments from other lenders, formed a new $350 million revolving credit facility under the New Credit Facility, and all remaining commitments under the then existing $500 million revolving credit facility under the Existing Credit Facility were terminated.

The revolving credit facility under the New Credit Facility is scheduled to mature on December 21, 2020. The New Credit Facility will mature on December 21, 2022, or sooner if certain amounts of the 2020 Notes, the 2021 Notes or the Senior Secured Notes remain outstanding at certain future dates. The interest rate on the term loans outstanding under the New Credit Agreement equal the prime rate plus 2.25% or the LIBOR rate plus 3.25%, with a LIBOR floor of 1.00%, while the interest rate on the revolver loans equal the prime rate plus 2.25% or the LIBOR rate plus 3.25%. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, commencing on March 31, 2016, with the remainder due at maturity. The debt under the New Credit Agreement is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its restricted subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the New Credit Agreement. The New Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the New Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The New Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the New Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

Senior Secured Notes

On June 12, 2015, affiliates of Altice issued $1.1 billion principal amount of Senior Secured Notes, the proceeds from which were placed in escrow to finance a portion of the purchase price for the Altice Acquisition. The Senior Secured Notes were issued by the Senior Secured Notes Issuer, an indirect subsidiary of Altice, bear interest at a rate of 5.375% per annum and were issued at a price of 100.00%. Interest on the Senior Secured Notes is payable semi-annually on January 15 and July 15. Following the consummation of the Altice Acquisition and related transactions the equity interests in the Senior Secured Notes Issuer were contributed through one or more intermediary steps to Suddenlink, and the Senior Secured Notes were guaranteed by Cequel Communications Holdings II LLC, Suddenlink and certain of the subsidiaries of Suddenlink and are secured by certain assets of Cequel Communications Holdings II LLC, Suddenlink and its subsidiaries.

Senior Notes

On October 25, 2012, the Escrow Issuers, each subsidiaries of Cequel, issued $500.0 million aggregate principal amount of the 2020 Notes. The 2020 Notes were sold at an offering price of 100%. Interest is payable on the 2020 Notes semi-annually in cash on March 15 and September 15, commencing on March 15, 2013. The proceeds from the sale were placed in an escrow account along with interest payable through March 11, 2013. On November 15, 2012, Cequel and Cequel Capital become obligors under the October 2020 Notes.

On December 13, 2012, the Company commenced a tender offer (the "Tender Offer") for up to $750.0 million of the senior notes due 2017 (the "2017 Notes"). The Tender Offer expired on January 11, 2013, and included an early settlement date of December 28, 2012. The Tender Offer was for a price of 104.057%. However, any 2017 Notes tendered prior to December 28, 2012 received a tender price of 107.057%. At December 28, 2012, the Company paid $712.4 million in connection with tendered 2017 Notes, and paid a tender call premium of approximately $50.3 million, which is included in the calculation of loss on extinguishment of debt. No additional 2017 Notes were tendered by the tender close date of January 11, 2013.

On December 28, 2012, the Issuers issued $1.0 billion aggregate principal amount of the 2020 Notes. The 2020 Notes were sold at an offering price of 103%. Interest is payable on the 2020 Notes semi-annually in cash on March 15 and September 15. The Issuers used the net proceeds from the sale to (i) purchase $712.4 million aggregate principal amount of the Issuers' 2017 Notes pursuant to the Tender Offer, (ii) make a capital contribution to Suddenlink, which was used to repay all outstanding borrowings under Suddenlink's revolving credit facility and for working capital and general corporate purposes, and (iii) pay related costs, fees and expenses.

On May 16, 2013, the Issuers issued $750.0 million aggregate principal amount of the Initial 2021 Notes. The proceeds from the sale of the Initial 2021 Notes and cash on hand were used to redeem the remaining $712.6 million aggregate principal amount of the outstanding 2017 Notes and pay related fees and expenses.

On May 16, 2013, the Issuers redeemed $400.0 million aggregate principal amount of the outstanding 2017 Notes and paid the applicable redemption premium of approximately $25.9 million, which was financed using the proceeds from the Incremental Term Loans and cash on hand. The carrying amount of the redeemed 2017 Notes was $423.8 million, thus resulting in a loss on extinguishment of debt of $2.1 million.

On June 17, 2013, the Issuers redeemed the remaining $712.6 million aggregate principal amount of the outstanding 2017 Notes and paid the applicable redemption premium of approximately $46.1 million, which was financed using the proceeds from the issuance of the Initial 2021 Notes. The carrying amount of the remaining 2017 Notes was $754.3 million, thus resulting in a loss on extinguishment of debt of $4.4 million.

On September 9, 2014, the Issuers issued $500.0 million aggregate principal amount of the 2021 Mirror Notes. The proceeds from the sale, plus cash on hand, were used to make a distribution in the amount of $600 million to our parent (see Footnote 20) and pay related fees and expenses. The 2021 Mirror Notes mature on December 15, 2021. Interest is payable on the 2021 Mirror Notes semi-annually in cash on June 15 and December 15 of each year. The 2021 Mirror Notes have substantially the same terms as the Initial 2021 Notes.

On June 12, 2015, affiliates of Altice issued $300 million principal amount of the 2025 Senior Notes, the proceeds from which were placed in escrow, to finance a portion of the purchase price for the Altice Acquisition. The 2025 Senior Notes were issued by the 2025 Senior Notes Issuer, an indirect subsidiary of Altice, bear interest at a rate of 7.75% per annum and were issued at a price of 100.00%. Interest on the 2025 Senior Notes is payable semi-annually on January 15 and July 15. Following the consummation of the Altice Acquisition and related transactions, the 2025 Senior Notes Issuer merged into Cequel, the 2025 Senior Notes became the obligations of Cequel and Cequel Capital Corporation became the co-issuer of the 2025 Senior Notes.

The Issuers have no ability to service interest or principal on the Senior Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of the Credit Agreements. However, the Credit Agreements permit Suddenlink to make dividends and distributions subject to satisfaction of certain conditions, including pro forma compliance with a maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. The Senior Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

The Indentures contain certain covenants, agreements and events of default which are customary with respect to non-investment grade debt securities, including limitations on our ability to incur additional indebtedness, pay dividends on or make other distributions or repurchase our capital stock, make certain investments, enter into certain types of transactions with affiliates, create liens and sell certain assets or merge with or into other companies.

The Company's debt agreements include restrictive covenants such as restrictions on additional indebtedness. The Credit Agreements also require the Company to satisfy a financial maintenance covenant. The Company was in compliance with those covenants as of December 31, 2015.

Loss on Extinguishment of Debt

The Company did not incur any losses on extinguishment of debt for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015 and the predecessor year ended December 31, 2014. For the year ended December 31, 2013, the Company recorded a $6.5 million loss on extinguishment of debt on the remaining repayment of the 2017 Notes, in conjunction with the $300 million borrowing of incremental term loans on April 26, 2013 and the issuance of the Initial 2021 Notes on May 16, 2013.

Future Principal Payments

The future maturities of long-term debt, excluding premiums and discounts, as of December 31, 2015 are as follows (dollars in thousands):

Year	Amount
2016	$ 105,129
2017	24,422
2018	24,422
2019	1,361,804
2020	1,508,657
Thereafter	3,422,160
Total debt	$ 6,446,594

11. Fair Value of Financial Instruments

The Company has established a process for determining fair value of its financial assets and liabilities using available market information or other appropriate valuation methodologies. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date.

Fair value guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of December 31, 2015 and 2014 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly the estimates presented in the accompanying consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

The carrying amounts of cash and cash equivalents, receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

The estimated fair value of the Company's debt at December 31, 2015 and 2014 is based on quoted market prices for the debt and is classified within Level 2 of the valuation hierarchy. Unrealized gains or losses on debt do not result in the realization or expenditure of cash and are not recognized for financial reporting purposes.

A summary of the carrying value and fair value of the Company's debt at December 31, 2015 and 2014 is as follows:

	Successor December 31, 2015		Predecessor December 31, 2014	
	Carrying Value (a)	Fair Value	Carrying Value	Fair Value
Existing credit facility	$ 1,459,077	$ 1,455,231	$ 2,327,948	2,289,866
New credit facility	795,138	797,096	—	—
6.375% Senior Notes due 2020	1,447,659	1,451,250	1,527,331	1,560,000
5.125% Senior Notes due 2021 (b)	1,094,461	1,118,750	1,236,731	1,225,000
5.375% Senior Notes due 2023	1,089,036	1,102,750	—	—
7.750% Senior Notes due 2025	273,821	276,000	—	—
Total	$ 6,159,192	$ 6,201,077	$ 5,092,010	$ 5,074,866

(a) On December 21, 2015, we applied business combination accounting to adjust our debt to reflect fair value. Therefore, as of December 31, 2015, the accreted values presented above generally represent the fair value at December 21, 2015, plus or minus the accretions to the balance sheet date of December 31, 2015.

(b) Includes the Initial 2021 Notes and the 2021 Mirror Notes.

Non-financial Assets and Liabilities

The Company's non-financial assets such as franchises, property, plant and equipment, and other intangible assets are not measured at fair value on a recurring basis; however, they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013.

12. Commitments and Contingencies

Contractual Obligations

The Company has obligations to make future payments for goods and services under certain contractual arrangements. These contractual obligations secure future rights to various assets and services to be used in the normal course of the Company's operations. For example, the Company is contractually committed to make minimum lease payments for the use of property under operating lease agreements. in accordance with applicable accounting rules, the future rights and obligations pertaining to firm commitments, such as operating lease obligations and certain purchase obligations under contracts, are not reflected as assets or liabilities in the consolidated balance sheet.

The following table summarizes the estimated timing and effect of the Company's payment obligations as of December 31, 2015 on the Company's liquidity and cash flows in future periods (dollars in millions):

	Total	2016	2017	2018	2019	2020	Thereafter
Contractual Obligations:							
Operating lease obligations (1)	$ 27.9	$ 7.9	$ 6.0	$ 4.4	$ 3.6	$ 2.9	$ 3.1
Other commitments (2)	26.4	26.0	0.4	—	—	—	—
Total contractual obligation	$ 54.3	$ 33.9	$ 6.4	$ 4.4	$ 3.6	$ 2.9	$ 3.1

(1) The Company leases certain site and office space under non-cancelable operating leases. Rent expense for site leases and office space was approximately $0.2 million, $8.1 million, $7.6 million and $7.3 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

(2) Represents contractual obligations under programming and content purchase agreements and various other contractual obligations.

The following items are not included as contractual obligations due to various factors discussed below. However, the Company incurs these costs as part of its operations:

- The Company rents utility poles used in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole rental attachments was approximately $0.4 million, $13.9 million, $12.9 million and $12.4 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

- The Company pays franchise fees under multi-year franchise agreements based on a percentage of revenues generated from video service per year. Franchise fees and other franchise-related costs included in the accompanying consolidated statements of operations were $1.4 million, $46.2 million, $48.2 million and $46.2 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

- The Company has cable franchise agreements containing provisions requiring the construction of cable plant and the provision of services to customers within the franchise areas. In connection with these obligations under existing franchise agreements, the Company obtains letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Such letters of credit as of December 31, 2015 and 2014 totaled $21.2 million and $18.0 million, respectively, which reduced the availability under the $350.0 million and $500.0 million revolving credit facility, respectively, to approximately $328.8 million and $482.0 million, respectively. Payments under these arrangements are required only in the event of nonperformance. The Company does not expect that these contingent commitments will result in any amounts being paid within at least the next twelve months.

Litigation

The Company is a defendant or a co-defendant in several lawsuits involving alleged infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases, and, in many 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 a court ultimately determines that the Company infringed on any intellectual property rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or the Company's vendors to modify certain products and services the Company offers to its customers, as well as negotiate royalty or license agreements with respect to the patents at issue. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate the range of possible loss.

From time to time, the Company is involved in other litigation and regulatory proceedings arising out of the Company's operations. Management believes that the Company is not currently a party to any other legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect the Company's business, financial position, results of operations, or liquidity.

13. Intangible Assets

The Company does not amortize indefinite lived intangible assets. Accordingly, all franchises that qualify for indefinite life treatment are not amortized against earnings but instead are tested for impairment annually, or more frequently as warranted by events or changes in circumstances. Based on testing of impairment of indefinite lived intangible asset guidance, franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which the franchise rights are associated and tracked. Management believes such grouping represents the highest and best use of those assets for purposes of evaluating impairment of its franchises. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Company determines the fair value of the intangible asset using a DCF analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach.

The Company performs its impairment assessment of its goodwill at the same inseparable asset group level as franchises discussed above. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which goodwill is tracked. The impairment test for goodwill involves a comparison of the estimated fair value to its carrying amount, including goodwill. The Company determines its fair value using a DCF analysis corroborated by a market-based approach, which utilize significant unobservable inputs (Level 3) within the fair value hierarchy.

On December 21, 2015, the Company applied business combination accounting and adjusted its franchise, goodwill and other intangible assets including trademarks and customer relationships to reflect fair value. As a result of applying business combination accounting, the Company recorded goodwill, which is tax deductible, of $2.04 billion, which represents the excess of organization value over amounts assigned to the other assets and liabilities (see Footnote 4).

The Company determined the estimated fair value utilizing an income approach model based on the present value of the estimated discrete future cash flows attributable to each of the intangible assets identified for each unit assuming a discount rate. This approach makes use of unobservable factors such as projected revenues, expenses, capital expenditures, and a discount rate applied to the estimated cash flows. The determination of the discount rate was based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows.

The Company estimated discounted future cash flows using reasonable and appropriate assumptions including among others, penetration rates for basic and digital video, high speed Internet, and telephone, revenue growth rates, operating margins and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The estimates and assumptions made in the Company's valuations are inherently subject to significant uncertainties, many of which are beyond its control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would significantly affect the measurement value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized.

Franchises, for valuation purposes, are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services, such as interactivity and telephone, to potential customers (service marketing rights). Franchises rights of $4.98 billion were recorded as a result of the application of business combination accounting. Franchises are expected to generate cash flows indefinitely and as such will continue to be tested for impairment annually.

Subscriber relationships, for valuation purposes, represent the value of the business relationship with existing customers (less the anticipated customer churn), and are calculated by projecting the discrete future after-tax cash flows from these customers, including the right to deploy and market additional services to these customers. The Company recorded $1.07 billion of customer relationships in connection with the application of business combination accounting. Subscriber relationships will be amortized on an accelerated method over a useful life of four years based on the period over which current customers are expected to generate cash flows.

The Company recorded $37.9 million in trade names in connection with the application of business combination accounting. The fair value of trade names was determined using the relief from royalty method which applies a fair royalty ratio to estimated revenue. Trade names will be amortized on an accelerated method over a useful life of 2 years based on the period over which the Company expects to continue to use each trade name.

The results of the Company's analysis of indefinite-lived intangible assets as of December 31, 2015 and 2014 indicated no impairment of the carrying value of those assets and no accumulated impairment of goodwill existed.

Indefinite-lived and finite-lived intangible assets are presented in the following table as of December 31:

	Successor 2015			Predecessor 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived						
Franchise and Patent rights......	$ 4,981,233	$ —	$ 4,981,233	$ 3,068,487	$ —	$ 3,068,487
Trade Names...........................	—	—	$ —	188,676	—	$ 188,676
Goodwill................................	2,040,402	—	2,040,402	1,526,071	—	1,526,071
Total.......................................	$ 7,021,635	$ —	$ 7,021,635	$ 4,783,234	$ —	$ 4,783,234
Finite-lived						
Franchise and Patent rights......	$ 3,356	$ —	$ 3,356	$ 60	$ (4)	$ 56
Trade Names...........................	37,856	(746)	37,110	—	—	—
Subscriber relationships..........	1,067,353	(12,625)	1,054,728	499,076	(335,003)	164,073
Total.......................................	$ 1,108,565	$ (13,371)	$ 1,095,194	$ 499,136	$ (335,007)	$ 164,129

Amortization expense for franchise and patent rights represents the amortization related to patents rights and amortization related to franchises that did not qualify for indefinite-life treatment, including costs associated with franchise renewals. Franchise amortization expense for the successor period from December 21, 2015 through December 31, 2015 was less than $0.1 million. Franchise amortization expense for the predecessor period from January 1, 2015 through December 20, 2015 was $0.7 million, and franchise amortization expense for each of the predecessor years ended December 31, 2014 and 2013, was less than $0.1 million. Trade names amortization expense was $0.7 million for the successor period from December 21, 2015 through December 31, 2015, and was zero for the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013. Subscriber relationships amortization expense was $12.6 million, $65.7 million, $114.2 million and $195.0 million for the successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

Below is a summary of the changes in the carrying value of the Company's goodwill for the years ended December 31, 2015 and 2014:

	Predecessor 2015			Predecessor 2014		
	Gross Amount	Accumulated Impairment Charge	Carrying Value	Gross Amount	Accumulated Impairment Charge	Carrying Value
Balance, beginning of year	$ 1,526,071	$ —	$ 1,526,071	$ 1,518,041	$ —	$ 1,518,041
Goodwill recognized (a)	—	—	—	8,030	—	—
Balance, end of period	$ 1,526,071	$ —	$ 1,526,071	$ 1,526,071	$ —	$ 1,518,041

(a) Includes Goodwill recognized from the acquisitions

	Successor 2015		
	Gross Amount	Accumulated Impairment Charge	Carrying Value
Balance, beginning of period	$ 2,040,402	$ —	$ 2,040,402
Balance, end of period	$ 2,040,402	$ —	$ 2,040,402

The Company has upgraded the technological state of many of its broadband systems since the commencement of operations and has experience with local franchise authorities where the franchises exist and believes all franchises will be renewed indefinitely.

The following table sets forth the estimated amortization expense on intangible assets for the fiscal years ending December 31:

Year	Amount
2016	$ 93,577
2017	65,564
2018	30,420
2019	13,472
2020	273
Thereafter	1,230
Total	$ 204,536

14. Operating Expenses

Operating expenses by key expense components consisted of the following:

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31,	
			2014	2013
Programming	17,943	594,152	617,410	590,047
High-speed Internet	1,559	54,177	52,716	51,858
Telephone	823	26,934	54,295	57,901
Plant and Operating	6,261	197,045	205,664	177,580
Total Operating Expenses	$ 26,586	$ 872,308	$ 930,085	$ 877,386

Programming costs consist primarily of costs paid for programmers for basic, digital, premium, video on demand and pay-per-view programming. High-speed Internet costs primarily consist of costs for bandwidth connectivity. Telephone costs primarily consist of costs for delivering telephone service to customers, such as subscriber line costs and regulatory fees. Plant and operating costs consist primarily of employee costs related to wages and benefits of technical personnel who maintain our cable network and provide customer support, outside labor costs, vehicle, utilities and pole rental expenses.

15. Selling, General and Administrative Expenses

Selling, general and administrative expenses by key expense components consisted of the following:

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31,	
			2014	2013
General and Administrative	7,982	687,802	393,135	348,537
Marketing	2,873	95,547	91,237	75,560
Corporate Overhead and Management Fees	28,306	92,741	59,005	57,749
Total Selling, General and Administrative	$ 39,161	$ 876,090	$ 543,377	$ 481,846

General and administrative expenses consist primarily of wages and benefits for our call centers, customer service and support and administrative personnel; bad debt; billing; advertising; facilities costs; non-cash stock compensation expenses and other administrative expenses. Marketing costs represent the costs of marketing to our current and potential commercial and residential customers, including wages and benefits for our marketing departments and other labor costs. Corporate overhead and management fees primarily consist of wages and benefits for our corporate personnel, legal fees, accounting and audit fees and other corporate expenses.

16. Income and Other Taxes

All operations are held through Cequel and its direct and indirect subsidiaries. Cequel is a single-member limited liability company and is disregarded for income tax purposes. The Company's operating activities are generally included in consolidated filings of Cequel Corporation. As such, the Company records a tax provision reflective of its inclusion in a consolidated corporate return.

Components of the Company's current and deferred income tax (benefit)/provision for the years ended December 31, 2015, 2014 and 2013 were as follows:

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Current Tax Expense:				
Federal	$ —	$ —	$ —	$ —
State	155	4,435	5,418	5,486
Total Current	155	4,435	5,418	5,486
Deferred Tax (Benefit)/Expense:				
Federal	(9,517)	40,384	6,219	(18,742)
State	(607)	(6,591)	(2,776)	(3,435)
Total Deferred	(10,124)	33,793	3,443	(22,177)
Net (Benefit)/Provision for Income Taxes	$ (9,969)	$ 38,228	$ 8,861	$ (16,691)

The Company's provision/(benefit) for income taxes differs from the expected tax expense amount computed by applying the statutory federal income tax rate to the income/(loss) before income taxes as a result of the following:

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Tax at U.S. statutory rate	35.0%	35.0 %	35.0%	35.0%
State taxes, net of benefit	1.9	0.2	12.1	(2.8)
Uncertain tax position	—	—	(45.8)	—
Change in valuation allowance	—	(0.1)	1.1	—
Non-cash stock option expense	—	(62.4)	40.8	(9.0)
Return to provision	—	—	(0.4)	—
Change in state effective tax rate	—	5.9	—	3.4
State income tax credits	—	(0.1)	(13.8)	—
Other, net	(0.1)	(0.8)	2.3	(1.0)
Effective tax rate	36.8%	(22.3)%	31.3%	25.6%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows as of December 31:

	Successor 2015	Predecessor 2014
Deferred tax assets:		
Net operating loss carryforwards	$ 240,784	$ 234,514
State income tax credits	3,809	3,908
Accrued expenses	20,634	13,901
Other	727	829
Total gross deferred tax assets	265,954	253,152
Less: valuation allowance	(494)	(303)
Net deferred tax asset	265,460	252,849
Deferred tax liabilities:		
Book over tax basis of depreciable assets	(385,578)	(234,422)
Book over tax basis of amortizable assets	(1,791,386)	(688,782)
Gross deferred tax liabilities	(2,176,964)	(923,204)
Net deferred tax liabilities	$ (1,911,504)	$ (670,355)

The Company has approximately $652.5 million and $631.4 million of federal net operating loss carryforwards in 2015 and 2014, respectively, which will expire at various dates through 2035. In addition, the Company has state net operating loss carryforwards, net of US Federal income taxes, of approximately $12.4 million and $13.5 million in 2015 and 2014, respectively, which will expire at various dates through 2035. The Company has established a valuation allowance on state net operating loss carryforwards of $0.5 million and $0.3 million at December 31, 2015 and 2014, respectively, as it is more likely than not that a portion of the deferred tax asset will not be realized in the future. The net operating loss carryforwards are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code and state taxing authorities. The Company does not expect the limitations to impact the ability to utilize the losses prior to their expiration. Cequel Corporation has approximately $1,056.5 million of additional federal net operating loss carryforwards and $20.6 million, net of US Federal income taxes, of state net operating loss carryforwards which will expire at various dates between 2025 and 2035. The net operating loss carryforwards are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code and state taxing authorities as well and are not reflected in the financial statements of the Company as they reside at Cequel Corporation and are not pushed down to the Company. Cequel Corporation expects to utilize the net operating loss carryforwards as a result of the inclusion of the Company in the consolidated tax return of Cequel Corporation. The utilization of the net operating losses and the acquired net operating losses will be determined based on the ordering rules required by the applicable taxing jurisdiction.

The Company accounts for uncertain tax positions in accordance with the accounting guidance for such items. This guidance prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company recognizes income tax benefits for those income tax provisions determined more likely than not to be sustained upon examination, based on the technical merits of the positions. On September 15, 2014, the Company filed its consolidated U.S. Corporation Income Tax Return for the calendar year 2013 reflecting an adjustment to a previously filed position which effectively eliminated the Company's uncertain tax position. The elimination of the uncertain tax position resulted in a corresponding adjustment to the Company's net deferred tax liabilities and deferred tax assets which resulted in a net benefit to income taxes of $13.0 million for the year. The elimination of the uncertain tax position recognized in 2014 reduced the Company's effective tax rate by 45.8%. Changes in the Company's reserve for uncertain income tax positions, excluding the related accrual for interest and penalties are presented below (dollars in thousands):

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31, 2014	Predecessor Year Ended December 31, 2013
Balance, beginning of period	$ —	$ —	$ 33,127	$ 33,127
Additions for tax positions related to prior years	—	—	—	—
Reductions for tax positions related to prior years	—	—	(33,127)	—
Additions for tax positions related to current year	—	—	—	—
Reductions for tax positions related to current year	—	—	—	—
Reductions due to settlements with taxing authorities	—	—	—	—
Reductions due to expiration of statute of limitations	—	—	—	—
Balance, end of period	$ —	$ —	$ —	$ 33,127

Tax years ending 2011 through 2014 remain subject to examination and assessment. By statute, the Company's use of certain carryforward attributes that were generated prior to 2010 will allow the Internal Revenue Service ("IRS") to subsequently examine those periods. During 2014, the IRS concluded its examination of the Company's income tax return for the tax year ending December 31, 2011 and the predecessor tax period ending November 15, 2012, resulting in no adjustments. In 2015, the Company reached a settlement with the IRS on the audit of the income tax return for the successor tax period ending December 31, 2012, resulting in no material adjustments to the Company's financial statements.

We adjust our tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and precedent. We recognize interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2015, we have no accrued interest or penalties related to uncertain tax positions.

As of December 31, 2015, the Company does not currently have any uncertain tax positions, nor does it believe that any events or rulings will cause one, within the next twelve months. However, various events could cause the Company's current expectations to change in the future.

17. Related Party Transactions

Prior to the consummation of the Altice Acquisition, pursuant to the Amended and Restated Cequel Communications Management Agreement, dated as of February 14, 2012, as amended (the "Management Agreement"), Cequel III, LLC ("Cequel III") provided certain executive, administrative and managerial services to the broadband systems owned by Cequel Holdings and its subsidiaries. Compensation under the terms of the agreement was an annual base fee of $5.3 million, set in 2006, paid quarterly in arrears. The base fee increased 5% annually on each anniversary date of the Management Agreement. The Cequel Holdings Board of Directors approved an additional incentive fee of $3.2 million, $1.4 million, and $0.5 million to Cequel III, LLC for the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively. The Management Agreement was terminated upon consummation of the Altice Acquisition, so no incentive fees were approved during the successor period from December 21, 2015 through December 31, 2015.

Total compensation paid to Cequel III, LLC under the Management Agreement, which is included in the selling, general and administrative line in the accompanying consolidated statements of operations, was $11.0 million, $9.1 million and $7.8 million, for the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively. The Management Agreement was terminated upon consummation of the Altice Acquisition, so no fees were paid to Cequel III during the successor period from December 21, 2015 through December 31, 2015. At December 31, 2014, the Company had approximately $4.8 million recorded as a payable to Cequel III, LLC, primarily related to management and incentive fees. No payables to Cequel III, LLC were recorded at December 31, 2015.

Pursuant to the Stockholders Agreement of CVC 2 B.V., a subsidiary of Altice and indirect owner of Cequel Corporation, dated as of December 21, 2015, Altice provides certain executive services, including CEO, CFO and COO services, to the Company. Compensation under the terms of the agreement is an annual fee of $10.0 million. At December 31, 2015, the Company had approximately $0.3 million recorded as a payable to Altice, related to services provided for the successor period from December 21, 2015 through December 31, 2015.

18. Employee Benefit Plan

The Company's employees may participate in a 401(k) plan. Employees that qualify for participation can contribute up to 15% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches 50% of the first 6% of participant contributions. The Company contributed approximately $0.2 million, $6.6 million, $5.9 million and $5.4 million, to the 401(k) plan for successor period from December 21, 2015 through December 31, 2015, the predecessor period from January 1, 2015 through December 20, 2015, and the predecessor years ended December 31, 2014 and 2013, respectively.

19. Equity Based Compensation

Carried Interest Plan

Prior to the Altice Acquisition, the general partners of the partnerships that held the shares of Cequel Corporation (collectively, the "Carry Interest Partnerships"), each adopted separate carried interest plans (collectively, the "Carried Interest Plan"), pursuant to which participants were awarded profit interest units in those partnerships. The purpose of the Carried Interest Plan was to provide participation in Cequel Corporation's long-term success and growth as an incentive to our executives, key employees, directors and other individuals who were responsible for and contributed to our management, growth and profitability, and to attract, retain and reward such participants.

Pursuant to the Carried Interest Plan, each Carry Interest Partnership was permitted to issue no more than 1,000,000 carry units. The Carry Interest Partnerships issued an aggregate of approximately 996,500 carry units. The awarded carry units that were forfeited or canceled in accordance with the Carried Interest Plan were available, under certain terms and conditions, for reissue in subsequent awards. In certain instances following cessation of their services on behalf of us, the participants had put rights or the Carry Interest Partnerships had call rights, with respect to such participants' carry units.

The carry units were to vest in quarterly installments over four years. Certain adjustments to the vesting schedules and/or certain distributions could occur in respect of certain specified events in connection with the Carried Interest Plan, which included: (i) a sale or series of sales by one of the Sponsors to the other resulting in the transferring Sponsor owning less than 35% of its original total Sponsor ownership interest following such transaction, (ii) a sale or series of sales by the Sponsors to third parties resulting in the Sponsors together owning less than 35% of their aggregate original Sponsor ownership interests, (iii) a sale or series of sales by either BC Partners or CPPIB to third parties resulting in such Sponsor owning less than 35% of its original total Sponsor ownership interest, or (iv) a sale of substantially all of the assets of Cequel Corporation or a sale of substantially all of its shares.

The Carried Interest Plan entitled participants to receive certain percentages of net cash proceeds received by the Carry Interest Partnerships in connection with sales by the Carry Interest Partnerships of common stock of Cequel Corporation, distributions from Cequel Corporation or amounts received upon liquidation or dissolution of Cequel Corporation. The amounts were paid to participants once threshold amounts had been received by the Carry Interest Partnerships and paid to the Sponsors and Management Investors in Cequel Corporation, and the percentage of cash proceeds to which the participants are entitled increased as the return to the Sponsors and such Management Investors increased.

The Company measured the cost of employee services received in exchange for carry units based on the fair value of the award at each reporting period. The Company used the Monte Carlo Simulation Method to estimate the fair value of the awards. Because the Monte Carlo Simulation Method required the use of subjective assumptions, changes in these assumptions could have materially affected the fair value of the carried interest units granted. The time to liquidity event assumption was based on management's judgment. The equity volatility assumption were estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed in valuing the units was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The Company's total equity value was estimated by a third party using a range of indicated business enterprise values. For the years ended December 31, 2015 and 2014, the Company recognized approximately $287.7 million and $30.7 million, respectively, related to the push down of non-cash compensation expense for employees of Cequel.

Concurrent with the Altice Acquisition, the Carried Interest Plan was cashed out based on an agreement between the Sponsors and the Management Holder whereby payments were made to participants in such Carried Interest Plan, including certain officers and directors of Cequel and Cequel Corporation, and the Carried Interest Plan was terminated.

20. Distributions to Parent

On September 10, 2014, the Issuers used the proceeds from the sale of the 2021 Mirror Notes, plus $120.5 million of cash on hand, to make a distribution to Cequel Holdings in the amount of $600.0 million. Cequel Holdings then made a distribution to Cequel Corporation in the amount of $600.0 million. Cequel Corporation used this distribution to make a distribution in the amount of $600.0 million to holders of equity interests in Cequel Corporation.

In January 2015, Cequel made a distribution to Cequel Holdings in the amount of $4.0 million. Cequel Holdings then made a distribution to Cequel Corporation in the amount of $4.0 million. Cequel Corporation used this distribution to invest in an IP video platform company.

In December 2015, Cequel Holdings contributed $21.4 million to the Company to pay certain transaction fees and expenses related to the Altice Acquisition.

In December 2015, the Company distributed $243.0 million to Cequel Corporation, which was used to fund a portion of the purchase price of the Altice Acquisition, and pay for certain transaction fees and expenses related to the Altice Acquisition.

21. Unaudited Quarterly Financial Data

The following table presents quarterly data for the periods presented on the consolidated statements of operations (unaudited):

	Quarter Ended			
	March 31,	**June 30,**	**September 30,**	**December 31,**
Successor 2015 (1)				
Revenues	$ —	$ —	$ —	$ 72,943
Loss from operations	—	—	—	(16,378)
Net loss	—	—	—	(17,116)
Predecessor 2015 (2)				
Revenues	$ 588,250	$ 608,016	$ 605,112	$ 545,992
Income/(loss) from operations	79,727	(19,118)	62,712	(57,705)
Net income/(loss)	9,385	(303,600)	47,152	37,125
Predecessor 2014				
Revenues	$ 575,025	$ 579,942	$ 583,606	$ 592,124
Income from operations	68,797	56,181	58,042	75,479
Net income/(loss)	4,703	(2,420)	10,091	7,108
Predecessor 2013				
Revenues	$ 538,951	$ 543,994	$ 543,757	$ 556,599
Income from operations	45,655	45,856	40,937	52,221
Net (loss)/income	(17,027)	(27,152)	(8,539)	4,284

(1) Successor 2015 consists of the period from December 21, 2015 through December 31, 2015.

(2) Predecessor 2015 consists of the period from January 1, 2015 through December 20, 2015.

22. Subsequent Events

The Company has updated its review of subsequent events as of March 28, 2015 (the date available for issuance) noting no events that require disclosure.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Pursuant to the Indentures, no certifications or attestations concerning our financial statements or disclosure controls and procedures or internal controls that would otherwise be required pursuant to the Sarbanes-Oxley Act of 2002, as amended, or the Securities Act of 1933, as amended, are required to be included in or to accompany this Annual Report.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive Officers and Directors

Prior to the closing of the Altice Acquisition, the general authority to make any and all of the day-to-day management decisions for Cequel Corporation and its subsidiaries, which includes Cequel and its subsidiaries, was delegated to Cequel III, LLC, pursuant to the Management Agreement and the management agreement between Cequel Corporation and Cequel III, LLC, each of which was terminated at the closing of the Altice Acquisition. Following the closing of the Altice Acquisition, the general authority to make any and all of the day-to-day management decisions for Cequel Corporation and its subsidiaries, which includes Cequel and its subsidiaries, resides with the supervisory board of CVC 2 B.V. The Cequel Corporation Board of Directors is supervised and under the direction of a supervisory board of CVC 2 B.V., Cequel Corporation's indirect parent. See "Item 12. Security Ownership of Certain Beneficial Owners" below for further information.

The current supervisory board of CVC 2 B.V. is comprised of five directors. The following table sets forth certain information regarding the individuals who currently serve on the supervisory board of CVC 2 B.V.:

Name	Age	Position
Jérémie Bonnin	41	Director
Michel Combes	53	Director
Burkhard Koep	42	Director
Erik Levy	41	Director
Raymond Svider	53	Director

The following table sets forth certain information regarding the individuals who currently serve as our executive officers and key employees:

Name	Age	Position
Dexter Goei (1) (2)	44	Executive Chairman
Abdelhakim Boubazine (1) (2)	40	Co-President and Chief Operating Officer
Charles Stewart (1) (2)	45	Co-President and Chief Financial Officer
Terry M. Cordova	55	Senior Vice President and Chief Technology Officer
James B. Fox	46	Senior Vice President and Chief Accounting Officer
Craig L. Rosenthal	44	Senior Vice President and General Counsel, Secretary
Kevin A. Stephens	53	President, Commercial & Advertising Operations

(1) These executive officers are employed by and compensated by [Altice] or one of its affiliates.

(2) These executive officers joined Suddenlink following the closing of the Altice Acquisition.

Biographical Information for our Directors and Executive Officers

Directors

Jérémie Bonnin. Mr. Bonnin joined Altice in May 2005 as Corporate Finance Director and is currently its General Secretary. Before joining Altice, he was a Manager in the Transaction Services department at KPMG, which he joined in 1998. At KPMG, he led several due diligence projects with a significant focus in the telecom area. Since his appointment at Altice, he has been involved in all of Altice's acquisitions, which have increased Altice's international footprint in France, Belgium, Luxembourg, Switzerland, Israel, the French Overseas Territories and the Dominican Republic. He has a long track record of successful cross-border transactions, and in financial management in the telecom sector. As General Secretary of Altice, he also focuses on the implementation of consistent operating policies and corporate structure across the Altice Group, where he holds various board positions. Mr. Bonnin received his engineering degree from the Institut d'Informatique d'Entreprise in France in 1998. He also graduated from the DECF in France, equivalent to the CPA.

Michel Combes. Mr. Combes is currently Chief Operating Officer of Altice. Mr. Combes was CEO of Alcatel-Lucent, CEO of Vodafone Europe, Chairman and CEO of TDF as well as Chief Financial Officer and Senior Executive Vice President of France Telecom. Mr. Combes has more than 25 years of experience in the telecommunication industry. He is a graduate of the Ecole Polytechnique and the Paris Telecoms School.

Burkhard Koep. Mr. Koep has more than fifteen years of investment banking experience both in Europe and the United States. He is currently Head of Strategy and M&A at Altice. Mr. Koep joined Morgan Stanley's European media and communications group in 2002. Prior to joining Altice, he was responsible for Morgan Stanley's cable, pay TV, and media practice in EMEA. He advised Kabel Deutschland on its sale to Vodafone, Liberty Global on its proposed acquisition of Ziggo, and Liberty Global on the sale of its content business Chellomedia to AMC. He also led the Morgan Stanley teams which took Kabel Deutschland and Ziggo public as joint global coordinator and re-IPOed RTL on behalf of Bertelsmann. Mr. Koep attended the University of Saarbruecken and Michigan Business School and graduated in business administration and finance.

Erik Levy. Mr. Levy is a Senior Principal at CPPIB, a global investment management firm based in Toronto. Mr. Levy is a founding member of CPPIB's Direct Private Equity Group where he oversees the Technology, Media and Healthcare investing. Mr. Levy is currently a Director of Informatica and Acelity. He was previously a Director of Skype Communications (2009-2011). Erik serves on CPPIB's Investment Partnerships Investment Committee, is a Director of the Canadian Venture Capital Association and he has been a mentor for Futurpreneur Canada. Prior to joining CPPIB, Mr. Levy worked at Bain & Company and Mercer. Mr. Levy holds a Master of Business Administration degree from the Rotman School of Management at the University of Toronto and a Bachelor of Science degree in Actuarial Mathematics from Concordia University.

Raymond Svider. Mr. Svider has been Co-Chairman of BC Partners since December 2008, and has been a Managing Partner of BC Partners since 2003. He joined BC Partners in 1992 in Paris before moving to London in 2000 to lead its investments in the technology and telecommunications industries. Over the years, Mr. Svider has participated in or led a variety of investments including Tubesca, Nutreco, UTL, Neopost, Polyconcept, Neuf Telecom, Unity Media/Tele Columbus, Intelsat, S.A., Office Depot, Inc., Multiplan, Inc. and Accudyne Industries. He is currently on the boards of Intelsat, Teneo Global LLC ("Teneo") and Accudyne Industries, Non-Executive Chairman of the Board of PetSmart, Inc., and Chairman of the Compensation Committee of Accudyne Industries. Prior to joining BC Partners, Mr. Svider worked in investment banking at Wasserstein Perella in New York and Paris, and at BCG, in Chicago. Mr. Svider holds a Master of Business Administration from the University of Chicago and a Master of Science in Engineering from both École Polytechnique and École Nationale Superieure des Telecommunications in France.

Executive Officers who are Not Directors

Dexter Goei. Mr. Goei joined Altice in 2009, after working for fifteen years in investment banking, and is currently the CEO of Altice. Mr. Goei began his investment banking career with JP Morgan and joined Morgan Stanley in 1999, working in their Media & Communications Group. Over the years, Mr. Goei has worked across all segments of the media industry in the United States and Europe, the Middle East, and Africa (EMEA) region covering primarily cable, pay TV, broadcasting, Internet, content and gaming companies eventually becoming Co-Head of Morgan Stanley's European TMT Group. Mr. Goei graduated from Georgetown University's School of Foreign Service with *cum laude* honors.

Abdelhakim Boubazine. Mr. Boubazine joined Suddenlink with the Altice Acquisition from Altice Group, which he joined in 2014 as CEO of Altice in the Dominican Republic. There he oversaw cable TV, broadband and mobile operations, serving more than 4 million customers. Prior to Altice, Mr. Boubazine was CEO of a European telecommunications company, specializing in the design, construction, and operation of the latest-generation cable and fiber networks in France, Belgium, Luxembourg, and the French West Indies. Prior to joining the telecommunication business, Mr. Boubazine had an international carrier of more than 10 years in the Oil and Gas Industry, where he occupied various operations, business and senior management roles in Europe, Asia, North America, Africa and Middle-East. Mr. Boubazine holds an engineering degree from the École Centrale de Lyon, a Master in Theoretical Physics from the University of Strasbourg. He is also a Post Graduate in Petroleum Engineering & Management from Imperial College of London.

Charles Stewart. Mr. Stewart joined Suddenlink with the Altice Acquisition after 21 years of corporate finance and investment banking experience in the U.S., Latin America and Europe. Most recently he served as CEO of Itau BBA International plc, from 2013 to 2015, where he oversaw ItauUnibanco's wholesale banking activities in Europe, U.S. and Asia. Prior to that, Mr. Stewart spent 19 years at Morgan Stanley as an investment banker in various roles, including 10 years focusing on the U.S. cable, broadcast and publishing industries. Mr. Stewart also acted as Deputy Head of Investment Banking for EMEA and was a member of the global investment banking management committee. He is a graduate of Yale University.

Terry M. Cordova. Mr. Cordova has served in various capacities with Suddenlink since March 2003, including his current role as Senior Vice President and Chief Technology Officer of Suddenlink. Before joining Suddenlink, Mr. Cordova was Division Vice President of Engineering for Charter Communications' Southeast Division. Mr. Cordova is a member, and past Chairman of the Board, of the Society of Cable Telecommunications Engineers.

James B. Fox. Mr. Fox has served as Chief Accounting Officer of Suddenlink since December 2009. Prior to joining Suddenlink, Mr. Fox served as Chief Financial Officer of Mobile Armor, Inc. from 2007 to 2009, was the Practice Leader for Finance Managed Services for DataServ LLC, and was Senior Vice President of Finance for Reuters Group PLC from 2002 to 2005. Mr. Fox currently serves as a member of the board of directors or board of managers, as applicable, of Suddenlink and its direct and indirect subsidiaries. Mr. Fox served as a Certified Public Accountant with Deloitte from 1991 - 2001.

Craig L. Rosenthal. Mr. Rosenthal has served in various capacities with Suddenlink and our manager since 2003, including his most current role as Senior Vice President and General Counsel and Assistant Secretary of Suddenlink. Prior to joining Suddenlink, Mr. Rosenthal was an attorney with Husch & Eppenberger, LLC (now Husch Blackwell Sanders LP). Mr. Rosenthal is currently a member of the board of directors or board of managers, as applicable, of Suddenlink and its direct and indirect subsidiaries. In addition, Mr. Rosenthal is a member of the state bar of Missouri and a member of the Federal Communications Bar Association.

Kevin A. Stephens. Mr. Stephens has served as head of our Commercial and Advertising Operations since 2006. Mr. Stephens serves on the board of directors of the Cable Advertising Bureau and the NAMIC, the Boys & Girls Clubs of Collin County, Texas and the Institute for Communication Technology Management at the University of Southern California.

Code of Ethics

Portions of our employee handbook, which apply to our employees and our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, have been posted on our website (www.suddenlink.com). These policies are designed to reasonably deter wrongdoing and promote honest and ethical business conduct and professional standards, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, compliance with applicable governmental laws, rules and regulations and prompt internal reporting of violations of the policies through the EthicsPoint Reporting System. We intend to post any amendments to or any waivers from a provision of these policies on our website.

ITEM 11. EXECUTIVE COMPENSATION

Executive Compensation in 2015

Below is an explanation of how our compensation program was designed and operated in 2015 and our named executive officers ("NEOs") for 2015: (i) Dexter Goei, as our principal executive officer for the period from December 21, 2015 through December 31, 2015, (ii) Jerald L. Kent, as our principal executive officer for the period from January 1, 2015 through December 21, 2015, (iii) Charles Stewart, as our principal financial officer for the period from December 21, 2015 through December 31, 2015, (iv) Mary E. Meduski, as our principal financial officer for the period from January 1, 2015 through December 21, 2015, (v) Kevin Stephens, Terry Cordova and Katherine S. Payne, as our three other most highly compensated executive officers for the fiscal year ended December 31, 2015 serving as executive officers at the end of the fiscal year, and (vi) Thomas P. McMillin, as one of our most highly compensated executive officers whose service as an executive officer ceased on December 21, 2015 (collectively, such officer, together with Katherine S. Payne, Mr. Stephens, Mr. Cordova and Ms. Meduski, the "Suddenlink NEOs"). For additional information related to our NEOs, please refer to Item 10. "Directors, Executive Officers and Corporate Governance" above. The Summary Compensation Table and separate tables below disclose each NEO's total compensation for fiscal year 2015.

Compensation Discussion and Analysis -2015 Summary

In 2015, our executive compensation program for NEOs reflected our practices as a privately-held company, and the Cequel Corporation board of directors and/or compensation committee made all decisions in the course of regularly-scheduled meetings.

Management participated in board and compensation committee meetings at which executive compensation decisions were made, but no NEO participated in or voted on any compensatory decision that affected him or her personally. The Cequel Corporation board of directors and compensation committee accordingly controlled all of the compensation decisions for our NEOs with the exception of Mr. Kent, who was compensated exclusively by Cequel III, LLC, our manager prior to the Altice Acquisition, in its sole discretion, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice.

We believe that the executive compensation decisions disclosed below were appropriate based on our 2015 financial performance, on general economic conditions, and on the applicable board's and compensation committee's review, and other factors relevant to the board's and compensation committee's annual salary and bonus determinations. In particular, our NEOs (with the exception of Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice) received target-level total compensation principally because we achieved financial and other operating results in 2015 that accomplished the principal objectives identified in our business plan.

Overview of Executive Compensation Philosophy and Its Key Elements

As a general matter, the Cequel Corporation board of directors and/or the compensation committee undertakes to provide our NEOs (with the exception of Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice) with compensation that is highly performance-based and competitive in our industry. We are engaged in a very competitive industry, and our success depends on attracting and retaining qualified executives through providing them with a carefully considered balance of fixed and variable (performance-based) compensation. To that end, the Cequel Corporation board of directors and/or compensation committee provided our NEOs (with the exception of Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice) with total compensation in 2015 through a combination of the following components that reflect our consistent practices for past years:

- a base salary commensurate with each NEO's experience and length of service with us;
- the opportunity to earn incentive compensation through cash bonuses targeted at up to a certain percentage of base salary depending on that NEO's level, and through the vesting of past stock-based awards and through the granting and vesting of stock-based awards and carried interest awards to certain NEOs; and
- participation in our broad-based employee benefits programs providing health and life insurance coverage, 401(k) benefits, and certain perquisites and other nondiscriminatory fringe benefits.

Upon the consummation of the Altice Acquisition, all committees of the board of directors, including the compensation committee, were dissolved. As a result, we expect that the supervisory board of CVC 2 B.V. will determine compensation for our NEOs going forward in its sole discretion.

Elements of Executive Compensation

Base Salary. In general, we provide base salary as fixed compensation for services rendered in the position that the NEO serves, with the exception of Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice. With this in mind, the board of directors and compensation committee historically determined base salaries in their discretion, after considering a variety of factors including each NEO's qualifications and experience, prior employment, industry knowledge, scope of responsibilities, individual performance, and general industry practices. Specific weightings are not applied to these factors. Base salaries are generally set when an NEO begins employment and are adjusted annually, if necessary, and are intended to provide competitive and fair compensation for basic job performance.

Annual Bonus. For 2015, the Cequel Corporation board of directors established corporate and individual performance targets based on our business plan, and then made cash bonus awards shortly after year end, in all cases based on the board's subjective and qualitative assessment of how our financial results and the NEO's individual performance compared to targeted performance and the NEO's individual performance-based goals (with the exception of Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice). As a result, although we follow a general formula as a guide for determining bonuses, the Cequel Corporation board of directors has made final bonus determinations solely at their discretion. The bonus targets for all NEOs and certain other employees were within a range of 0%-100% of base salary for the years 2013 through 2015. The Cequel Corporation board of directors made 2015 annual bonus determinations shortly after the end of our fiscal year, with payments made soon afterward.

Stock Based Awards. The Cequel Corporation board of directors issued carry unit awards under the Carried Interest Plan in the past, and may issue stock based awards in 2016 and future years. The key provisions of our Carried Interest Plan are discussed in the "Summary of Material Compensation Plans or Arrangements" below. All awards under the Carried Interest Plan became fully vested at the closing of the Altice Acquisition, and were cashed out and cancelled.

Perquisites. Our NEOs, other than Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice, receive perquisites and other fringe benefits that are available on equivalent terms to our employees generally.

Retirement and Welfare Plan Benefits. All of our executive officers are eligible to participate in health, welfare, and fringe benefits that are available to our employees generally, as well in a defined contribution 401(k) plan. Participants in the 401(k) plan are allowed to make pre-tax contributions up to 75% of their annual compensation, not to exceed the annual limitation set forth in Section 402(g) of the Internal Revenue Code for any plan year. We make a matching contribution equal to 50% of a participant's salary deferrals up to 6% of a participant's compensation. We also may make a discretionary profit sharing contribution to the 401(k) plan for the benefit of all participating employees, which amount is subject to change from year to year.

Distributions. On or around December 21, 2015, in connection with the consummation of the Altice Acquisition, we paid $333.9 million to the unit holders under the Carried Interest Plan. The distribution to the applicable NEOs is summarized in the Summary Compensation Table below.

Specific Executive Compensation Decisions for 2015

Base Salary. The annual base salary as of the end of fiscal year 2015 for each NEO is presented in the table below, and represents an increase of 3.0% from 2014 to 2015, due to merit increases that were uniformly applied to most executives, plus adjustments as a result of the change of control of the Company.

Executive	**2015**
Dexter Goei, Executive Chairman (1)	$ —
Jerald L. Kent, Chairman and Chief Executive Officer (1) (2)	$ —
Charles Stewart, Co-President and Chief Financial Officer (1)	$ —
Mary E. Meduski, Executive Vice President and Chief Financial Officer (2)	$ 495,945
Thomas P. McMillin, Executive Vice President and Chief Operating Officer (2)	$ 495,945
Kevin Stephens, President, Commercial and Advertising Operations	$ 305,910
Terry Cordova, Senior Vice President and Chief Technology Officer	$ 325,145
Katherine S. Payne, Senior Vice President and Chief Programming Officer	$ 334,750

(1) Dexter Goei and Charles Stewart were appointed as executive officers effective at the closing of the Altice Acquisition on December 21, 2015. Mr. Goei and Mr. Stewart are compensated by an affiliate of Altice and did not receive any compensation from Suddenlink for performing services in 2015.

(2) Jerald L. Kent was paid by Cequel III, LLC, our manager prior to the Altice Acquisition, for services provided pursuant to the Management Agreement. Pursuant to the Management Agreement, Cequel Holdings paid an annual management fee to our former manager for services to us, including those of Mr. Kent, which is subject to annual increases. In 2015, the management fee was approximately $7.8 million. Mr. Kent received compensation from Cequel III, LLC, our manager prior to the Altice Acquisition, as determined in the sole discretion of Cequel III, LLC. For a description of the Management Agreement, see "Certain Relationships and Related Party Transactions-Management Agreement."

(3) Each of Mr. Kent, Ms. Meduski and Mr. McMillin ceased being officers of Suddenlink effective at the closing of the Altice Acquisition on December 21, 2015.

Annual Bonus. In 2015, we made cash bonus awards under a program designed to reward the achievements of our NEOs (excluding Mr. Kent, who was compensated by Cequel III, LLC, our manager prior to the Altice Acquisition, and Mr. Goei and Mr. Stewart, who are compensated by an affiliate of Altice) and certain employees over the fiscal year. For the Suddenlink NEOs, 65% of their bonuses for 2015 performances reflected the weighted average performance to budget for each of our regions based on a calculation of the percentage that each region contributed to our consolidated operating cash flow ("OCF"); 10% of their bonuses for 2015 reflected the ratio of total corporate expense to consolidated OCF; and 25% of their bonuses for 2015 reflected a subjective assessment of performance including performance versus department budget, with a total maximum payout equal to 200% of the amount of a full bonus payment at their target bonus level percentage. The actual bonuses that the Suddenlink NEOs received were based on the following determinations that the Cequel Corporation board of directors made:

- Ms. Meduski and Mr. McMillin were each eligible for cash bonuses of 192% of a full bonus payment at their respective target bonus percentage of 100% of base salary, based on Cequel Corporation board's application of the criteria disclosed above. Mr. Stephens was eligible for a cash bonus of 155% of the amount of a full bonus payment at his target bonus percentage of 50% of base salary, based on Cequel Corporation board's application of the criteria disclosed above. Mr. Cordova was eligible for a cash bonus of 159% of the amount of a full bonus payment at his target bonus percentage of 50% of base salary, based on Cequel Corporation board's application of the criteria disclosed above. Katherine S. Payne was eligible for a cash bonus of 160% of the amount of a full bonus payment at her target bonus percentage of 40% of base salary, based on Cequel Corporation board's application of the criteria disclosed above.
- The actual bonus for the Suddenlink NEOs for 2015 reflected the determination that (i) the corporate goals had been reached representing an overall achievement for our regions of 144.1% attainment level and an achievement of 254.5% of target of the corporate expense to consolidated OCF ratio, and (ii) that each such NEO fully satisfied his or her individual performance goals.
- The actual bonus payments are reported in the "Non-equity Incentive Plan Compensation" column of the Summary Compensation Table below and equaled approximately 192% of the base salary for Ms. Meduski and Mr. McMillin; 77% for Mr. Stephens; 80% for Mr. Cordova and 64% for Ms. Payne for 2015.

Carry Unit Awards. In December 2012, each Carry Interest Partnership issued carry units to certain of our NEOs pursuant to the Carried Interest Plan. All awards under the Carried Interest Plan became fully vested at the closing of the Altice Acquisition, and were cashed out and cancelled. See "Summary of Material Compensation Plans or Arrangements - Carried Interest Plan" for more information.

Other Benefits. Cequel Corporation's board of directors did not make any changes to our severance, retirement, welfare, or fringe benefit plans or practices in 2015, on the premise that these arrangements satisfied current corporate needs and objectives.

Other Potential Post-Employment or Change of Control Benefits

We do not have employment agreements with our NEOs and have no contractual obligations to provide post-employment benefits due to termination of employment. All awards under the Carried Interest Plan (as defined in "Summary of Material Compensation Plans or Arrangements" below) became fully vested at the closing of the Altice Acquisition, and were cashed out and cancelled. For more information on change of control benefits related to carry units under the Carried Interest Plan, see "Summary of Material Compensation Plans or Arrangements - Carried Interest Plan" for more information.

Issuers' Historical Executive Compensation

Pursuant to the Management Agreement, Cequel III, LLC, our former manager, was responsible for managing our business affairs. Certain of our executive officers, including Jerald L. Kent, who were employees of our former manager, did not receive cash compensation from us for serving as executive officers. In addition, certain of our executive officers, including those listed in the "Summary Compensation Table," have in the past received additional compensation from our former manager in such manager's discretion. The amounts paid by our former manager to such executive officers were determined independently by our former manager. Pursuant to the Management Agreement, we paid an annual management fee to our former manager, which was subject to annual increases. In 2015, the management fee was approximately $7.8 million.

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of our NEOs during the years ended December 31, 2015, 2014 and 2013, unless otherwise indicated.

Name and Principal Position	Year	Salary Award $	Non-equity Incentive Plan Compensation $ (1)	All Other Compensation $ (2)	Total $
Dexter Goei (3)	2015	—	—	—	—
Executive Chairman					
Jerald L. Kent (3) (4)	2015	—	—	—	—
Chairman and	2014	—	—	—	—
Chief Executive Officer	2013	—	—	—	—
Charles Stewart (3)	2015	—	—	—	—
Co-President and					
Chief Financial Officer					
Mary E. Meduski (5)	2015	494,697	950,000	32,092,258	33,536,955
Executive Vice President and	2014	462,981	602,550	1,247	1,066,778
Chief Financial Officer	2013	446,716	432,000	2,432	881,148
Thomas P. McMillin (5)	2015	494,871	950,000	32,082,349	33,527,220
Executive Vice President and	2014	463,347	602,550	2,024	1,067,921
Chief Operating Officer	2013	446,716	432,000	1,256	879,972
Kevin Stephens	2015	305,038	236,775	8,436,590	8,978,403
President, Commercial and Advertising Operations	2014	282,933	283,250	1,226	567,409
	2013	274,215	208,156	1,260	483,631
Terry Cordova	2015	324,835	258,190	8,436,623	9,019,648
Senior Vice President and	2014	313,971	214,197	851	529,019
Chief Technology Officer	2013	303,222	148,306	1,245	452,773
Katherine S. Payne (6)	2015	334,375	212,653	4,033,526	4,580,554
Senior Vice President and	2014	268,750	200,000	200,814	669,564
Chief Programming Officer					

(1) Includes formula-based amounts paid as management incentive bonuses pursuant to calculations described in more detail in the "*Annual Bonus"* section above.

(2) Represents imputed income from Company-provided life insurance. Also represents bonus payments related to the Altice Acquisition and payments related to carry units granted pursuant to the Carried Interest Plan and related to the Altice Acquisition.

(3) Dexter Goei and Charles Stewart were appointed as executive officers effective at the closing of the Altice Acquisition on December 21, 2015. Mr. Goei and Mr. Stewart are compensated by an affiliate of Altice and did not receive any compensation from Suddenlink for performing services in 2015.

(4) Jerald L. Kent was paid by Cequel III, LLC, our manager before the Altice Acquisition, for services provided pursuant to the Management Agreement. For a description of the management agreement, see "Certain Relationships and Related Party Transactions-Management Agreement."

(5) Each of Mr. Kent, Ms. Meduski and Mr. McMillin ceased being officers of Suddenlink effective at the closing of the Altice Acquisition on December 21, 2015.

(6) Ms. Payne was appointed as an executive officer in 2014.

Director Compensation

The following table provides information concerning payments to directors of Cequel Corporation during the year ended December 31, 2015 for their services as directors.

Name	Year	Fees Earned or Paid in Cash $
Eugene Fife (1)	2015	100,000
Independent Director		
Aryeh Bourkoff (1)	2015	90,000
Director		

(1) Each of Mr. Fife and Mr. Bourkoff ceased being directors of Cequel Corporation effective at the closing of the Altice Acquisition on December 21, 2015.

Cequel Corporation's current directors do not receive any compensation from us. Cequel Corporation's directors are reimbursed for expenses, including travel expenses, incurred in connection with their service as directors.

Summary of Material Compensation Plans or Arrangements

General Employee Benefit Plans

All of our executive officers are eligible to participate in health, welfare, and fringe benefits that are available to our employees generally, as well in a defined contribution 401(k) plan. Participants in the 401(k) plan are allowed to make pre-tax contributions up to 75% of their annual compensation, not to exceed the annual limitation set forth in Section 402(g) of the Internal Revenue Code for any plan year. We make a matching contribution equal to 50% of a participant's salary deferrals up to 6% of a participant's compensation. We also may make a discretionary profit sharing contribution to the 401(k) plan for the benefit of all participating employees, which amount is subject to change from year to year.

Carried Interest Plan

Prior to the Altice Acquisition, the general partners of the partnerships that held the shares of Cequel Corporation (collectively, the "Carry Interest Partnerships") each adopted separate carried interest plans (collectively, the "Carried Interest Plan"). The purpose of the Carried Interest Plan was to provide participation in our long-term success and growth as an incentives to our executives, key employees, directors and other individuals who were responsible for and contributed to our management, growth and profitability, which we refer to as participants, and to attract, retain and reward such participants.

Pursuant to the Carried Interest Plan, each Carry Interest Partnership was permitted to issue no more than 1,000,000 carry units. The Carry Interest Partnerships issued an aggregate of approximately 996,500 carry units to participants. The awarded carry units that were forfeited or cancelled in accordance with the Carried Interest Plan were available, under certain terms and conditions, for reissue in subsequent awards. In certain instances following cessation of their services on behalf of Cequel Corporation or its subsidiaries, the participants had put rights or the Carry Interest Partnerships had call rights, with respect to such participants' carry units.

The carry units were to vest in quarterly installments over four years. For non-senior executive management participants (i) unvested carry units would have been forfeited upon cessation of employment or other services on behalf of Cequel Corporation or its subsidiaries and (ii) with respect to vested carry units, the Carry Interest Partnerships would have had the right to call such carry units for their fair market value upon cessation of employment or other services on behalf of Cequel Corporation unless cessation of employment was for cause, in which case all vested carry units would have been forfeited. For senior executive management participants, who included Jerald L. Kent, Mary E. Meduski, Thomas P. McMillin, Kevin A. Stephens, Terry M. Cordova and Katherine S. Payne, (i) unvested carry units had certain accelerated vesting upon a termination without cause or resignation for good reason, and such executive management participants had certain put rights with respect to vested carry units in such instances, (ii) if any such management participant resigned without good reason, the Carry Interest Partnerships would have had a call right with respect to such participant's vested carry units and (iii) if any such management participant was terminated for cause, all carry units, whether vested or unvested, would have been forfeited.

Certain adjustments to the vesting schedules and/or certain distributions could have occurred in respect of certain specified events in connection with the Carried Interest Plan, which included: (i) a sale or series of sales by BC Partners or CPPIB to the other resulting in the transferring Sponsor owning less than 35% of its original total Sponsor ownership interest following such transaction, (ii) a sale or series of sales by the Sponsors to third parties resulting in the Sponsors together owning less than 35% of their aggregate original Sponsor ownership interests, (iii) a sale or series of sales by either BC Partners or CPPIB to third parties resulting in such Sponsor owning less than 35% of its original total Sponsor ownership interest, or (iv) a sale of substantially all of the assets of Cequel Corporation or a sale of substantially all of its shares.

The Carried Interest Plan entitled participants to receive certain percentages of net cash proceeds received by the Carry Interest Partnerships in connection with sales by the Carry Interest Partnerships of class A common stock or class B common stock of Cequel Corporation, dividends from Cequel Corporation or amounts received upon liquidation or dissolution of Cequel Corporation. The amounts were paid to participants once threshold amounts were received by the Carry Interest Partnerships and paid to the Sponsors and Management Investors in Cequel Corporation, and the percentage of cash proceeds to which the participants were entitled increased as the return to the Sponsors and such Management Investors increased.

All awards under the Carried Interest Plan became fully vested at the closing of the Altice Acquisition, and were cashed out and cancelled.

Compensation Committee Interlocks and Insider Participation

The Cequel Corporation Compensation Committee consisted of Jerald L. Kent, James Fasano, and Raymond Svider in 2015. With the exception of Jerald L. Kent, who served as the Chairman and Chief Executive Officer of Cequel Corporation and each of its subsidiaries, none of our officers, employees or former officers served as a member of the Cequel Corporation Compensation Committee during 2015. With the exception of Jerald L. Kent, who served as the sole manager of our former manager, which sole manager determined certain compensation arrangements for the former manager, including the compensation of Mr. Kent, no committee member had any interlocking relationships requiring disclosure under applicable rules and regulations.

Upon the consummation of the Altice Acquisition, all committees of the board of directors, including the compensation committee, were dissolved.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

CVC 2 B.V. directly owns all of the equity of CVC 3 B.V., which directly owns all of the equity of Cequel Corporation. Cequel Corporation directly owns all of the membership interests in Cequel Holdings and Cequel Holdings directly owns all of the membership interests in Cequel. As of the date of this Annual Report, affiliates of Altice and the Sponsors collectively beneficially own 100% of CVC 2 B.V.'s common stock. For the purposes of voting the common stock of CVC 2 B.V.'s all matters other than the election of directors, which is described below, affiliates of Altice vote approximately 70% of the common stock of CVC 2 B.V., BC Partners votes approximately 18.2% of the common stock of CVC 2 B.V. and CPPIB votes approximately 11.8% of the common stock of CVC 2 B.V. No director or officer of the Company directly owns any membership interest in the Company.

Our business and affairs are managed by the Cequel Corporation Board of Directors. The Cequel Corporation Board of Directors is supervised and under the direction of a supervisory board of CVC 2 B.V., Cequel Corporation's indirect parent. The composition of the supervisory board of CVC 2 B.V. is governed by the Stockholders Agreement among the stockholders of CVC 2 B.V. and CVC 2 B.V., which provides that such board shall consist of five supervisory directors and certain stockholder groups have the right to appoint and remove certain supervisory directors. Pursuant to the terms of the 2015 Stockholders Agreement, as of the date of this Annual Report, subject to certain conditions, Altice has the right to appoint and remove three supervisory directors and each Sponsor has the right to appoint and remove one supervisory director to the supervisory board of CVC 2 B.V. For more information about the current composition of the Cequel Corporation Board of Directors, see "Item 10. Directors, Executive Officers and Corporate Governance." For more information about supervisory director designation rights, see "Item 13. Certain Relationships and Related Party Transactions, and Director Independence – 2015 Stockholders Agreement."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND DIRECTOR INDEPENDENCE

Our employee handbook, portions of which are posted on our website at www.suddenlink.com, prohibits all employees, including the senior officers of Suddenlink, from engaging in any activity that creates an actual or perceived conflict of interest, including ensuring that their personal, family or financial interests do not influence business dealings or relationship they may have on behalf of Suddenlink and its affiliates and direct and indirect subsidiaries. Specifically, employees are prohibited from (a) influencing transactions on behalf of Suddenlink and its affiliates and direct and indirect subsidiaries with any supplier or customer with whom they or a family member has a personal or financial relationship, (b) working for, representing or favoring for personal reasons a supplier in its dealings with Suddenlink and its affiliates and direct and indirect subsidiaries, (c) using resources of Suddenlink and its affiliates and direct and indirect subsidiaries to perform outside activities not sponsored or approved by Suddenlink or its affiliates and direct and indirect subsidiaries and (d) performing any telecommunications work in a vendor or outside employment capacity for any customer of Suddenlink or its affiliates and direct and indirect subsidiaries. Additionally, we have procedures for reporting violations of these policies including reporting violations through EthicsPoint, our confidential third party reporting system for violations of our employee policies.

Management Agreement

In May 2006, Cequel Holdings entered into the Management Agreement with Cequel III, LLC, which was controlled by Jerald L. Kent, our former Chief Executive Officer. Pursuant to the Management Agreement, Cequel III, LLC provided the services of Jerald L. Kent, our former Chief Executive Officer, and certain former members of our senior corporate management. On February 14, 2012, the Management Agreement was amended and restated to permit our former CEO to participate in certain other business activities of the manager that did not interfere with his duties as our CEO. On November 15, 2012, the Management Agreement was further amended to modify the termination provisions thereof and the description of the terms of the management agreement provided below reflects such amendment. The Management Agreement delegated the general authority to manage and operate the business, properties, personnel and activities of Cequel Holdings and its subsidiaries, which included the Company, to our former manager. The delegation of such management decisions was subject to, among other things, the reasonable discretion of the board of our parent company. This agreement required us to pay the manager the following fees:

- an annual management fee, which increased annually by 5% on a compounded basis, payable quarterly in arrears, which management fee was approximately \$7.8 million for the annual management term ended in May 2015, and was approximately \$8.2 million for the annual management term that would have ended in May 2016; and
- for so long as the Master Network Access and Service Agreement, which we refer to as the Level 3 Service Agreement, between Level 3 Communications, Inc. (formerly Broadwing Communications, LLC), which we refer to as Level 3, and our former manager, saved Cequel Holdings at least \$3 million per year as compared to the cost of obtaining the same services from the least expensive available third party provider, a deferred management fee of \$3 million per year, payable after the return of capital to investors.

Additionally, if Cequel Holdings performed well, a discretionary bonus incentive fee in an amount determined by the board of directors or the compensation committee of Cequel Holdings may have been paid to our former manager each year.

We paid our former manager under the Management Agreement fees of approximately \$11.0 million in the year ended December 31, 2015.

Our former manager received carry units on December 14, 2012. All awards under the Carried Interest Plan became fully vested at the closing of the Altice Acquisition, and were cashed out and cancelled. See "Summary of Material Compensation Plans or Arrangements - Carried Interest Plan" for more information.

In connection with the consummation of the Altice Acquisition on December 21, 2015, the Management Agreement was terminated

2012 Stockholders Agreement

Certain rights and obligations with respect to our corporate governance were governed by the stockholders agreement of Cequel Corporation dated November 15, 2012 (the "2012 Stockholders Agreement"), by and among Cequel Corporation and stockholders and limited partnerships parties thereto. The limited partnership affiliated with the Management Investors held equity interests in Cequel Corporation and was a party to the 2012 Stockholders Agreement in addition to the limited partnerships affiliated with the Sponsors. The 2012 Stockholders Agreement provided for the following.

Appointment of directors. The 2012 Stockholders Agreement provided for a board of directors with a total of up to eleven directors. Certain stockholder groups had the right to appoint and remove directors as set forth below:

BC Partners had the right to appoint and remove three directors so long as it held 66% or more of its aggregate number shares of common stock of Cequel Corporation ("Shares"). If BC Partners held less than 66% but 33% or more of its aggregate number of Shares, it had the right to appoint and remove only two directors. If BC Partners held less than 33% but 10% or more of its aggregate number of Shares, it had the right to appoint and remove only one director. In the event BC Partners held less than 10% but 5% or more of its aggregate number of Shares, it was only entitled to certain board observation rights. On November 15, 2012, BC Partners appointed Raymond Svider, Justin Bateman, and Fahim Ahmed to the board of directors.

CPPIB had the right to appoint and remove three directors so long as it held 66% or more of its aggregate number of Shares. If CPPIB held less than 66% but 33% or more of its aggregate number of Shares, it had the right to appoint and remove only two directors. If CPPIB held less than 33% but 10% or more of its aggregate number of Shares, it had the right to appoint and remove only one director. In the event CPPIB held less than 10% but 5% or more of its aggregate number of Shares, it was only entitled to certain board observation rights. On November 15, 2012, CPPIB appointed Jim Fasano and Erik Levy to the board of directors. CPPIB currently has the right to appoint one additional director.

In addition, so long as each Sponsor held at least 10% of its aggregate number of Shares, the Sponsors jointly had the right to appoint and remove two independent directors, one of whom was required to qualify as "independent" under the Exchange Act. On November 15, 2012, the Sponsors jointly appointed Aryeh B. Bourkoff to the board of directors. On December 12, 2012, the Sponsors jointly appointed Eugene V. Fife to the board of directors, who was designated as an independent director.

Jerald L. Kent was appointed as Chairman of the board of directors of Cequel Corporation by virtue of being Cequel Corporation's Chief Executive Officer.

Mary E. Meduski, our former Executive Vice President and Chief Financial Officer, was appointed to the board of directors for so long as Ms. Meduski was an employee of Cequel Corporation or its subsidiaries and the Management Agreement had not been terminated.

Thomas P. McMillin, our Executive Vice President and Chief Operating Officer, was appointed to the board of directors for so long as Mr. McMillin was an employee of Cequel Corporation or its subsidiaries and the Management Agreement had not been terminated.

Board action. Pursuant to the 2012 Stockholders Agreement, certain material corporate actions, including without limitation, our ability to incur certain additional indebtedness, refinance certain of our existing indebtedness, create certain liens, redeem or prepay certain debt, pay dividends, make certain investments, enter into certain transactions with affiliates, enter into new lines of business, engage in consolidation, mergers and acquisitions and make certain capital expenditures, required the approval of the board of directors of Cequel Corporation and subject to certain limited exceptions, the approval of one director appointed by each Sponsor. Subject to certain conditions, such approval right held by each Sponsor may have been assigned to a third party.

Restrictions on transfer. The 2012 Stockholders Agreement contained restrictions on the transfer of Shares and customary "drag-along," "tag along" and "pre-emptive" rights.

IPO rights. Subject to certain conditions, BC Partners or CPPIB may have required Cequel Corporation to effect an initial public offering. In such case, each holder of Shares had the right to participate in the initial public offering. In addition, each holder of Shares was entitled to customary "demand" and "piggyback" rights.

Upon the consummation of the Altice Acquisition, the 2012 Stockholders Agreement terminated.

2015 Stockholders Agreement

Certain rights and obligations with respect to our corporate governance are governed by the stockholders agreement of CVC 2 B.V. dated as of December 21, 2015 (the "2015 Stockholders Agreement"), by and among CVC 2 B.V. and the stockholders and other parties thereto. CVC 2 B.V. is the indirect parent of Cequel Corporation. The 2015 Stockholders Agreement provides for the following:

Appointment of supervisory directors. The 2015 Stockholders Agreement provides for a supervisory board of directors of CVC 2 B.V. that supervises the Cequel Corporation board of directors Please confirm the statement. Unclear from the CVC BV 2 stockholders agreement whether this is true. and has a total of five supervisory directors. Certain stockholder groups have the right to appoint and remove the supervisory directors as set forth below:

Altice has the right to appoint and remove three supervisory directors to the CVC 2 B.V. supervisory board of directors,. On December 21, 2015, Altice appointed Jérémie Bonnin, Michel Combs and Burkhard Koep to the CVC 2 B.V. supervisory board of directors.

BC Partners and CPPIB each currently have the right to designate a supervisory director to the CVC 2 B.V. supervisory board of directors. On December 21, 2015, BC Partners appointed Raymond Svider and CPPIB appointed Erik Levy to the CVC 2 B.V. supervisory board of directors. However, if the Sponsors beneficially own, jointly, an aggregate number of the issued and outstanding Class A common shares of CVC 2 B.V. (the "CVC Shares") that is less than (x) 15% but 7.5% or more of the issued and outstanding CVC Shares, or (y) 66.7% of the issued and outstanding common shares of CVC 2 B.V. held by the Sponsors on December 21, 2015 and the number of shares of CVC 2 B.V. to be issued to each stockholder on the date of the consummation of the acquisition of Cablevision Systems Corporation by Altice (if and when issued) (collectively, the "Initial Shares"), the Sponsors are only entitled to designate one supervisory director for appointment to the supervisory board of directors, with the Sponsor that holds the higher percentage of the Initial Shares entitled to designate such director. In the event that the Sponsors hold an equal percentage of the Initial Shares, the Sponsors will jointly designate such director and decide which designated director to remove from the supervisory board of directors. Further, if the Sponsors own, jointly, an aggregate number of CVC Shares that is less than (x) 7.5% of the issued and outstanding CVC Shares, or (y) 33.3% of the Initial Shares held by the Sponsors, the Sponsors are no longer entitled to designate any supervisory directors for appointment to the CVC 2 B.V. supervisory board of directors.

Board action. As set forth in the 2015 Stockholders Agreement, the Sponsors, under certain circumstances, have specified approval rights with respect to certain material corporate actions, including without limitation, fundamental changes in CVC 2 B.V.'s or its subsidiaries' existing lines of business or entry into a new significant line of business, the incurrence of certain indebtedness, the approval or adoption of annual operating and capital budgets of CVC 2 B.V., certain issuances of additional CVC Shares or other securities, and amendments or modifications to CVC 2 B.V.'s organizational documents.

Restrictions on transfer. The 2015 Stockholders Agreement contains restrictions on the transfer of CVC Shares and customary "drag-along," "tag along" and "pre-emptive" rights.

Put and call rights. Under the 2015 Stockholders Agreement, (i) the Sponsors have certain put rights pursuant to which they may require Altice to purchase certain of the Sponsors' securities and (ii) Altice has certain call rights pursuant to which it may acquire certain of the Sponsors' securities, in each case in the manner and on the terms and conditions set forth in the 2015 Stockholders Agreement.

IPO rights. Under certain circumstances and subject to certain conditions, BC Partners or CPPIB may require CVC 2 B.V. to effect an initial public offering. In such case, each holder of CVC Shares has the right to participate in the initial public offering. In addition, each holder of CVC Shares is entitled to customary "demand" and "piggyback" rights.

Management Fees. Pursuant to the 2015 Stockholders Agreement, Altice or its affiliates are entitled to management fees payable by CVC 2 B.V. initially in the amount of $10.0 million per year.

Advisory agreements

On November 15, 2012, Cequel Corporation entered into an Advisory Agreement with each Sponsor, pursuant to which Cequel Corporation paid each Sponsor an annual fee of $1 million for providing advisory and consulting services in relation to the business, finances, operations and other affairs of Cequel Corporation and its subsidiaries. In 2015, Cequel Corporation paid $1 million to each Sponsor for these services.

Level 3

Our former manager was a party to the Level 3 Service Agreement whereby Level 3 provides Suddenlink with intercity private line circuits and Internet transit capacity. We paid Level 3 fees of approximately $8.4 million in 2015 with respect to the Level 3 Service Agreement. Due to the termination of the Management Agreement and the departure of Jerald L. Kent, our former Chief Executive Officer, on December 21, 2015, this transaction will no longer be a related party transaction going forward. Effective at the closing of the Altice Acquisition, the Level 3 Service Agreement was assigned by our former manager to Suddenlink.

Teneo

BC Partners has an equity interest in Teneo, which provided consulting services to us. We paid Teneo $1.5 million in consulting service fees in 2015.

Certain Programming Agreements

Cequel III Programming, LLC, a wholly-owned subsidiary of our former manager, historically entered into programming agreements pursuant to which we obtained certain of our programming. Due the termination of the Management Agreement and the departure of Jerald L. Kent, our former Chief Executive Officer, on December 21, 2015, this transaction will no longer be a related party transaction going forward. Effective at the closing of the Altice Acquisition, all programming agreements to which Cequel III Programming, LLC was a party for the benefit of Suddenlink were assigned to Suddenlink.

Certain Transportation Arrangements

Cequel III Aviation, LLC, a subsidiary of our former manager, provides an airplane for our use on certain business trips. We paid our former manager fees of approximately $0.6 million in 2015 with respect to the use of the airplane. Due the termination of the Management Agreement and the departure of Jerald L. Kent, our former Chief Executive Officer, on December 21, 2015, this transaction will no longer be a related party transaction going forward.

Kent Investment

In December 2015, in connection with the Altice Acquisition, Jerald L. Kent, our former Chief Executive Officer, entered into a purchase agreement pursuant to which he made a $10 million investment in an indirect parent of Cequel Corporation.

Director Independence

None of our directors would be considered independent under the independence standards of the New York Stock Exchange.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Fees for professional services provided by our independent auditors, PricewaterhouseCoopers LLP, in each of the last two fiscal years, in each of the following categories are as follows:

	2015	2014
Audit Fees	$ 1,149,000	$ 1,023,105
Tax Fees	360,535	571,262
All Other Fees	—	16,520
	$ 1,509,535	$ 1,610,887

Audit fees are principally for the annual audit of our consolidated financial statements, quarterly reviews of our interim consolidated financial statements, and for work done in conjunction with our 2021 Mirror Notes issuance on September 9, 2014 and the Altice Acquisition on December 21, 2015.

Prior to the Altice Acquisition, the Audit Committee adopted a policy that required advance approval of all audit, audit-related, tax services, and other services performed by our independent auditor. The policy provided for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that year, the Audit Committee was required to approve the permitted service before the independent auditor was engaged to perform it.

Upon consummation of the Altice Acquisition, all committees of the board of directors, including the Audit Committee, were dissolved.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

EXHIBITS:

The documents listed below are exhibits to this Annual Report and are available on the company website (www.suddenlink.com).

Exhibit Number	Title
2.1	Stock Purchase Agreement By and Between News-Press and Gazette Company and Cequel Communications dba Suddenlink Communications, dated as of November 24, 2010, and Letter Agreement Amendment dated March 31, 2011
3.1	Certificate of Formation of Cequel Communications Holdings I, LLC
3.2	Operating Agreement of Cequel Communications Holdings I, LLC
3.3	Certificate of Incorporation of Cequel Capital Corporation
3.4	Bylaws of Cequel Capital Corporation
4.1	Indenture, dated as of October 25, 2012, by and among Cequel Communications Holdings I, LLC, Cequel Capital Corp and U.S. Bank National Association as Trustee
4.2	Form of 6.375% Senior Notes due 2020
4.3	Indenture, dated as of May 16, 2013, among Cequel Communications Holdings I, LLC, Cequel Capital Corporation and U.S. Bank National Association as Trustee
4.4	Form of 5.125% Senior Notes due 2021
4.5	Indenture, dated as of September 9, 2014, among Cequel Communications Holdings I, LLC, Cequel Capital Corporation and U.S. Bank National Association, as Trustee
4.6	Form of 5.125% Senior Notes due 2021 relating to Exhibit 4.5
4.7	First Supplemental Indenture, dated as of June 2, 2015, to Indenture, dated as of October 25, 2012, by and among Cequel Communications Holdings I, LLC, Cequel Capital Corp and U.S. Bank National Association as Trustee
4.8	Indenture, dated as of June 12, 2015, among Altice US Finance I Corporation and Deutsche Bank Trust Company Americas, as Trustee, and JPMorgan Chase Bank, N.A., as Notes Security Agent
4.9	Indenture, dated as of June 12, 2015, among Altice US Finance II Corporation and Deutsche Bank Trust Company Americas, as Trustee
4.10	Indenture, dated as of June 12, 2015, among Altice US Finance S.A. and Deutsche Bank Trust Company Americas, as Trustee, and JPMorgan Chase Bank, N.A., as Notes Security Agent
10.2	SEE UPDATED VERSION OF THIS AGREEMENT AT EXHIBIT 10.6. Credit and Guaranty Agreement dated February 14, 2012 by and among Cequel Communications, LLC, Cequel Communications Holdings II, LLC and their subsidiaries, Various Lenders, and Credit Suisse as Administrative Agent
10.3	Pledge and Security Agreement dated February 14, 2012, by and among Cequel Communications, LLC, the additional grantors thereunder, and Credit Suisse AG, acting through its Cayman Islands Branch, as Collateral Agent
10.4	Pledge and Security Agreement dated February 14, 2012, by and among Cequel Communications Holdings II, LLC and Credit Suisse AG, acting through its Cayman Islands Branch, as Collateral Agent

10.5	First Amendment to Credit and Guaranty Agreement dated February 14, 2012 by Cequel Communications, LLC, Cequel Communications Holdings II, LLC and their subsidiaries, Various Lenders, and Credit Suisse as Administrative Agent
10.6	Credit and Guaranty Agreement dated February 14, 2012 as amended as of April 12, 2013 by Cequel Communications, LLC, Cequel Communications Holdings II, LLC and their subsidiaries, Various Lenders, and Credit Suisse as Administrative Agent
10.7	Second Amendment and Consent, dated as of June 8, 2015, to Credit and Guaranty Agreement dated February 14, 2012, as amended as of April 12, 2013, by Cequel Communications, LLC, Cequel Communications Holdings II, LLC and their subsidiaries, Various Lenders, Credit Suisse as Resigning Agent and JPMorgan Chase Bank as Succeeding Agent
12.1	Computation of Ratio of Earnings to Fixed Charges
14.1	Suddenlink Communications Business Conduct Policy
21.1	Subsidiaries of Cequel Communications Holdings I, LLC

Exhibit 12.1

Cequel Communications Holdings I, LLC

Computation of Ratios of Earnings to Fixed Charges

	Successor Period from December 21, 2015 through December 31, 2015	Predecessor Period from January 1, 2015 through December 20, 2015	Predecessor Year Ended December 31,			
			2014	2013	2012	2011
Earnings:						
Income/(Loss) before income taxes	$ (27,085)	$ (171,711)	$ 28,343	$ (65,127)	$ (46,705)	$ (7,392)
Interest expense, net	10,707	237,325	230,156	243,270	287,002	286,379
Amortization of debt issuance costs	(1,349)	1,185	2,813	(8,882)	6,550	10,815
Interest component of rent expense (1)	213	7,329	6,840	6,060	6,348	6,016
Earnings available for fixed charges	$ (17,514)	$ 74,128	$ 268,152	$ 175,321	$ 253,195	$ 295,818
Fixed Charges:					—	
Interest expense	10,707	237,325	230,156	243,270	287,002	286,379
Amortization of debt issuance costs	(1,349)	1,185	2,813	(8,882)	6,550	10,815
Interest component of rent expense (1)	213	7,329	6,840	6,060	6,348	6,016
Total fixed charges	$ 9,571	$ 245,839	$ 239,809	$ 240,448	$ 299,900	$ 303,210
Ratio of earnings to fixed charges	(1.83)	0.30	1.12	0.73	1.15	0.98
Surplus/(Deficiency) of earnings over fixed charges	$ (27,085)	$ (171,711)	$ 28,343	$ (65,127)	$ (46,705)	$ (7,392)

(1) Management believes a reasonable approximation (one-third) is deemed to be the interest factor included in rental.

FINANCIAL STATEMENT SCHEDULE:

The financial statement schedule - Schedule II - Valuation and Qualifying Accounts - is part of this Annual Report.

Cequel Communications Holdings I, LLC
Schedule II - Valuation and Qualifying Accounts

	Balance at beginning of period	Provision	Write-offs	Other	Balance at end of period
December 31, 2013 - Predecessor					
Allowance for doubtful accounts:	$ 3,928	$ 27,125	$ (17,730)	$ —	$ 13,323
Deferred tax asset valuation allowance:	$ —	$ —	$ —	$ —	$ —
December 31, 2014 - Predecessor					
Allowance for doubtful accounts:	$ 13,323	$ 28,283	$ (26,039)	$ —	$ 15,567
Deferred tax asset valuation allowance:	$ —	$ —	$ —	$ 303	$ 303
December 20, 2015 - Predecessor					
Allowance for doubtful accounts:	$ 15,567	$ 29,144	$ (33,106)	$ —	$ 11,605
Deferred tax asset valuation allowance:	$ 303	$ —	$ —	$ 191	$ 494
December 31, 2015 - Successor					
Allowance for doubtful accounts:	$ —	$ 1,051	$ —	$ —	$ 1,051
Deferred tax asset valuation allowance:	$ 494	$ —	$ —	$ —	$ 494

SIGNATURES

Pursuant to Section 4.12(a) of each of the Indentures, Cequel has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CEQUEL COMMUNICATIONS HOLDINGS I, LLC

Date: March 28, 2015

By: /s/ Dexter Goei
Name: Dexter Goei
Title: Executive Chairman
(Principal Executive Officer)

By: /s/ Charles Stewart
Name: Charles Stewart
Title: Co-President and Chief Financial Officer

Pursuant to Section 4.12(a) of each of the 2020 Indenture and 2021 Indentures, and Section 4.10(a) of the Senior Secured Indenture and the 2025 Indenture, this Annual Report has been signed below by the following persons on behalf of Cequel and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Dexter Goei Dexter Goei	Executive Chairman	March 29, 2016
/s/ Jérémie Bonnin Jérémie Bonnin	Director	March 29, 2016
/s/ Michel Combes Michel Combes	Director	March 29, 2016
/s/ Burkhard Koep Burkhard Koep	Director	March 29, 2016
/s/ Erik Levy Erik Levy	Director	March 29, 2016
/s/ Dennis Okhuijsen Dennis Okhuijsen	Director	March 29, 2016
/s/ Raymond Svider Raymond Svider	Director	March 29, 2016