

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in millions, except share data)

	December 31,	
	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 621	\$ 1,535
Accounts receivable, less allowance for doubtful accounts of \$113 and \$124, respectively	1,635	1,432
Prepaid expenses and other current assets	299	333
Total current assets	<u>2,555</u>	<u>3,300</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$18,077 and \$11,103, respectively	33,888	32,963
Customer relationships, net	11,951	14,608
Franchises	67,319	67,316
Goodwill	29,554	29,509
Total investment in cable properties, net	<u>142,712</u>	<u>144,396</u>
OTHER NONCURRENT ASSETS	<u>1,356</u>	<u>1,371</u>
Total assets	<u>\$ 146,623</u>	<u>\$ 149,067</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 9,045	\$ 7,544
Current portion of long-term debt	2,045	2,028
Total current liabilities	<u>11,090</u>	<u>9,572</u>
LONG-TERM DEBT	<u>68,186</u>	<u>59,719</u>
DEFERRED INCOME TAXES	<u>17,314</u>	<u>26,665</u>
OTHER LONG-TERM LIABILITIES	<u>2,502</u>	<u>2,745</u>
SHAREHOLDERS' EQUITY:		
Class A common stock; \$.001 par value; 900 million shares authorized; 238,506,059 and 268,897,792 shares issued and outstanding, respectively	—	—
Class B common stock; \$.001 par value; 1,000 shares authorized; 1 share issued and outstanding	—	—
Preferred stock; \$.001 par value; 250 million shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	35,253	39,413
Retained earnings	3,832	733
Accumulated other comprehensive loss	(1)	(7)
Total Charter shareholders' equity	<u>39,084</u>	<u>40,139</u>
Noncontrolling interests	8,447	10,227
Total shareholders' equity	<u>47,531</u>	<u>50,366</u>
Total liabilities and shareholders' equity	<u>\$ 146,623</u>	<u>\$ 149,067</u>

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in millions, except per share and share data)

	Year Ended December 31,		
	2017	2016	2015
REVENUES	\$ 41,581	\$ 29,003	\$ 9,754
COSTS AND EXPENSES:			
Operating costs and expenses (exclusive of items shown separately below)	26,541	18,655	6,426
Depreciation and amortization	10,588	6,907	2,125
Other operating expenses, net	346	985	89
	<u>37,475</u>	<u>26,547</u>	<u>8,640</u>
Income from operations	<u>4,106</u>	<u>2,456</u>	<u>1,114</u>
OTHER EXPENSES:			
Interest expense, net	(3,090)	(2,499)	(1,306)
Loss on extinguishment of debt	(40)	(111)	(128)
Gain (loss) on financial instruments, net	69	89	(4)
Other pension benefits	1	899	—
Other expense, net	(18)	(14)	(7)
	<u>(3,078)</u>	<u>(1,636)</u>	<u>(1,445)</u>
Income (loss) before income taxes	1,028	820	(331)
Income tax benefit	9,087	2,925	60
Consolidated net income (loss)	<u>10,115</u>	<u>3,745</u>	<u>(271)</u>
Less: Net income attributable to noncontrolling interests	(220)	(223)	—
Net income (loss) attributable to Charter shareholders	<u>\$ 9,895</u>	<u>\$ 3,522</u>	<u>\$ (271)</u>
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CHARTER SHAREHOLDERS:			
Basic	<u>\$ 38.55</u>	<u>\$ 17.05</u>	<u>\$ (2.68)</u>
Diluted	<u>\$ 34.09</u>	<u>\$ 15.94</u>	<u>\$ (2.68)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	<u>256,720,715</u>	<u>206,539,100</u>	<u>101,152,647</u>
Diluted	<u>296,703,956</u>	<u>234,791,439</u>	<u>101,152,647</u>

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CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	Year Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Consolidated net income (loss)	\$ 10,115	\$ 3,745	\$ (271)
Adjustments to reconcile consolidated net income (loss) to net cash flows from operating activities:			
Depreciation and amortization	10,588	6,907	2,125
Stock compensation expense	261	244	78
Accelerated vesting of equity awards	49	248	—
Noncash interest (income) expense	(370)	(256)	28
Other pension benefits	(1)	(899)	—
Loss on extinguishment of debt	40	111	128
(Gain) loss on financial instruments, net	(69)	(89)	4
Deferred income taxes	(9,116)	(2,958)	(65)
Other, net	16	8	11
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Accounts receivable	(84)	(160)	5
Prepaid expenses and other assets	76	111	(3)
Accounts payable, accrued liabilities and other	449	1,029	319
Net cash flows from operating activities	11,954	8,041	2,359
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(8,681)	(5,325)	(1,840)
Change in accrued expenses related to capital expenditures	820	603	28
Purchases of cable systems, net	(9)	(28,810)	—
Change in restricted cash and cash equivalents	—	22,264	(15,153)
Real estate investments through variable interest entities	(105)	—	—
Other, net	(123)	(22)	(67)
Net cash flows from investing activities	(8,098)	(11,290)	(17,032)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	25,276	12,344	26,045
Repayments of long-term debt	(16,507)	(10,521)	(11,326)
Payments for debt issuance costs	(111)	(284)	(36)
Issuance of equity	—	5,000	—
Purchase of treasury stock	(11,715)	(1,562)	(38)
Proceeds from exercise of stock options and warrants	116	86	30
Settlement of restricted stock units	—	(59)	—
Purchase of noncontrolling interest	(1,665)	(218)	—
Distributions to noncontrolling interest	(153)	(96)	—
Proceeds from termination of interest rate derivatives	—	88	—
Other, net	(11)	1	—
Net cash flows from financing activities	(4,770)	4,779	14,675
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(914)	1,530	2
CASH AND CASH EQUIVALENTS, beginning of period	1,535	5	3
CASH AND CASH EQUIVALENTS, end of period	\$ 621	\$ 1,535	\$ 5
CASH PAID FOR INTEREST	\$ 3,421	\$ 2,685	\$ 1,064
CASH PAID FOR TAXES	\$ 41	\$ 63	\$ 3

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