

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

	Three Months Ended March 31,				
	2014 Actual	2013 Actual	% Change	2013 Pro Forma (a)	% Change
<b>REVENUES:</b>					
Video	\$ 1,090	\$ 958	13.8 %	\$ 1,025	6.3 %
Internet	616	501	23.0 %	534	15.4 %
Voice	150	171	(12.3)%	184	(18.5)%
Commercial	234	181	29.3 %	195	20.0 %
Advertising sales	68	60	13.3 %	63	7.9 %
Other	44	46	(4.3)%	47	(6.4)%
Total Revenues	2,202	1,917	14.9 %	2,048	7.5 %
<b>COSTS AND EXPENSES:</b>					
Programming	606	512	18.4 %	546	11.0 %
Franchises, regulatory and connectivity	107	95	12.6 %	104	2.9 %
Costs to service customers	400	373	7.2 %	399	0.3 %
Marketing	133	110	20.9 %	119	11.8 %
Other	189	157	20.4 %	165	14.5 %
Total operating costs and expenses (excluding depreciation and amortization)	1,435	1,247	15.1 %	1,333	7.7 %
Adjusted EBITDA	767	670	14.5 %	715	7.3 %
Adjusted EBITDA margin	34.8%	35.0%		34.9%	
Depreciation and amortization	505	425		452	
Stock compensation expense	12	11		11	
Other operating expenses, net	7	11		11	
Income from operations	243	223		241	
<b>OTHER EXPENSES:</b>					
Interest expense, net	(211)	(210)		(224)	
Loss on extinguishment of debt	—	(42)		(42)	
Loss on derivative instruments, net	(2)	(3)		(3)	
Other expense, net	(3)	(1)		(1)	
	(216)	(256)		(270)	
Income (loss) before income taxes	27	(33)		(29)	
Income tax expense	(64)	(9)		(39)	
Net loss	\$ (37)	\$ (42)		\$ (68)	
LOSS PER COMMON SHARE, BASIC AND DILUTED:	\$ (0.35)	\$ (0.42)		\$ (0.68)	
Weighted average common shares outstanding, basic and diluted	106,439,198	100,327,418		100,327,418	

Adjusted EBITDA is a non-GAAP term. See page 6 of this addendum for the reconciliation of adjusted EBITDA to net loss as defined by GAAP.

Certain prior year amounts have been reclassified to conform with the 2014 presentation.

(a) Pro forma results reflect certain acquisitions of cable systems in 2013 as if they occurred as of January 1, 2012.

**March 31, 2013.** Pro forma revenues, operating expenses and net loss increased by \$131 million, \$86 million and \$26 million, respectively, for the three months ended March 31, 2013.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions)

	<b>March 31, 2014</b>	<b>December 31, 2013</b>
	(unaudited)	
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4	\$ 21
Accounts receivable, net	217	234
Prepaid expenses and other current assets	83	67
Total current assets	<u>304</u>	<u>322</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	8,079	7,981
Franchises	6,009	6,009
Customer relationships, net	1,317	1,389
Goodwill	1,177	1,177
Total investment in cable properties, net	<u>16,582</u>	<u>16,556</u>
OTHER NONCURRENT ASSETS	<u>411</u>	<u>417</u>
Total assets	<u>\$ 17,297</u>	<u>\$ 17,295</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,523	\$ 1,467
Total current liabilities	<u>1,523</u>	<u>1,467</u>
LONG-TERM DEBT	<u>14,090</u>	<u>14,181</u>
DEFERRED INCOME TAXES	<u>1,492</u>	<u>1,431</u>
OTHER LONG-TERM LIABILITIES	<u>65</u>	<u>65</u>
SHAREHOLDERS' EQUITY	<u>127</u>	<u>151</u>
Total liabilities and shareholders' equity	<u>\$ 17,297</u>	<u>\$ 17,295</u>

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

	<b>Three Months Ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (37)	\$ (42)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	505	425
Stock compensation expense	12	11
Noncash interest expense	10	13
Loss on extinguishment of debt	—	42
Loss on derivative instruments, net	2	3
Deferred income taxes	62	2
Other, net	3	1
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	18	26
Prepaid expenses and other assets	(17)	(16)
Accounts payable, accrued liabilities and other	19	76
Net cash flows from operating activities	<u>577</u>	<u>541</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(539)	(412)
Change in accrued expenses related to capital expenditures	36	(11)
Other, net	4	(9)
Net cash flows from investing activities	<u>(499)</u>	<u>(432)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of long-term debt	293	1,315
Repayments of long-term debt	(388)	(1,355)
Payments for debt issuance costs	—	(12)
Purchase of treasury stock	(11)	(5)
Proceeds from exercise of options and warrants	6	5
Other, net	5	1
Net cash flows from financing activities	<u>(95)</u>	<u>(51)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17)</b>	<b>58</b>
CASH AND CASH EQUIVALENTS, beginning of period	21	7
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 4</u>	<u>\$ 65</u>
<b>CASH PAID FOR INTEREST</b>	<b>\$ 225</b>	<b>\$ 120</b>

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**UNAUDITED SUMMARY OF OPERATING STATISTICS**  
(in thousands, except per customer and penetration data)

	Approximate as of		
	Actual		Pro Forma
	March 31, 2014 (a)	December 31, 2013 (a)	March 31, 2013 (a)
<b><u>Footprint</u></b>			
Estimated Video Passings (b)	12,816	12,799	12,758
Estimated Internet Passings (b)	12,475	12,467	12,444
Estimated Voice Passings (b)	11,957	11,898	11,774
<b><u>Penetration Statistics</u></b>			
Video Penetration of Estimated Video Passings (c)	34.0%	33.9%	34.7%
Internet Penetration of Estimated Internet Passings (c)	38.4%	37.2%	35.2%
Voice Penetration of Estimated Voice Passings (c)	20.7%	20.3%	19.1%
<b><u>Residential</u></b>			
Residential Customer Relationships (d)	5,673	5,561	5,450
Residential Non-Video Customers	1,478	1,384	1,189
% Non-Video	26.1%	24.9%	21.8%
<b><u>Customers</u></b>			
Video (e)	4,195	4,177	4,261
Internet (f)	4,519	4,383	4,166
Voice (g)	2,325	2,273	2,131
<b>Residential PSUs (h)</b>	<u>11,039</u>	<u>10,833</u>	<u>10,558</u>
Residential PSU / Customer Relationships (d)(h)	1.95	1.95	1.94
<b><u>Quarterly Net Additions/(Losses) (i)</u></b>			
Video (e)	18	(2)	(25)
Internet (f)	136	93	107
Voice (g)	52	56	58
<b>Residential PSUs (h)</b>	<u>206</u>	<u>147</u>	<u>140</u>
Bulk Digital Upgrade Net Additions (j)	16	4	5
Single Play Penetration (k)	37.9%	37.6%	37.4%
Double Play Penetration (l)	29.5%	29.8%	31.3%
Triple Play Penetration (m)	32.6%	32.6%	31.2%
Digital Penetration (n)	93.2%	91.8%	88.6%
Monthly Residential Revenue per Residential Customer (d)(o) \$	110.29	\$ 108.12	\$ 107.33
<b><u>Commercial</u></b>			
Commercial Customer Relationships (d)(p)	379	375	340
<b><u>Customers</u></b>			
Video (e)(p)	160	165	167
Internet (f)	269	257	220
Voice (g)	152	145	123
<b>Commercial PSUs (h)</b>	<u>581</u>	<u>567</u>	<u>510</u>
<b><u>Quarterly Net Additions/(Losses) (i)</u></b>			
Video (e)(p)	(5)	(1)	(10)
Internet (f)	12	12	10
Voice (g)	7	7	7
<b>Commercial PSUs (h)</b>	<u>14</u>	<u>18</u>	<u>7</u>

Pro forma operating statistics reflect certain acquisitions of cable systems in 2013 as if such transactions had occurred as of the last day of the respective period for all periods presented.

At March 31, 2013, actual residential video, Internet and voice customers were 3,965,000, 3,884,000 and 1,973,000, respectively; actual commercial video, Internet and voice customers were 159,000, 202,000 and 112,000, respectively.

See footnotes to unaudited summary of operating statistics on page 5 of this addendum.

- (a) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at March 31, 2014, December 31, 2013 and March 31, 2013, customers include approximately 11,100, 11,300 and 12,000 customers, respectively, whose accounts were over 60 days past due in payment, approximately 900, 800 and 2,400 customers, respectively, whose accounts were over 90 days past due in payment and approximately 800, 900 and 1,300 customers, respectively, whose accounts were over 120 days past due in payment.
- (b) "Passings" represent our estimate of the number of units, such as single family homes, apartment and condominium units and commercial establishments passed by our cable distribution network in the areas where we offer the service indicated. These estimates are updated for all periods presented based upon the information available at that time.
- (c) "Penetration" represents residential and commercial customers as a percentage of estimated passings for the service indicated.
- (d) "Customer Relationships" include the number of customers that receive one or more levels of service, encompassing video, Internet and voice services, without regard to which service(s) such customers receive. This statistic is computed in accordance with the guidelines of the National Cable & Telecommunications Association ("NCTA"). Commercial customer relationships include video customers in commercial structures, which are calculated on an EBU basis (see footnote (p)) and non-video commercial customer relationships.
- (e) "Video Customers" represent those customers who subscribe to our video services. Our methodology for reporting residential video customers generally excludes units under bulk arrangements, unless those units have a digital set-top box, thus a direct billing relationship. As we complete our all-digital transition, bulk units are supplied with digital set-top boxes adding to our bulk digital upgrade customers.
- (f) "Internet Customers" represent those customers who subscribe to our Internet services.
- (g) "Voice Customers" represent those customers who subscribe to our voice services.
- (h) "Primary Service Units" or "PSUs" represent the total of video, Internet and voice customers.
- (i) "Quarterly Net Additions/(Losses)" represent the net gain or loss in the respective quarter for the service indicated.
- (j) "Bulk Digital Upgrade Net Additions" represents the portion of residential video net additions as a result of adding a digital set-top box to a bulk unit.
- (k) "Single Play Penetration" represents residential customers receiving only one Charter service offering, including video, Internet or voice, as a % of residential customer relationships.
- (l) "Double Play Penetration" represents residential customers receiving only two Charter service offering, including video, Internet and/or voice, as a % of residential customer relationships.
- (m) "Triple Play Penetration" represents residential customers receiving all three Charter service offerings, including video, Internet and/or voice, as a % of residential customer relationships.
- (n) "Digital Penetration" represents the number of residential digital video customers as a percentage of residential video customers.
- (o) "Monthly Residential Revenue per Residential Customer" is calculated as total residential video, Internet and voice quarterly revenue divided by three divided by average residential customer relationships during the respective quarter.
- (p) Included within commercial video customers are those in commercial structures, which are calculated on an equivalent bulk unit ("EBU") basis. We calculate EBUs by dividing the bulk price charged to accounts in an area by the published rate charged to non-bulk residential customers in that market for the comparable tier of service. This EBU method of estimating basic video customers is consistent with the methodology used in determining costs paid to programmers and is consistent with the methodology used by other multiple system operators. As we increase our published video rates to residential customers without a corresponding increase in the prices charged to commercial service customers, our EBU count will decline even if there is no real loss in commercial service customers. For example, commercial video customers decreased by 5,000 and 10,000 during the three months ended March 31, 2014 and 2013, respectively, due to published video rate increases and other revisions to customer reporting methodology.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**UNAUDITED RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES**  
(dollars in millions)

	Three Months Ended March 31,		
	2014 Actual	2013 Actual	2013 Pro Forma (a)
Net loss	\$ (37)	\$ (42)	\$ (68)
Plus: Interest expense, net	211	210	224
Income tax expense	64	9	39
Depreciation and amortization	505	425	452
Stock compensation expense	12	11	11
Loss on extinguishment of debt	—	42	42
Loss on derivative instruments, net	2	3	3
Other, net	10	12	12
Adjusted EBITDA (b)	767	670	715
Less: Purchases of property, plant and equipment	(539)	(412)	(423)
Adjusted EBITDA less capital expenditures	<u>\$ 228</u>	<u>\$ 258</u>	<u>\$ 292</u>
Net cash flows from operating activities	\$ 577	\$ 541	
Less: Purchases of property, plant and equipment	(539)	(412)	
Change in accrued expenses related to capital expenditures	36	(11)	
Free cash flow	<u>\$ 74</u>	<u>\$ 118</u>	

(a) Pro forma results reflect certain acquisitions of cable systems in 2013 as if they occurred as of January 1, 2012.

(b) See page 1 of this addendum for detail of the components included within adjusted EBITDA.

The above schedules are presented in order to reconcile adjusted EBITDA and free cash flows, both non-GAAP measures, to the most directly comparable GAAP measures in accordance with Section 401(b) of the Sarbanes-Oxley Act.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CAPITAL EXPENDITURES**  
(dollars in millions)

Three Months Ended March 31,			
	2014	2013	2013
	Actual	Actual	Pro Forma (g)
Customer premise equipment (a) \$	329	\$ 233	\$ 240
Scalable infrastructure (b)	87	54	56
Line extensions (c)	40	46	47
Upgrade/Rebuild (d)	33	39	39
Support capital (e)	50	40	41
	<u>539</u>	<u>412</u>	<u>423</u>
Total capital expenditures (f) \$	<u><u>539</u></u>	<u><u>412</u></u>	<u><u>423</u></u>

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers and revenue generating units, including customer installation costs and customer premise equipment (e.g., set-top boxes and cable modems).
- (b) Scalable infrastructure includes costs, not related to customer premise equipment, to secure growth of new customers and revenue generating units, or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).
- (f) Total capital expenditures include \$119 million and \$1 million related to our all-digital transition and \$59 million and \$61 million related to commercial services for the three months ended March 31, 2014 and 2013, respectively.
- (g) Pro forma results reflect certain acquisitions of cable systems in 2013 as if they occurred as of January 1, 2012.