

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

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
	Actual	Actual		Actual	Actual	
REVENUES:						
Video	\$ 4,098	\$ 1,167	251.2%	\$ 11,967	\$ 4,587	160.9%
Internet	3,312	781	324.2%	9,272	3,003	208.7%
Voice	719	135	431.6%	2,005	539	272.2%
Residential revenue	8,129	2,083	290.3%	23,244	8,129	185.9%
Small and medium business	891	199	348.7%	2,480	764	224.7%
Enterprise	526	95	451.5%	1,429	363	293.0%
Commercial revenue	1,417	294	382.1%	3,909	1,127	246.7%
Advertising sales	506	87	482.9%	1,235	309	300.3%
Other	223	48	362.4%	615	189	225.0%
Total Revenue	<u>10,275</u>	<u>2,512</u>	309.0%	<u>29,003</u>	<u>9,754</u>	197.3%
COSTS AND EXPENSES:						
Programming	2,386	674	254.0%	7,034	2,678	162.6%
Regulatory, connectivity and produced content	523	111	370.7%	1,467	435	237.0%
Costs to service customers	1,832	420	335.6%	5,173	1,705	203.4%
Marketing	559	154	263.0%	1,699	628	170.4%
Transition costs	78	22	261.2%	156	72	117.9%
Other expense	1,044	223	369.4%	2,882	830	247.1%
Total operating costs and expenses (exclusive of items shown separately below)	<u>6,422</u>	<u>1,604</u>	300.4%	<u>18,411</u>	<u>6,348</u>	190.0%
Adjusted EBITDA	<u>3,853</u>	<u>908</u>	324.3%	<u>10,592</u>	<u>3,406</u>	211.0%
Adjusted EBITDA margin	<u>37.5%</u>	<u>36.2%</u>		<u>36.5%</u>	<u>34.9%</u>	
Depreciation and amortization	2,495	545		6,907	2,125	
Stock compensation expense	76	20		244	78	
Other operating (income) expenses, net	(157)	20		86	89	
Income from operations	<u>1,439</u>	<u>323</u>		<u>3,355</u>	<u>1,114</u>	
OTHER EXPENSES:						
Interest expense, net	(728)	(435)		(2,499)	(1,306)	
Loss on extinguishment of debt	(1)	—		(111)	(128)	
Gain (loss) on financial instruments, net	73	6		89	(4)	
Other expense, net	(4)	(4)		(14)	(7)	
	<u>(660)</u>	<u>(433)</u>		<u>(2,535)</u>	<u>(1,445)</u>	
Income (loss) before income taxes	779	(110)		820	(331)	
Income tax benefit (expense)	(210)	(12)		2,925	60	
Consolidated net income (loss)	<u>569</u>	<u>(122)</u>		<u>3,745</u>	<u>(271)</u>	
Less: Net income attributable to noncontrolling interests	(115)	—		(223)	—	
Net income (loss) attributable to Charter shareholders	<u>\$ 454</u>	<u>\$ (122)</u>		<u>\$ 3,522</u>	<u>\$ (271)</u>	
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CHARTER SHAREHOLDERS:						
Basic	<u>\$ 1.69</u>	<u>\$ (1.21)</u>		<u>\$ 17.05</u>	<u>\$ (2.68)</u>	
Diluted	<u>\$ 1.67</u>	<u>\$ (1.21)</u>		<u>\$ 15.94</u>	<u>\$ (2.68)</u>	
Weighted average common shares outstanding, basic	<u>268,584,368</u>	<u>101,366,476</u>		<u>206,539,100</u>	<u>101,152,647</u>	
Weighted average common shares outstanding, diluted	<u>272,624,270</u>	<u>101,366,476</u>		<u>234,791,439</u>	<u>101,152,647</u>	

Adjusted EBITDA is a non-GAAP term. See page 7 of this addendum for the reconciliation of Adjusted EBITDA to consolidated net income (loss) as defined by GAAP. All percentages are calculated using whole numbers. Minor differences may exist due to rounding.

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

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
	Actual	Pro Forma		Pro Forma	Pro Forma	
REVENUES:						
Video	\$ 4,098	\$ 4,020	1.9 %	\$ 16,390	\$ 16,029	2.3%
Internet	3,312	2,924	13.3 %	12,688	11,295	12.3%
Voice	719	722	(0.5)%	2,905	2,842	2.2%
Residential revenue	8,129	7,666	6.0 %	31,983	30,166	6.0%
Small and medium business	891	789	13.0 %	3,409	3,009	13.3%
Enterprise	526	479	9.8 %	2,025	1,818	11.4%
Commercial revenue	1,417	1,268	11.8 %	5,434	4,827	12.6%
Advertising sales	506	419	20.8 %	1,696	1,524	11.3%
Other	223	228	(2.2)%	910	877	4.0%
Total Revenue	<u>10,275</u>	<u>9,581</u>	7.2 %	<u>40,023</u>	<u>37,394</u>	7.0%
COSTS AND EXPENSES:						
Programming	2,386	2,249	6.1 %	9,614	8,953	7.4%
Regulatory, connectivity and produced content	523	505	3.7 %	2,093	2,065	1.4%
Costs to service customers	1,832	1,813	1.0 %	7,292	7,216	1.0%
Marketing	559	591	(5.5)%	2,359	2,306	2.3%
Transition costs	78	22	261.2 %	156	72	117.9%
Other expense	1,044	983	6.1 %	4,045	3,778	7.0%
Total operating costs and expenses (exclusive of items shown separately below)	<u>6,422</u>	<u>6,163</u>	4.2 %	<u>25,559</u>	<u>24,390</u>	4.8%
Adjusted EBITDA	<u>3,853</u>	<u>3,418</u>	12.7 %	<u>14,464</u>	<u>13,004</u>	11.2%
Adjusted EBITDA margin	<u>37.5%</u>	<u>35.7%</u>		<u>36.1%</u>	<u>34.8%</u>	
Depreciation and amortization	2,495	2,387		9,555	9,348	
Stock compensation expense	76	62		295	246	
Other operating (income) expenses, net	(157)	1		(187)	14	
Income from operations	<u>1,439</u>	<u>968</u>		<u>4,801</u>	<u>3,396</u>	
OTHER EXPENSES:						
Interest expense, net	(728)	(698)		(2,883)	(2,968)	
Loss on extinguishment of debt	(1)	—		(111)	(128)	
Gain (loss) on financial instruments, net	73	6		89	(4)	
Other income (expense), net	(4)	(1)		1	144	
	<u>(660)</u>	<u>(693)</u>		<u>(2,904)</u>	<u>(2,956)</u>	
Income before income taxes	779	275		1,897	440	
Income tax expense	(210)	(83)		(498)	(102)	
Consolidated net income	<u>569</u>	<u>192</u>		<u>1,399</u>	<u>338</u>	
Less: Net income attributable to noncontrolling interests	<u>(115)</u>	<u>(62)</u>		<u>(329)</u>	<u>(179)</u>	
Net income attributable to Charter shareholders	<u>\$ 454</u>	<u>\$ 130</u>		<u>\$ 1,070</u>	<u>\$ 159</u>	
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CHARTER SHAREHOLDERS:						
Basic	<u>\$ 1.69</u>	<u>\$ 0.48</u>		<u>\$ 3.97</u>	<u>\$ 0.59</u>	
Diluted	<u>\$ 1.67</u>	<u>\$ 0.48</u>		<u>\$ 3.91</u>	<u>\$ 0.58</u>	
Weighted average common shares outstanding, basic	<u>268,584,368</u>	<u>269,966,681</u>		<u>269,838,374</u>	<u>269,730,197</u>	
Weighted average common shares outstanding, diluted	<u>272,624,270</u>	<u>273,363,706</u>		<u>273,722,472</u>	<u>273,129,471</u>	

Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred as of the earliest period presented. Adjusted EBITDA is a non-GAAP term. See page 7 of this addendum for the reconciliation of Adjusted EBITDA to consolidated net income as defined by GAAP. All percentages are calculated using whole numbers. Minor differences may exist due to rounding.

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

	December 31,	
	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,535	\$ 5
Accounts receivable, net	1,432	279
Prepaid expenses and other current assets	333	61
Total current assets	3,300	345
RESTRICTED CASH AND CASH EQUIVALENTS	—	22,264
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	32,963	8,345
Customer relationships, net	14,608	856
Franchises	67,316	6,006
Goodwill	29,509	1,168
Total investment in cable properties, net	144,396	16,375
OTHER NONCURRENT ASSETS	1,371	332
Total assets	\$ 149,067	\$ 39,316
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,544	\$ 1,972
Current portion of long-term debt	2,028	—
Total current liabilities	9,572	1,972
LONG-TERM DEBT	59,719	35,723
DEFERRED INCOME TAXES	26,665	1,590
OTHER LONG-TERM LIABILITIES	2,745	77
SHAREHOLDERS' EQUITY (DEFICIT):		
Controlling interest	40,139	(46)
Noncontrolling interests	10,227	—
Total shareholders' equity (deficit)	50,366	(46)
Total liabilities and shareholders' equity (deficit)	\$ 149,067	\$ 39,316

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:				
Consolidated net income (loss)	\$ 569	\$ (122)	\$ 3,745	\$ (271)
Adjustments to reconcile consolidated net income (loss) to net cash flows from operating activities:				
Depreciation and amortization	2,495	545	6,907	2,125
Stock compensation expense	76	20	244	78
Accelerated vesting of equity awards	46	—	248	—
Noncash interest (income) expense, net	(108)	7	(256)	28
Other pension benefits	(366)	—	(899)	—
Loss on extinguishment of debt	1	—	111	128
(Gain) loss on financial instruments, net	(73)	(6)	(89)	4
Deferred income taxes	212	11	(2,958)	(65)
Other, net	8	3	8	11
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable	(158)	12	(160)	5
Prepaid expenses and other assets	26	16	111	(3)
Accounts payable, accrued liabilities and other	498	125	1,029	319
Net cash flows from operating activities	<u>3,226</u>	<u>611</u>	<u>8,041</u>	<u>2,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(1,888)	(548)	(5,325)	(1,840)
Change in accrued expenses related to capital expenditures	517	17	603	28
Purchases of cable systems, net of cash acquired	—	—	(28,810)	—
Change in restricted cash and cash equivalents	—	(2,638)	22,264	(15,153)
Other, net	(14)	2	(22)	(67)
Net cash flows from investing activities	<u>(1,385)</u>	<u>(3,167)</u>	<u>(11,290)</u>	<u>(17,032)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	6,347	2,983	12,344	26,045
Repayments of long-term debt	(6,401)	(415)	(10,521)	(11,326)
Payments for debt issuance costs	(1)	(1)	(284)	(36)
Issuance of equity	—	—	5,000	—
Purchase of treasury stock	(1,114)	(14)	(1,562)	(38)
Proceeds from exercise of stock options	15	8	86	30
Settlement of restricted stock units	(59)	—	(59)	—
Purchase of noncontrolling interest	(218)	—	(218)	—
Distributions to noncontrolling interest	(41)	—	(96)	—
Proceeds from termination of interest rate derivatives	—	—	88	—
Other, net	1	—	1	—
Net cash flows from financing activities	<u>(1,471)</u>	<u>2,561</u>	<u>4,779</u>	<u>14,675</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	370	5	1,530	2
CASH AND CASH EQUIVALENTS, beginning of period	1,165	—	5	3
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,535</u>	<u>\$ 5</u>	<u>\$ 1,535</u>	<u>\$ 5</u>
CASH PAID FOR INTEREST	<u>\$ 721</u>	<u>\$ 314</u>	<u>\$ 2,685</u>	<u>\$ 1,064</u>
CASH PAID FOR TAXES	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ 63</u>	<u>\$ 3</u>

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

	Approximate as of		
	Actual		Pro Forma
	December 31, 2016 (a)	September 30, 2016 (a)	December 31, 2015 (a)
Footprint (b)			
Estimated Video Passings	49,229	49,001	48,375
Estimated Internet Passings	48,955	48,689	48,019
Estimated Voice Passings	48,142	47,854	47,164
Penetration Statistics (c)			
Video Penetration of Estimated Video Passings	35.0%	35.3%	36.0%
Internet Penetration of Estimated Internet Passings	46.2%	45.6%	43.7%
Voice Penetration of Estimated Voice Passings	23.1%	23.1%	22.5%
Customer Relationships (d)			
Residential	24,801	24,551	23,795
Small and Medium Business	1,404	1,367	1,256
Total Customer Relationships	<u>26,205</u>	<u>25,918</u>	<u>25,051</u>
Residential			
Primary Service Units ("PSUs")			
Video	16,836	16,887	17,062
Internet	21,374	21,017	19,911
Voice	10,327	10,288	9,959
	<u>48,537</u>	<u>48,192</u>	<u>46,932</u>
Pro Forma Quarterly Net Additions/(Losses)			
Video	(51)	(47)	118
Internet	357	350	495
Voice	39	33	304
	<u>345</u>	<u>336</u>	<u>917</u>
Single Play (e)	9,640	9,447	8,883
Double Play (e)	6,586	6,569	6,687
Triple Play (e)	8,575	8,535	8,225
Single Play Penetration (f)	38.9%	38.5%	37.3%
Double Play Penetration (f)	26.6%	26.8%	28.1%
Triple Play Penetration (f)	34.6%	34.8%	34.6%
% Residential Non-Video Customer Relationships	32.1%	31.2%	28.3%
Pro Forma Monthly Residential Revenue per Residential Customer (g)	\$ 109.77	\$ 109.70	\$ 108.22
Small and Medium Business			
PSUs			
Video	400	388	361
Internet	1,219	1,185	1,078
Voice	778	751	667
	<u>2,397</u>	<u>2,324</u>	<u>2,106</u>
Pro Forma Quarterly Net Additions/(Losses)			
Video	12	10	7
Internet	34	37	33
Voice	27	26	24
	<u>73</u>	<u>73</u>	<u>64</u>
Pro Forma Monthly Small and Medium Business Revenue per Customer (h)	\$ 214.25	\$ 214.53	\$ 212.26
Enterprise PSUs (i)			
Enterprise PSUs	97	93	81

Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred at the beginning of the earliest period presented. All percentages are calculated using whole numbers. Minor differences may exist due to rounding. See footnotes to unaudited summary of operating statistics on page 6 of this addendum.

- (a) All customer statistics include the operations of Legacy TWC, Legacy Bright House and Legacy Charter each of which is based on individual legacy company reporting methodology. These methodologies differ and their differences may be material and statistical reporting will be conformed over time to a single Charter reporting methodology.

At December 31, 2015, actual residential and small and medium business customer relationships were 6,284,000 and 390,000, respectively; actual residential video, Internet and voice PSUs were 4,322,000, 5,227,000 and 2,598,000, respectively; actual small and medium business video, Internet and voice PSUs were 108,000, 345,000 and 218,000, respectively; Enterprise PSUs were 30,000.

We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at December 31, 2016, September 30, 2016 and December 31, 2015, actual customers include approximately 208,400, 200,900 and 38,100 customers, respectively, whose accounts were over 60 days past due, approximately 15,500, 15,200 and 1,700 customers, respectively, whose accounts were over 90 days past due and approximately 8,000, 8,900 and 900 customers, respectively, whose accounts were over 120 days past due.

- (b) Passings represent our estimate of the number of units, such as single family homes, apartment and condominium units and small and medium business and enterprise sites passed by our cable distribution network in the areas where we offer the service indicated. These estimates are based upon the information available at this time and are updated for all periods presented when new information becomes available.
- (c) Penetration represents residential and small and medium business 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. Customers who reside in residential multiple dwelling units ("MDUs") and that are billed under bulk contracts are counted based on the number of billed units within each bulk MDU. Total customer relationships excludes enterprise customer relationships.
- (e) Single play, double play and triple play customers represent customers that subscribe to one, two or three of Charter service offerings, respectively.
- (f) Single play, double play and triple play penetration represents the number of residential single play, double play and triple play customers, respectively, as a percentage of residential customer relationships.
- (g) Pro forma monthly residential revenue per residential customer is calculated as total pro forma residential video, Internet and voice quarterly revenue divided by three divided by average pro forma residential customer relationships during the respective quarter.
- (h) Pro forma monthly small and medium business revenue per customer is calculated as total pro forma small and medium business quarterly revenue divided by three divided by average pro forma small and medium business customer relationships during the respective quarter.
- (i) Enterprise PSUs represents the aggregate number of fiber service offerings counting each separate service offering at each customer location as an individual PSU.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
	Actual	Actual	Actual	Actual
Consolidated net income (loss)	\$ 569	\$ (122)	\$ 3,745	\$ (271)
Plus: Interest expense, net	728	435	2,499	1,306
Income tax (benefit) expense	210	12	(2,925)	(60)
Depreciation and amortization	2,495	545	6,907	2,125
Stock compensation expense	76	20	244	78
Loss on extinguishment of debt	1	—	111	128
(Gain) loss on financial instruments, net	(73)	(6)	(89)	4
Other, net	(153)	24	100	96
Adjusted EBITDA (a)	3,853	908	10,592	3,406
Less: Purchases of property, plant and equipment	(1,888)	(548)	(5,325)	(1,840)
Adjusted EBITDA less capital expenditures	\$ 1,965	\$ 360	\$ 5,267	\$ 1,566
Net cash flows from operating activities	\$ 3,226	\$ 611	\$ 8,041	\$ 2,359
Less: Purchases of property, plant and equipment	(1,888)	(548)	(5,325)	(1,840)
Change in accrued expenses related to capital expenditures	517	17	603	28
Free cash flow	\$ 1,855	\$ 80	\$ 3,319	\$ 547

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
	Actual	Pro Forma (b)	Pro Forma (b)	Pro Forma (b)
Consolidated net income	\$ 569	\$ 192	\$ 1,399	\$ 338
Plus: Interest expense, net	728	698	2,883	2,968
Income tax expense	210	83	498	102
Depreciation and amortization	2,495	2,387	9,555	9,348
Stock compensation expense	76	62	295	246
Loss on extinguishment of debt	1	—	111	128
(Gain) loss on financial instruments, net	(73)	(6)	(89)	4
Other, net	(153)	2	(188)	(130)
Adjusted EBITDA (a)	3,853	3,418	14,464	13,004
Less: Purchases of property, plant and equipment	(1,888)	(1,831)	(7,545)	(6,969)
Adjusted EBITDA less capital expenditures	\$ 1,965	\$ 1,587	\$ 6,919	\$ 6,035

(a) See page 1 and 2 of this addendum for detail of the components included within Adjusted EBITDA.

(b) Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred as of the earliest period presented.

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
UNAUDITED CAPITAL EXPENDITURES
(dollars in millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
	Actual	Actual	Actual	Actual
Customer premise equipment (a)	\$ 687	\$ 134	\$ 1,864	\$ 582
Scalable infrastructure (b)	453	188	1,390	523
Line extensions (c)	254	50	721	194
Upgrade/Rebuild (d)	149	34	456	128
Support capital (e)	345	142	894	413
Total capital expenditures	\$ 1,888	\$ 548	\$ 5,325	\$ 1,840

Capital expenditures included in total related to:

Commercial services	\$ 258	\$ 74	\$ 824	\$ 260
Transition (f)	\$ 187	\$ 49	\$ 460	\$ 115

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
	Actual	Pro Forma (g)	Pro Forma (g)	Pro Forma (g)
Customer premise equipment (a)	\$ 687	\$ 553	\$ 2,761	\$ 2,650
Scalable infrastructure (b)	453	514	2,009	1,702
Line extensions (c)	254	252	1,005	977
Upgrade/Rebuild (d)	149	156	610	594
Support capital (e)	345	356	1,160	1,046
Total capital expenditures	\$ 1,888	\$ 1,831	\$ 7,545	\$ 6,969

- (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) Transition represents incremental costs incurred to integrate the Legacy TWC and Legacy Bright House operations and to bring the three companies' systems and processes into a uniform operating structure.
- (g) Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred as of the earliest period presented.