

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,				
	2017	2016	% Change	2016	% Change
	Actual	Actual		Pro Forma	
REVENUES:					
Video	\$ 4,079	\$ 1,170	248.5%	\$ 4,073	0.1 %
Internet	3,398	804	322.7%	3,037	11.9 %
Voice	694	135	414.1%	729	(4.8)%
Residential revenue	8,171	2,109	287.4%	7,839	4.2 %
Small and medium business	900	202	345.1%	808	11.3 %
Enterprise	539	99	443.6%	490	10.1 %
Commercial revenue	1,439	301	377.5%	1,298	10.8 %
Advertising sales	337	72	368.0%	365	(7.7)%
Other	217	48	352.7%	240	(9.7)%
Total Revenue	10,164	2,530	301.7%	9,742	4.3 %
COSTS AND EXPENSES:					
Programming	2,604	703	270.2%	2,407	8.2 %
Regulatory, connectivity and produced content	498	112	346.3%	505	(1.5)%
Costs to service customers	1,815	421	330.6%	1,811	0.2 %
Marketing	582	165	253.6%	591	(1.5)%
Transition costs	51	21	142.7%	21	142.7 %
Other expense	960	225	326.5%	974	(1.4)%
Total operating costs and expenses (exclusive of items shown separately below)	6,510	1,647	295.3%	6,309	3.2 %
Adjusted EBITDA	3,654	883	313.6%	3,433	6.4 %
Adjusted EBITDA margin	35.9%	34.9%		35.2%	
Depreciation and amortization	2,550	539		2,285	
Stock compensation expense	69	24		66	
Other operating expenses, net	94	18		23	
Income from operations	941	302		1,059	
OTHER EXPENSES:					
Interest expense, net	(713)	(454)		(708)	
Loss on extinguishment of debt	(34)	—		—	
Gain (loss) on financial instruments, net	38	(5)		(5)	
Other income (expense), net	4	(3)		18	
	(705)	(462)		(695)	
Income (loss) before income taxes	236	(160)		364	
Income tax expense	(25)	(28)		(115)	
Consolidated net income (loss)	211	(188)		249	
Less: Net income attributable to noncontrolling interests	(56)	—		(70)	
Net income (loss) attributable to Charter shareholders	\$ 155	\$ (188)		\$ 179	
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CHARTER SHAREHOLDERS:					
Basic	\$ 0.58	\$ (1.86)		\$ 0.66	
Diluted	\$ 0.57	\$ (1.86)		\$ 0.65	
Weighted average common shares outstanding, basic	269,004,817	101,552,093		270,171,965	
Weighted average common shares outstanding, diluted	273,199,509	101,552,093		273,445,951	

Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred as of January 1, 2015. Adjusted EBITDA is a non-GAAP term. See page 6 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
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in millions)

	March 31,	December 31,
	2017	2016
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,920	\$ 1,535
Accounts receivable, net	1,311	1,432
Prepaid expenses and other current assets	435	333
Total current assets	4,666	3,300
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	32,699	32,963
Customer relationships, net	13,904	14,608
Franchises	67,316	67,316
Goodwill	29,526	29,509
Total investment in cable properties, net	143,445	144,396
OTHER NONCURRENT ASSETS	1,333	1,371
Total assets	\$ 149,444	\$ 149,067
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,513	\$ 7,544
Current portion of long-term debt	2,007	2,028
Total current liabilities	9,520	9,572
LONG-TERM DEBT	60,837	59,719
DEFERRED INCOME TAXES	26,576	26,665
OTHER LONG-TERM LIABILITIES	2,607	2,745
SHAREHOLDERS' EQUITY:		
Controlling interest	39,720	40,139
Noncontrolling interests	10,184	10,227
Total shareholders' equity	49,904	50,366
Total liabilities and shareholders' equity	\$ 149,444	\$ 149,067

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

	Three Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	\$ 211	\$ (188)
Adjustments to reconcile consolidated net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	2,550	539
Stock compensation expense	69	24
Accelerated vesting of equity awards	17	—
Noncash interest (income) expense, net	(108)	7
Other pension benefits	(13)	—
Loss on extinguishment of debt	34	—
(Gain) loss on financial instruments, net	(38)	5
Deferred income taxes	16	28
Other, net	6	3
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	236	24
Prepaid expenses and other assets	(83)	(21)
Accounts payable, accrued liabilities and other	(54)	3
Net cash flows from operating activities	2,843	424
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(1,555)	(429)
Change in accrued expenses related to capital expenditures	(150)	(56)
Change in restricted cash and cash equivalents	—	(49)
Other, net	(7)	(2)
Net cash flows from investing activities	(1,712)	(536)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	4,640	2,139
Repayments of long-term debt	(3,475)	(727)
Payments for debt issuance costs	(21)	(17)
Purchase of treasury stock	(895)	(16)
Proceeds from exercise of stock options	72	5
Purchase of noncontrolling interest	(27)	—
Distributions to noncontrolling interest	(38)	—
Other, net	(2)	1
Net cash flows from financing activities	254	1,385
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,385	1,273
CASH AND CASH EQUIVALENTS, beginning of period	1,535	5
CASH AND CASH EQUIVALENTS, end of period	\$ 2,920	\$ 1,278
CASH PAID FOR INTEREST	\$ 892	\$ 470
CASH PAID FOR TAXES	\$ 1	\$ —

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, 2017 (a)	December 31, 2016 (a)	March 31, 2016 (a)
<u>Footprint (b)</u>			
Estimated Video Passings	49,401	49,229	48,561
Estimated Internet Passings	49,123	48,955	48,209
Estimated Voice Passings	48,331	48,142	47,339
<u>Penetration Statistics (c)</u>			
Video Penetration of Estimated Video Passings	34.7%	35.0%	35.9%
Internet Penetration of Estimated Internet Passings	46.9%	46.2%	44.7%
Voice Penetration of Estimated Voice Passings	23.1%	23.1%	23.0%
<u>Customer Relationships (d)</u>			
Residential	25,131	24,801	24,180
Small and Medium Business	1,439	1,404	1,286
Total Customer Relationships	<u>26,570</u>	<u>26,205</u>	<u>25,466</u>
<u>Residential</u>			
<u>Primary Service Units ("PSUs")</u>			
Video	16,736	16,836	17,086
Internet	21,802	21,374	20,431
Voice	10,364	10,327	10,172
	<u>48,902</u>	<u>48,537</u>	<u>47,689</u>
<u>Pro Forma Quarterly Net Additions/(Losses)</u>			
Video	(100)	(51)	24
Internet	428	357	520
Voice	37	39	213
	<u>365</u>	<u>345</u>	<u>757</u>
Single Play (e)	9,980	9,640	9,088
Double Play (e)	6,540	6,586	6,675
Triple Play (e)	8,611	8,575	8,417
Single Play Penetration (f)	39.7%	38.9%	37.6%
Double Play Penetration (f)	26.0%	26.6%	27.6%
Triple Play Penetration (f)	34.3%	34.6%	34.8%
% Residential Non-Video Customer Relationships	33.4%	32.1%	29.3%
Pro Forma Monthly Residential Revenue per Residential Customer (g)	\$ 109.11	\$ 109.77	\$ 109.00
<u>Small and Medium Business</u>			
<u>PSUs</u>			
Video	411	400	369
Internet	1,249	1,219	1,107
Voice	809	778	693
	<u>2,469</u>	<u>2,397</u>	<u>2,169</u>
<u>Pro Forma Quarterly Net Additions/(Losses)</u>			
Video	11	12	8
Internet	30	34	29
Voice	31	27	26
	<u>72</u>	<u>73</u>	<u>63</u>
Pro Forma Monthly Small and Medium Business Revenue per Customer (h)	\$ 211.21	\$ 214.25	\$ 212.02
<u>Enterprise PSUs (i)</u>			
Enterprise PSUs	99	97	85

Pro forma results reflect certain acquisitions of cable systems in 2016 as if they occurred as of January 1, 2015. All percentages are calculated using whole numbers. Minor differences may exist due to rounding. See footnotes to unaudited summary of operating statistics on page 5 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. Statistical reporting will be conformed over time to a single Charter reporting methodology.

At March 31, 2016, actual residential and small and medium business customer relationships were 6,388,000 and 405,000, respectively; actual residential video, Internet and voice PSUs were 4,332,000, 5,368,000 and 2,633,000, respectively; actual small and medium business video, Internet and voice PSUs were 113,000, 359,000 and 231,000, respectively; enterprise PSUs were 31,000.

We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at March 31, 2017, December 31, 2016 and March 31, 2016, actual customers include approximately 168,400, 208,400 and 27,900 customers, respectively, whose accounts were over 60 days past due, approximately 13,300, 15,500 and 1,100 customers, respectively, whose accounts were over 90 days past due and approximately 7,900, 8,000 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 March 31,		
	2017	2016	2016
	Actual	Actual	Pro Forma (b)
Consolidated net income (loss)	\$ 211	\$ (188)	\$ 249
Plus: Interest expense, net	713	454	708
Income tax expense	25	28	115
Depreciation and amortization	2,550	539	2,285
Stock compensation expense	69	24	66
Loss on extinguishment of debt	34	—	—
(Gain) loss on financial instruments, net	(38)	5	5
Other, net	90	21	5
Adjusted EBITDA (a)	3,654	883	3,433
Less: Purchases of property, plant and equipment	(1,555)	(429)	(1,834)
Adjusted EBITDA less capital expenditures	<u>\$ 2,099</u>	<u>\$ 454</u>	<u>\$ 1,599</u>
Net cash flows from operating activities	\$ 2,843	\$ 424	
Less: Purchases of property, plant and equipment	(1,555)	(429)	
Change in accrued expenses related to capital expenditures	(150)	(56)	
Free cash flow	<u>\$ 1,138</u>	<u>\$ (61)</u>	

(a) See page 1 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 January 1, 2015.

The above schedule is 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 March 31,		
	2017 Actual	2016 Actual	2016 <i>Pro Forma (g)</i>
Customer premise equipment (a)	\$ 707	\$ 137	\$ 761
Scalable infrastructure (b)	268	110	475
Line extensions (c)	248	47	225
Upgrade/Rebuild (d)	107	41	134
Support capital (e)	225	94	239
Total capital expenditures	<u>\$ 1,555</u>	<u>\$ 429</u>	<u>\$ 1,834</u>
Capital expenditures included in total related to:			
Commercial services	\$ 268	\$ 64	\$ 287
Transition (f)	\$ 76	\$ 53	\$ 53

- (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 January 1, 2015.