

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,		
	2018	2017	% Change
REVENUES:			
Video	\$ 4,297	\$ 4,079	5.3 %
Internet	3,708	3,398	9.1 %
Voice	556	694	(19.8)%
Residential revenue	8,561	8,171	4.8 %
Small and medium business	937	900	4.1 %
Enterprise	579	539	7.3 %
Commercial revenue	1,516	1,439	5.3 %
Advertising sales	356	337	5.6 %
Other	224	217	3.2 %
Total Revenue	10,657	10,164	4.9 %
COSTS AND EXPENSES:			
Programming	2,752	2,604	5.7 %
Regulatory, connectivity and produced content	533	498	7.0 %
Costs to service customers	1,855	1,801	3.0 %
Marketing	751	765	(1.8)%
Mobile	8	—	NM
Other expense	865	842	2.7 %
Total operating costs and expenses (exclusive of items shown separately below)	6,764	6,510	3.9 %
Adjusted EBITDA	3,893	3,654	6.5 %
Adjusted EBITDA margin	36.5%	35.9%	
Depreciation and amortization	2,710	2,550	
Stock compensation expense	72	69	
Other operating expenses, net	69	94	
Income from operations	1,042	941	
OTHER EXPENSES:			
Interest expense, net	(851)	(713)	
Loss on extinguishment of debt	—	(34)	
Gain on financial instruments, net	63	38	
Other income (expense), net	(3)	4	
	(791)	(705)	
Income before income taxes	251	236	
Income tax expense	(28)	(25)	
Consolidated net income	223	211	
Less: Net income attributable to noncontrolling interests	(55)	(56)	
Net income attributable to Charter shareholders	\$ 168	\$ 155	
EARNINGS PER COMMON SHARE			
ATTRIBUTABLE TO CHARTER SHAREHOLDERS:			
Basic	\$ 0.71	\$ 0.58	
Diluted	\$ 0.70	\$ 0.57	
Weighted average common shares outstanding, basic	237,762,295	269,004,817	
Weighted average common shares outstanding, diluted	241,420,722	273,199,509	

Adjusted EBITDA is a non-GAAP term. See page 6 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)

	March 31,	December 31,
	2018	2017
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 576	\$ 621
Accounts receivable, net	1,409	1,635
Prepaid expenses and other current assets	413	299
Total current assets	2,398	2,555
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	34,002	33,888
Customer relationships, net	11,315	11,951
Franchises	67,319	67,319
Goodwill	29,554	29,554
Total investment in cable properties, net	142,190	142,712
OTHER NONCURRENT ASSETS		
	1,563	1,356
Total assets	\$ 146,151	\$ 146,623
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 8,262	\$ 9,045
Current portion of long-term debt	3,340	2,045
Total current liabilities	11,602	11,090
LONG-TERM DEBT	67,609	68,186
DEFERRED INCOME TAXES	17,351	17,314
OTHER LONG-TERM LIABILITIES	2,464	2,502
SHAREHOLDERS' EQUITY:		
Controlling interest	38,768	39,084
Noncontrolling interests	8,357	8,447
Total shareholders' equity	47,125	47,531
Total liabilities and shareholders' equity	\$ 146,151	\$ 146,623

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

	Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income	\$ 223	\$ 211
Adjustments to reconcile consolidated net income to net cash flows from operating activities:		
Depreciation and amortization	2,710	2,550
Stock compensation expense	72	69
Accelerated vesting of equity awards	5	17
Noncash interest income, net	(89)	(108)
Loss on extinguishment of debt	—	34
Gain on financial instruments, net	(63)	(38)
Deferred income taxes	28	16
Other, net	18	(7)
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	226	236
Prepaid expenses and other assets	(131)	(83)
Accounts payable, accrued liabilities and other	(300)	(54)
Net cash flows from operating activities	2,699	2,843
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(2,183)	(1,555)
Change in accrued expenses related to capital expenditures	(565)	(150)
Other, net	10	(7)
Net cash flows from investing activities	(2,738)	(1,712)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	2,929	4,640
Repayments of long-term debt	(2,185)	(3,475)
Payments for debt issuance costs	—	(21)
Purchase of treasury stock	(617)	(895)
Proceeds from exercise of stock options	36	72
Purchase of noncontrolling interest	(127)	(27)
Distributions to noncontrolling interest	(39)	(38)
Other, net	(3)	(2)
Net cash flows from financing activities	(6)	254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45)	1,385
CASH AND CASH EQUIVALENTS, beginning of period	621	1,535
CASH AND CASH EQUIVALENTS, end of period	\$ 576	\$ 2,920
CASH PAID FOR INTEREST	\$ 1,007	\$ 892
CASH PAID FOR TAXES	\$ 1	\$ 1

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

	Approximate as of		
	March 31, 2018 (a)	December 31, 2017 (a)	March 31, 2017 (a)(j)
<u>Footprint (b)</u>			
Estimated Video Passings	50,258	50,066	49,379
Estimated Internet Passings	50,040	49,820	49,101
Estimated Voice Passings	49,358	49,088	48,308
<u>Penetration Statistics (c)</u>			
Video Penetration of Estimated Video Passings	33.6%	33.9%	34.7%
Internet Penetration of Estimated Internet Passings	48.5%	48.0%	46.9%
Voice Penetration of Estimated Voice Passings	22.9%	23.1%	23.1%
<u>Customer Relationships (d)</u>			
Residential	25,870	25,639	25,131
Small and Medium Business	1,590	1,560	1,439
Total Customer Relationships	<u>27,460</u>	<u>27,199</u>	<u>26,570</u>
<u>Residential</u>			
<u>Primary Service Units ("PSUs")</u>			
Video	16,422	16,544	16,736
Internet	22,876	22,545	21,802
Voice	10,375	10,427	10,364
	<u>49,673</u>	<u>49,516</u>	<u>48,902</u>
<u>Quarterly Net Additions/(Losses)</u>			
Video	(122)	2	(100)
Internet	331	263	428
Voice	(52)	22	37
	<u>157</u>	<u>287</u>	<u>365</u>
Single Play (e)	10,691	10,456	9,980
Double Play (e)	6,556	6,490	6,540
Triple Play (e)	8,623	8,693	8,611
Single Play Penetration (f)	41.3%	40.8%	39.7%
Double Play Penetration (f)	25.3%	25.3%	26.0%
Triple Play Penetration (f)	33.3%	33.9%	34.3%
% Residential Non-Video Customer Relationships	36.5%	35.5%	33.4%
Monthly Residential Revenue per Residential Customer (g)	\$ 110.89	\$ 110.21	\$ 109.11
<u>Small and Medium Business</u>			
<u>PSUs</u>			
Video	463	453	411
Internet	1,389	1,358	1,249
Voice	939	912	809
	<u>2,791</u>	<u>2,723</u>	<u>2,469</u>
<u>Quarterly Net Additions/(Losses)</u>			
Video	10	13	11
Internet	31	37	30
Voice	27	31	31
	<u>68</u>	<u>81</u>	<u>72</u>
Monthly Small and Medium Business Revenue per Customer (h)	\$ 198.50	\$ 201.37	\$ 211.21
<u>Enterprise PSUs (i)</u>			
Enterprise PSUs	119	114	99

- (a) All customer statistics include the operations of TWC, Bright House and 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.

We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at March 31, 2018, December 31, 2017 and March 31, 2017, actual customers include approximately 186,500, 245,800 and 168,400 customers, respectively, whose accounts were over 60 days past due, approximately 16,000, 19,500 and 13,300 customers, respectively, whose accounts were over 90 days past due and approximately 12,800, 12,600 and 7,900 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) 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.
- (h) Monthly small and medium business revenue per customer is calculated as total small and medium business quarterly revenue divided by three divided by average 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.
- (j) In the second quarter of 2017, Charter conformed the seasonal customer program in the Bright House footprint to Charter's program. Prior to the plan change, Bright House customers enrolling in the seasonal plan were charged a one-time fee and counted as customer disconnects, and as new connects, when moving off the seasonal plan. Under Charter's seasonal plan, residential customers pay a reduced monthly fee while the seasonal plan is active and remain reported as customers. Excluding the impact of customer activity related to Bright House's previous seasonal plan, residential customer relationships and video, Internet and voice net additions for the first quarter of 2017 would have been lower by 10,000, 8,000, 12,000 and 7,000, respectively, and there would have been no impact to residential customer relationships and video, Internet and voice PSUs at March 31, 2017.

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

	Three Months Ended March 31,	
	2018	2017
Consolidated net income	\$ 223	\$ 211
Plus: Interest expense, net	851	713
Income tax expense	28	25
Depreciation and amortization	2,710	2,550
Stock compensation expense	72	69
Loss on extinguishment of debt	—	34
Gain on financial instruments, net	(63)	(38)
Other, net	72	90
Adjusted EBITDA (a)	<u>\$ 3,893</u>	<u>\$ 3,654</u>
Net cash flows from operating activities	\$ 2,699	\$ 2,843
Less: Purchases of property, plant and equipment	(2,183)	(1,555)
Change in accrued expenses related to capital expenditures	(565)	(150)
Free cash flow	<u>\$ (49)</u>	<u>\$ 1,138</u>

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

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,	
	2018	2017
Customer premise equipment (a)	\$ 934	\$ 707
Scalable infrastructure (b)	486	268
Line extensions (c)	291	248
Upgrade/rebuild (d)	142	107
Support capital (e)	330	225
Total capital expenditures	\$ 2,183	\$ 1,555

Capital expenditures included in total related to:

Commercial services	\$ 283	\$ 268
All-digital transition	\$ 186	\$ 1
Mobile	\$ 17	\$ —

- (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).