

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,		
	2018	2017	% Change	2018	2017	% Change
REVENUES:						
Video	\$ 4,361	\$ 4,220	3.4 %	\$ 17,348	\$ 16,621	4.4 %
Internet	3,895	3,637	7.1 %	15,181	14,101	7.7 %
Voice	515	587	(12.3)%	2,114	2,542	(16.8)%
Residential revenue	8,771	8,444	3.9 %	34,643	33,264	4.1 %
Small and medium business	928	895	3.6 %	3,665	3,547	3.3 %
Enterprise	647	612	5.7 %	2,528	2,373	6.5 %
Commercial revenue	1,575	1,507	4.5 %	6,193	5,920	4.6 %
Advertising sales	562	419	34.1 %	1,785	1,510	18.2 %
Mobile	89	—	NM	106	—	NM
Other	234	232	1.2 %	907	887	2.3 %
Total Revenue	<u>11,231</u>	<u>10,602</u>	5.9 %	<u>43,634</u>	<u>41,581</u>	4.9 %
COSTS AND EXPENSES:						
Programming	2,791	2,644	5.5 %	11,124	10,596	5.0 %
Regulatory, connectivity and produced content	571	511	11.8 %	2,210	2,064	7.0 %
Costs to service customers	1,835	1,850	(0.8)%	7,327	7,235	1.3 %
Marketing	732	750	(2.3)%	3,042	3,036	0.2 %
Mobile	211	—	NM	346	—	NM
Other expense	927	866	7.0 %	3,526	3,349	5.3 %
Total operating costs and expenses (exclusive of items shown separately below)	<u>7,067</u>	<u>6,621</u>	6.7 %	<u>27,575</u>	<u>26,280</u>	4.9 %
Adjusted EBITDA	<u>4,164</u>	<u>3,981</u>	4.6 %	<u>16,059</u>	<u>15,301</u>	5.0 %
Adjusted EBITDA margin	<u>37.1%</u>	<u>37.5%</u>		<u>36.8%</u>	<u>36.8%</u>	
Depreciation and amortization	2,534	2,742		10,318	10,588	
Stock compensation expense	72	63		285	261	
Other operating (income) expenses, net	119	(28)		235	346	
Income from operations	<u>1,439</u>	<u>1,204</u>		<u>5,221</u>	<u>4,106</u>	
OTHER EXPENSES:						
Interest expense, net	(910)	(840)		(3,540)	(3,090)	
Loss on extinguishment of debt	—	(5)		—	(40)	
Gain (loss) on financial instruments, net	(110)	84		(110)	69	
Other pension benefits (costs)	(55)	(8)		192	1	
Other expense, net	(2)	(4)		(77)	(18)	
	<u>(1,077)</u>	<u>(773)</u>		<u>(3,535)</u>	<u>(3,078)</u>	
Income before income taxes	362	431		1,686	1,028	
Income tax benefit (expense)	(2)	9,186		(180)	9,087	
Consolidated net income	360	9,617		1,506	10,115	
Less: Net income attributable to noncontrolling interests	(64)	(64)		(276)	(220)	
Net income attributable to Charter shareholders	<u>\$ 296</u>	<u>\$ 9,553</u>		<u>\$ 1,230</u>	<u>\$ 9,895</u>	
EARNINGS PER COMMON SHARE						
ATTRIBUTABLE TO CHARTER SHAREHOLDERS:						
Basic	<u>\$ 1.31</u>	<u>\$ 39.66</u>		<u>\$ 5.29</u>	<u>\$ 38.55</u>	
Diluted	<u>\$ 1.29</u>	<u>\$ 34.56</u>		<u>\$ 5.22</u>	<u>\$ 34.09</u>	
Weighted average common shares outstanding, basic	<u>227,005,966</u>	<u>240,833,636</u>		<u>232,356,665</u>	<u>256,720,715</u>	
Weighted average common shares outstanding, diluted	<u>230,131,933</u>	<u>278,257,245</u>		<u>235,525,226</u>	<u>296,703,956</u>	

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. NM - Not meaningful

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

December 31,

2018 2017

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	551	\$	621
Accounts receivable, net		1,733		1,635
Prepaid expenses and other current assets		446		299
Total current assets		<u>2,730</u>		<u>2,555</u>

RESTRICTED CASH

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INVESTMENT IN CABLE PROPERTIES:

Property, plant and equipment, net		35,126		33,888
Customer relationships, net		9,565		11,951
Franchises		67,319		67,319
Goodwill		29,554		29,554
Total investment in cable properties, net		<u>141,564</u>		<u>142,712</u>

OTHER NONCURRENT ASSETS

1,622 1,356

Total assets

\$ 146,130 \$ 146,623

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$	8,805	\$	9,045
Current portion of long-term debt		3,290		2,045
Total current liabilities		<u>12,095</u>		<u>11,090</u>

LONG-TERM DEBT

69,537 68,186

DEFERRED INCOME TAXES

17,389 17,314

OTHER LONG-TERM LIABILITIES

2,837 2,502

SHAREHOLDERS' EQUITY:

Controlling interest		36,285		39,084
Noncontrolling interests		7,987		8,447
Total shareholders' equity		<u>44,272</u>		<u>47,531</u>

Total liabilities and shareholders' equity

\$ 146,130 \$ 146,623

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

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Consolidated net income	\$ 360	\$ 9,617	\$ 1,506	\$ 10,115
Adjustments to reconcile consolidated net income to net cash flows from operating activities:				
Depreciation and amortization	2,534	2,742	10,318	10,588
Stock compensation expense	72	63	285	261
Accelerated vesting of equity awards	—	6	5	49
Noncash interest income, net	(65)	(87)	(307)	(370)
Other pension (benefits) costs	55	8	(192)	(1)
Loss on extinguishment of debt	—	5	—	40
(Gain) loss on financial instruments, net	110	(84)	110	(69)
Deferred income taxes	(27)	(9,169)	110	(9,116)
Other, net	94	(77)	175	16
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable	3	17	(98)	(84)
Prepaid expenses and other assets	(123)	39	(270)	76
Accounts payable, accrued liabilities and other	155	178	125	449
Net cash flows from operating activities	<u>3,168</u>	<u>3,258</u>	<u>11,767</u>	<u>11,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(2,433)	(2,585)	(9,125)	(8,681)
Change in accrued expenses related to capital expenditures	150	544	(470)	820
Purchases of cable systems, net of cash acquired	—	(9)	—	(9)
Real estate investments through variable interest entities	(6)	(105)	(21)	(105)
Other, net	(17)	(60)	(120)	(123)
Net cash flows from investing activities	<u>(2,306)</u>	<u>(2,215)</u>	<u>(9,736)</u>	<u>(8,098)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	2,268	13,161	13,820	25,276
Repayments of long-term debt	(1,805)	(10,973)	(10,769)	(16,507)
Payments for debt issuance costs	—	(28)	(29)	(111)
Purchase of treasury stock	(1,185)	(3,967)	(4,399)	(11,715)
Proceeds from exercise of stock options	13	5	69	116
Purchase of noncontrolling interest	(183)	(743)	(656)	(1,665)
Distributions to noncontrolling interest	(39)	(38)	(153)	(153)
Borrowings for real estate investments through variable interest entities	172	—	342	—
Distributions to variable interest entities noncontrolling interest	—	—	(107)	—
Other, net	2	(3)	(5)	(11)
Net cash flows from financing activities	<u>(757)</u>	<u>(2,586)</u>	<u>(1,887)</u>	<u>(4,770)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	105	(1,543)	144	(914)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	660	2,164	621	1,535
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 765</u>	<u>\$ 621</u>	<u>\$ 765</u>	<u>\$ 621</u>
CASH PAID FOR INTEREST	<u>\$ 945</u>	<u>\$ 877</u>	<u>\$ 3,865</u>	<u>\$ 3,421</u>
CASH PAID FOR TAXES	<u>\$ 18</u>	<u>\$ 3</u>	<u>\$ 45</u>	<u>\$ 41</u>

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

	Approximate as of		
	December 31, 2018 (a)	September 30, 2018 (a)	December 31, 2017 (a)
Footprint (b)			
Estimated Video Passings	50,824	50,616	49,973
Estimated Internet Passings	50,652	50,421	49,727
Estimated Voice Passings	50,086	49,833	48,995
Penetration Statistics (c)			
Video Penetration of Estimated Video Passings	32.7%	32.9%	33.7%
Internet Penetration of Estimated Internet Passings	49.9%	49.4%	48.2%
Voice Penetration of Estimated Voice Passings	22.3%	22.6%	23.2%
Customer Relationships (d)			
Residential	26,270	26,063	25,499
Small and Medium Business	1,833	1,792	1,662
Total Customer Relationships	<u>28,103</u>	<u>27,855</u>	<u>27,161</u>
Residential			
Primary Service Units ("PSUs")			
Video	16,104	16,140	16,400
Internet	23,625	23,336	22,518
Voice	10,135	10,218	10,424
	<u>49,864</u>	<u>49,694</u>	<u>49,342</u>
Quarterly Net Additions/(Losses)			
Video	(36)	(66)	2
Internet	289	266	263
Voice	(83)	(107)	23
	<u>170</u>	<u>93</u>	<u>288</u>
Single Play (e)	10,928	10,858	10,341
Double Play (e)	7,097	6,789	6,473
Triple Play (e)	8,245	8,416	8,685
Single Play Penetration (f)	41.6%	41.7%	40.6%
Double Play Penetration (f)	27.0%	26.1%	25.4%
Triple Play Penetration (f)	31.4%	32.3%	34.1%
% Residential Non-Video Customer Relationships	38.7%	38.1%	35.7%
Monthly Residential Revenue per Residential Customer (g)	\$ 111.78	\$ 111.13	\$ 110.74
Small and Medium Business			
PSUs			
Video	502	488	450
Internet	1,634	1,594	1,470
Voice	1,051	1,024	930
	<u>3,187</u>	<u>3,106</u>	<u>2,850</u>
Quarterly Net Additions/(Losses)			
Video	14	12	12
Internet	40	42	41
Voice	27	30	32
	<u>81</u>	<u>84</u>	<u>85</u>
Monthly Small and Medium Business Revenue per Customer (h)	\$ 170.62	\$ 173.52	\$ 181.57
Enterprise PSUs (i)			
Enterprise PSUs	248	243	220

- (a) Customer statistics do not include mobile. We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at December 31, 2018, September 30, 2018 and December 31, 2017, actual customers include approximately 217,600, 231,400 and 248,900 customers, respectively, whose accounts were over 60 days past due, approximately 24,000, 23,100 and 20,600 customers, respectively, whose accounts were over 90 days past due and approximately 19,200, 18,500 and 13,200 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 exclude 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.

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,	
	2018	2017	2018	2017
Consolidated net income	\$ 360	\$ 9,617	\$ 1,506	\$ 10,115
Plus: Interest expense, net	910	840	3,540	3,090
Income tax (benefit) expense	2	(9,186)	180	(9,087)
Depreciation and amortization	2,534	2,742	10,318	10,588
Stock compensation expense	72	63	285	261
Loss on extinguishment of debt	—	5	—	40
(Gain) loss on financial instruments, net	110	(84)	110	(69)
Other pension (benefits) costs	55	8	(192)	(1)
Other, net	121	(24)	312	364
Adjusted EBITDA (a)	<u>4,164</u>	<u>3,981</u>	<u>16,059</u>	<u>15,301</u>
Less: Revenue - Mobile	(89)	—	(106)	—
Plus: Costs and Expenses - Mobile	211	—	346	—
Adjusted EBITDA - Cable (a)	<u>\$ 4,286</u>	<u>\$ 3,981</u>	<u>\$ 16,299</u>	<u>\$ 15,301</u>
Net cash flows from operating activities	\$ 3,168	\$ 3,258	\$ 11,767	\$ 11,954
Less: Purchases of property, plant and equipment	(2,433)	(2,585)	(9,125)	(8,681)
Change in accrued expenses related to capital expenditures	150	544	(470)	820
Free cash flow	<u>885</u>	<u>1,217</u>	<u>2,172</u>	<u>4,093</u>
Plus: Net cash outflows from operating activities - Mobile	198	—	352	—
Purchases of property, plant and equipment - Mobile	106	—	242	—
Free cash flow - Cable	<u>\$ 1,189</u>	<u>\$ 1,217</u>	<u>\$ 2,766</u>	<u>\$ 4,093</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, Adjusted EBITDA - Cable, free cash flow and free cash flow - Cable, 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,	
	2018	2017	2018	2017
Customer premise equipment (a)	\$ 687	\$ 806	\$ 3,124	\$ 3,385
Scalable infrastructure (b)	649	725	2,227	2,007
Line extensions (c)	381	312	1,373	1,176
Upgrade/rebuild (d)	182	157	704	572
Support capital (e)	534	585	1,697	1,541
Total capital expenditures	<u>\$ 2,433</u>	<u>\$ 2,585</u>	<u>\$ 9,125</u>	<u>\$ 8,681</u>

Capital expenditures included in total related to:

Commercial services	\$ 379	\$ 360	\$ 1,313	\$ 1,305
All-digital transition	\$ 28	\$ 69	\$ 344	\$ 122
Mobile	\$ 106	\$ —	\$ 242	\$ —

- (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).