

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
REVENUES:						
Video	\$ 4,332	\$ 4,208	2.9 %	\$ 12,987	\$ 12,401	4.7 %
Internet	3,809	3,555	7.2 %	11,286	10,464	7.9 %
Voice	512	611	(16.2)%	1,599	1,955	(18.2)%
Residential revenue	8,653	8,374	3.3 %	25,872	24,820	4.2 %
Small and medium business	922	896	2.8 %	2,737	2,652	3.2 %
Enterprise	632	594	6.4 %	1,881	1,761	6.8 %
Commercial revenue	1,554	1,490	4.3 %	4,618	4,413	4.7 %
Advertising sales	440	373	18.1 %	1,223	1,091	12.1 %
Mobile	17	—	NM	17	—	NM
Other	228	221	3.3 %	673	655	2.7 %
Total Revenue	<u>10,892</u>	<u>10,458</u>	4.2 %	<u>32,403</u>	<u>30,979</u>	4.6 %
COSTS AND EXPENSES:						
Programming	2,778	2,699	3.0 %	8,333	7,952	4.8 %
Regulatory, connectivity and produced content	546	523	4.4 %	1,639	1,553	5.5 %
Costs to service customers	1,854	1,823	1.7 %	5,492	5,385	2.0 %
Marketing	790	761	3.7 %	2,310	2,286	1.0 %
Mobile	94	—	NM	135	—	NM
Other expense	879	833	5.5 %	2,599	2,483	4.6 %
Total operating costs and expenses (exclusive of items shown separately below)	<u>6,941</u>	<u>6,639</u>	4.6 %	<u>20,508</u>	<u>19,659</u>	4.3 %
Adjusted EBITDA	<u>3,951</u>	<u>3,819</u>	3.5 %	<u>11,895</u>	<u>11,320</u>	5.1 %
Adjusted EBITDA margin	<u>36.3%</u>	<u>36.5%</u>		<u>36.7%</u>	<u>36.5%</u>	
Depreciation and amortization	2,482	2,701		7,784	7,846	
Stock compensation expense	71	64		213	198	
Other operating expenses, net	18	145		116	374	
Income from operations	<u>1,380</u>	<u>909</u>		<u>3,782</u>	<u>2,902</u>	
OTHER EXPENSES:						
Interest expense, net	(901)	(788)		(2,630)	(2,250)	
Loss on extinguishment of debt	—	—		—	(35)	
Gain (loss) on financial instruments, net	12	17		—	(15)	
Other pension benefits (costs)	207	(17)		247	9	
Other expense, net	(5)	(3)		(75)	(14)	
	<u>(687)</u>	<u>(791)</u>		<u>(2,458)</u>	<u>(2,305)</u>	
Income before income taxes	693	118		1,324	597	
Income tax expense	(109)	(26)		(178)	(99)	
Consolidated net income	<u>584</u>	<u>92</u>		<u>1,146</u>	<u>498</u>	
Less: Net income attributable to noncontrolling interests	(91)	(44)		(212)	(156)	
Net income attributable to Charter shareholders	<u>\$ 493</u>	<u>\$ 48</u>		<u>\$ 934</u>	<u>\$ 342</u>	
EARNINGS PER COMMON SHARE						
ATTRIBUTABLE TO CHARTER SHAREHOLDERS:						
Basic	<u>\$ 2.14</u>	<u>\$ 0.19</u>		<u>\$ 3.99</u>	<u>\$ 1.31</u>	
Diluted	<u>\$ 2.11</u>	<u>\$ 0.19</u>		<u>\$ 3.93</u>	<u>\$ 1.29</u>	
Weighted average common shares outstanding, basic	<u>230,554,633</u>	<u>253,923,805</u>		<u>234,159,830</u>	<u>262,074,603</u>	
Weighted average common shares outstanding, diluted	<u>233,607,414</u>	<u>258,341,851</u>		<u>237,343,924</u>	<u>266,363,602</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.

In the second quarter of 2018, certain revenue line items and associated expenses were recast to reflect the customer changes described in note (a) on page 5 of this addendum and to classify certain expenses more closely with organizational responsibility. There were no changes to total revenue, Adjusted EBITDA, capital expenditures, free cash flow or net income.

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

	<u>September 30,</u> 2018	<u>December 31,</u> 2017
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 612	\$ 621
Accounts receivable, net	1,736	1,635
Prepaid expenses and other current assets	381	299
Total current assets	<u>2,729</u>	<u>2,555</u>
RESTRICTED CASH	48	—
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net	34,740	33,888
Customer relationships, net	10,136	11,951
Franchises	67,319	67,319
Goodwill	29,554	29,554
Total investment in cable properties, net	<u>141,749</u>	<u>142,712</u>
OTHER NONCURRENT ASSETS	<u>1,559</u>	<u>1,356</u>
Total assets	<u>\$ 146,085</u>	<u>\$ 146,623</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 8,511	\$ 9,045
Current portion of long-term debt	3,339	2,045
Total current liabilities	<u>11,850</u>	<u>11,090</u>
LONG-TERM DEBT	<u>69,135</u>	<u>68,186</u>
DEFERRED INCOME TAXES	<u>17,421</u>	<u>17,314</u>
OTHER LONG-TERM LIABILITIES	<u>2,451</u>	<u>2,502</u>
SHAREHOLDERS' EQUITY:		
Controlling interest	37,105	39,084
Noncontrolling interests	8,123	8,447
Total shareholders' equity	<u>45,228</u>	<u>47,531</u>
Total liabilities and shareholders' equity	<u>\$ 146,085</u>	<u>\$ 146,623</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Consolidated net income	\$ 584	\$ 92	\$ 1,146	\$ 498
Adjustments to reconcile consolidated net income to net cash flows from operating activities:				
Depreciation and amortization	2,482	2,701	7,784	7,846
Stock compensation expense	71	64	213	198
Accelerated vesting of equity awards	—	6	5	43
Noncash interest income, net	(65)	(87)	(242)	(283)
Other pension (benefits) costs	(207)	17	(247)	(9)
Loss on extinguishment of debt	—	—	—	35
(Gain) loss on financial instruments, net	(12)	(17)	—	15
Deferred income taxes	80	11	137	53
Other, net	5	85	81	93
Changes in operating assets and liabilities, net of effects from acquisitions:				
Accounts receivable	(117)	(162)	(101)	(101)
Prepaid expenses and other assets	(6)	60	(97)	37
Accounts payable, accrued liabilities and other	(11)	138	(80)	271
Net cash flows from operating activities	<u>2,804</u>	<u>2,908</u>	<u>8,599</u>	<u>8,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment	(2,118)	(2,393)	(6,692)	(6,096)
Change in accrued expenses related to capital expenditures	(154)	79	(620)	276
Real estate investments through variable interest entities	(15)	—	(15)	—
Other, net	(36)	(14)	(103)	(63)
Net cash flows from investing activities	<u>(2,323)</u>	<u>(2,328)</u>	<u>(7,430)</u>	<u>(5,883)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings of long-term debt	5,924	5,014	11,552	12,115
Repayments of long-term debt	(5,464)	(50)	(8,964)	(5,534)
Payments for debt issuance costs	(12)	(41)	(29)	(83)
Purchase of treasury stock	(933)	(3,525)	(3,214)	(7,748)
Proceeds from exercise of stock options	13	25	56	111
Purchase of noncontrolling interest	(145)	(493)	(473)	(922)
Distributions to noncontrolling interest	(38)	(38)	(114)	(115)
Borrowings for real estate investments through variable interest entities	170	—	170	—
Distributions to variable interest entities noncontrolling interest	(107)	—	(107)	—
Other, net	(2)	(2)	(7)	(8)
Net cash flows from financing activities	<u>(594)</u>	<u>890</u>	<u>(1,130)</u>	<u>(2,184)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(113)	1,470	39	629
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of period	773	694	621	1,535
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of period	<u>\$ 660</u>	<u>\$ 2,164</u>	<u>\$ 660</u>	<u>\$ 2,164</u>
CASH PAID FOR INTEREST	<u>\$ 1,031</u>	<u>\$ 891</u>	<u>\$ 2,920</u>	<u>\$ 2,544</u>
CASH PAID FOR TAXES	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 27</u>	<u>\$ 38</u>

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

	Approximate as of			
	September 30, 2018 (b)	June 30, 2018 (b)	December 31, 2017 (a)(b)	September 30, 2017 (a)(b)
<u>Footprint (c)</u>				
Estimated Video Passings	50,616	50,364	49,973	49,738
Estimated Internet Passings	50,421	50,149	49,727	49,479
Estimated Voice Passings	49,833	49,532	48,995	48,716
<u>Penetration Statistics (d)</u>				
Video Penetration of Estimated Video Passings	32.9%	33.1%	33.7%	33.8%
Internet Penetration of Estimated Internet Passings	49.4%	49.1%	48.2%	47.9%
Voice Penetration of Estimated Voice Passings	22.6%	22.9%	23.2%	23.2%
<u>Customer Relationships (e)</u>				
Residential	26,063	25,871	25,499	25,329
Small and Medium Business	1,792	1,750	1,662	1,623
Total Customer Relationships	<u>27,855</u>	<u>27,621</u>	<u>27,161</u>	<u>26,952</u>
<u>Residential</u>				
<u>Primary Service Units ("PSUs")</u>				
Video	16,140	16,206	16,400	16,398
Internet	23,336	23,070	22,518	22,255
Voice	10,218	10,325	10,424	10,401
	<u>49,694</u>	<u>49,601</u>	<u>49,342</u>	<u>49,054</u>
<u>Quarterly Net Additions/(Losses)</u>				
Video	(66)	(73)	2	(104)
Internet	266	218	263	250
Voice	(107)	(45)	23	26
	<u>93</u>	<u>100</u>	<u>288</u>	<u>172</u>
Single Play (f)	10,858	10,694	10,341	10,258
Double Play (f)	6,789	6,633	6,473	6,418
Triple Play (f)	8,416	8,544	8,685	8,653
Single Play Penetration (g)	41.7%	41.3%	40.6%	40.5%
Double Play Penetration (g)	26.1%	25.6%	25.4%	25.3%
Triple Play Penetration (g)	32.3%	33.0%	34.1%	34.2%
% Residential Non-Video Customer Relationships	38.1%	37.4%	35.7%	35.3%
Monthly Residential Revenue per Residential Customer (h)	\$ 111.13	\$ 111.88	\$ 110.74	\$ 110.66
<u>Small and Medium Business</u>				
<u>PSUs</u>				
Video	488	476	450	438
Internet	1,594	1,552	1,470	1,429
Voice	1,024	994	930	898
	<u>3,106</u>	<u>3,022</u>	<u>2,850</u>	<u>2,765</u>
<u>Quarterly Net Additions/(Losses)</u>				
Video	12	16	12	15
Internet	42	49	41	39
Voice	30	37	32	35
	<u>84</u>	<u>102</u>	<u>85</u>	<u>89</u>
Monthly Small and Medium Business Revenue per Customer (i)	\$ 173.52	\$ 176.96	\$ 181.57	\$ 186.66
<u>Enterprise PSUs (j)</u>				
Enterprise PSUs	243	235	220	210

- (a) Between the closing of the TWC and Bright House transactions in May 2016 through the first quarter of 2018, Charter has reported its customer data and results using legacy company reporting methodologies. During the second quarter of 2018, Charter implemented certain reporting changes on a retrospective basis which allowed for the recasting of historical customer data and results using consistent definitions and reporting methodologies across all three legacy companies. TWC Hawaii customer statistics are expected to move to Charter's standard methodology in 2019 and variances, if any, will be disclosed at that time.
- (b) We calculate the aging of customer accounts based on the monthly billing cycle for each account. On that basis, at September 30, 2018, June 30, 2018, December 31, 2017 and September 30, 2017, actual customers include approximately 231,400, 227,500, 248,900 and 221,400 customers, respectively, whose accounts were over 60 days past due, approximately 23,100, 19,300, 20,600 and 21,100 customers, respectively, whose accounts were over 90 days past due and approximately 18,500, 13,200, 13,200 and 12,500 customers, respectively, whose accounts were over 120 days past due.
- (c) 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.
- (d) Penetration represents residential and small and medium business customers as a percentage of estimated passings for the service indicated.
- (e) 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.
- (f) Single play, double play and triple play customers represent customers that subscribe to one, two or three of Charter service offerings, respectively.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Consolidated net income	\$ 584	\$ 92	\$ 1,146	\$ 498
Plus: Interest expense, net	901	788	2,630	2,250
Income tax expense	109	26	178	99
Depreciation and amortization	2,482	2,701	7,784	7,846
Stock compensation expense	71	64	213	198
Loss on extinguishment of debt	—	—	—	35
(Gain) loss on financial instruments, net	(12)	(17)	—	15
Other pension (benefits) costs	(207)	17	(247)	(9)
Other, net	23	148	191	388
Adjusted EBITDA (a)	<u>3,951</u>	<u>3,819</u>	<u>11,895</u>	<u>11,320</u>
Less: Revenue - Mobile	(17)	—	(17)	—
Plus: Costs and Expenses - Mobile	94	—	135	—
Adjusted EBITDA - Cable (a)	<u>\$ 4,028</u>	<u>\$ 3,819</u>	<u>\$ 12,013</u>	<u>\$ 11,320</u>
Net cash flows from operating activities	\$ 2,804	\$ 2,908	\$ 8,599	\$ 8,696
Less: Purchases of property, plant and equipment	(2,118)	(2,393)	(6,692)	(6,096)
Change in accrued expenses related to capital expenditures	(154)	79	(620)	276
Free cash flow	<u>532</u>	<u>594</u>	<u>1,287</u>	<u>2,876</u>
Plus: Net cash outflows from operating activities - Mobile	83	—	154	—
Purchases of property, plant and equipment - Mobile	66	—	136	—
Free cash flow - Cable	<u>\$ 681</u>	<u>\$ 594</u>	<u>\$ 1,577</u>	<u>\$ 2,876</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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Customer premise equipment (a)	\$ 675	\$ 855	\$ 2,437	\$ 2,579
Scalable infrastructure (b)	505	632	1,578	1,282
Line extensions (c)	348	319	992	864
Upgrade/rebuild (d)	190	163	522	415
Support capital (e)	400	424	1,163	956
Total capital expenditures	<u>\$ 2,118</u>	<u>\$ 2,393</u>	<u>\$ 6,692</u>	<u>\$ 6,096</u>

Capital expenditures included in total related to:

Commercial services	\$ 342	\$ 342	\$ 934	\$ 945
All-digital transition	\$ 42	\$ 47	\$ 316	\$ 53
Mobile	\$ 66	\$ —	\$ 136	\$ —

- (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).