UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
001-38126	**Altice USA, Inc.** Delaware 1 Court Square West Long Island City, New York 11101 (516) 803-2300	38-3980194

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act	Yes	☒	No	☐
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act	Yes	☐	No	☒
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	Yes	☒	No	☐
Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).	Yes	☒	No	☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Aggregate market value of the voting and non-voting common equity held by non-affiliates of Altice USA, Inc. computed by reference to the price at which the common equity was last sold on the New York Stock Exchange as of June 30, 2020: $ 7,109,567,296

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	ATUS	NYSE

Number of shares of common stock outstanding as of February 5, 2021 473,216,854

Documents incorporated by reference - Altice USA, Inc. intends to file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement or an amendment to this report filed under cover of Form 10-K/A containing the information required to be disclosed under Part III of Form 10-K.

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* Some or all of these items are omitted because Altice USA, Inc. intends to file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement or an amendment to this report filed under cover of Form 10-K/A containing the information required to be disclosed under Part III of Form 10-K.

PART I

Item 1. Business

Altice USA, Inc. ("Altice USA" or the "Company") was incorporated in Delaware on September 14, 2015. Through June 8, 2018, the Company was majority-owned by Altice Europe N.V. ("Altice Europe"), a public company with limited liability ("naamloze vennootshcap") under Dutch law. On June 8, 2018, Altice Europe distributed substantially all of its equity interest in the Company through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the "Distribution"). The Company is controlled by Patrick Drahi through Next Alt. S.a.r.l. ("Next Alt").

Altice USA is a holding company that does not conduct any business operations of its own. Altice Europe, through a subsidiary, acquired Cequel Corporation ("Cequel" or "Suddenlink") on December 21, 2015 (the "Cequel Acquisition") and Cequel was contributed to Altice USA on June 9, 2016. Altice USA acquired Cablevision Systems Corporation ("Cablevision" or "Optimum") on June 21, 2016 (the "Cablevision Acquisition").

The Company principally provides broadband communications and video services in the United States and markets its services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. We deliver broadband, video, telephony, and mobile services to more than five million residential and business customers. Our footprint extends across 21 states through a fiber-rich hybrid-fiber coaxial ("HFC") broadband network and a fiber-to-the-home ("FTTH") network with more than 9 million homes passed as of December 31, 2020. Additionally, we offer news programming and content, and advertising services. The Company launched Altice Mobile, our full service mobile offering, to consumers across our footprint in September 2019.

Our FTTH network build, which would enable us to deliver more than 10 Gbps broadband speeds to meet the growing data needs of residential and business customers, is underway. Concurrent to our FTTH network deployment, we also continue to upgrade our existing HFC network through the deployment of digital and data over cable service interface specification ("DOCSIS") 3.0 technology in order to roll out enhanced broadband services to customers. One Gbps broadband services are available in the majority of our footprint and will continue to expand across our service areas throughout 2021. Altice USA's broadband service provides a connectivity experience to support the most data-intensive activities, including streaming 4K ultra-high-definition ("UHD") and high-definition ("HD") video on multiple devices, online multi-player video game streaming platforms, video chatting, streaming music, high-quality virtual-and augmented reality experiences, and downloading large files.

The following table presents certain financial data and metrics for Altice USA:

	Years ended December 31,		
	2020	2019	2018
	(in thousands, except percentage data)		
Customer Relationships (a)	5,024.6	4,916.3	4,899.5
% growth	2.2 %	0.3 %	0.3 %
Revenue	$ 9,894,642	$ 9,760,859	9,566,608
Adjusted EBITDA (b)	$ 4,414,814	$ 4,265,471	$ 4,163,078
% of Revenue	44.6 %	43.7 %	43.5 %
Net income attributable to Altice USA, Inc. stockholders	$ 436,183	$ 138,936	$ 18,833

(a) Customer metrics do not include Altice Mobile customers.

(b) For additional information regarding Adjusted EBITDA, including a reconciliation of Net Income to Adjusted EBITDA, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Our Products and Services

We provide broadband, video and telephony services to both residential and business customers. We also provide enterprise-grade fiber connectivity, bandwidth and managed services to enterprise customers and provide advertising time and services to advertisers. In addition, we offer various news programming through traditional linear and digital platforms. In September 2019, the Company launched Altice Mobile, a full service mobile offering, to consumers across our footprint.

The prices we charge for our services vary based on the number of services and associated service level or tier our customers choose, coupled with any promotions we may offer. Customers who subscribe to a bundle generally receive a discount from the price of buying each of these services separately, as well as the convenience of receiving multiple services from a single provider, all on a single monthly bill. For example, we offer a ‘‘Triple Play’’ package that is a special promotion for new customers or eligible current customers where our broadband, video and telephony services are available at a reduced rate for a specified period when purchased together.

Residential Services

The following table shows our residential customer relationships for broadband, video and telephony services provided to residential customers.

	December 31,		
	2020	2019	2018
	(in thousands)		
Total residential customer relationships:	**4,648.4**	**4,533.3**	**4,518.1**
Broadband	4,359.2	4,187.3	4,115.4
Video	2,961.0	3,179.2	3,286.1
Telephony	2,214.0	2,398.8	2,530.1

The following table shows our revenues for broadband, video and telephony services provided to residential customers.

	Years Ended December 31,		
	2020	2019	2018
Residential revenue:	(in thousands)		
Broadband	$ 3,689,159	$ 3,222,605	$ 2,887,455
Video	3,670,859	3,997,873	4,156,428
Telephony	468,777	598,694	652,895

Broadband Services

We offer a variety of broadband service tiers tailored to meet the different needs of our residential customers. Current offers include download speeds ranging from 20 Mbps to 1 Gbps for our residential customers. Substantially all of our HFC network is digital and data over cable service interface specification DOCSIS 3.0 compatible, with 266 homes per node and a bandwidth capacity of at least 750 MHz throughout. This network allows us to provide our customers with advanced broadband, video and telephony services.

In addition, we have deployed WiFi across our New York metropolitan service area and have started a WiFi deployment program across the rest of our footprint providing for over 2.1 million total WiFi hotspots as of December 31, 2020. The WiFi network allows broadband customers to access Internet connectivity while they are away from their home or office. WiFi is delivered via wireless access points mounted on our broadband network, in certain retail partner locations, certain rail stations, New York City parks and other public venues. Our wireless router product and our Altice One device include a second network that enables all broadband customers to access the WiFi network throughout the neighborhoods we serve. Access to the WiFi network is offered as a free value-added benefit to broadband customers and for a fee to non-customers in certain locations. Our WiFi service also allows our broadband customers to access the WiFi networks of Comcast Corporation ("Comcast"), Charter Communications, Inc. ("Charter") and Cox Communications, Inc. Through these relationships we offer our customers complimentary access to additional hotspots nationwide.

Video Services

We currently offer a variety of video services, which include delivery of broadcast stations and cable networks, over the top ("OTT") services such as Netflix, YouTube and others, and advanced digital video services, such as video-on-demand ("VOD"), HD channels, digital video recorder ("DVR") and pay-per-view, to our residential markets. Depending on the market and level of service, our video services include, among other programming, local broadcast networks and independent television stations, news, information, sports and entertainment channels, regional sports networks, international channels and premium services such as HBO, Showtime, Cinemax, Starz, and The Movie Channel. Our residential customers pay a monthly charge based on the video programming level of service, tier or package they receive and the type of equipment they select. Customers who subscribe to seasonal sports packages, international channels and premium services may be charged an additional monthly amount. We may also charge additional fees for pay-per-view programming and events, DVR and certain VOD services.

As of December 31, 2020, our residential customers were able to receive between 470 to 592 digital channels depending on their market and level of service. In addition, depending on the service area, we offer between 156 to 188 HD channels which represent the most widely watched programming, including all major broadcast networks, as well as most leading national cable networks, premium channels and regional sports networks. HDTV features high-resolution picture quality, digital sound quality and a wide-screen, theater-like display when using an HDTV set and an HD-capable converter.

We also provide advanced services, such as pay-per-view and VOD, that give residential video customers control over when they watch their favorite programming. Our pay-per-view service allows customers to pay to view single showings of programming on an unedited, commercial-free basis, including feature films, live sporting events, concerts and other special events. Our VOD service provides on-demand access to movies, special events, free prime time content and general interest titles. Subscription-based VOD premium content such as HBO and Showtime is made available to customers who subscribe to one of our premium programming packages. Our customers have the ability to start the programs at whatever time is convenient, as well as pause, rewind and (for most content) fast forward VOD programming. As of December 31, 2020, pay-per-view services were available to over 99% of all our video customers and VOD services were available to over 95% of our video customers, and we offer thousands of HD titles on-demand.

For a monthly fee, we offer DVR services through the use of digital converters, the majority of which are HDTV-capable. Customers can choose either a set-top box DVR with the ability to record, pause and rewind live television or Cloud DVR with remote-storage capability to record 15 shows simultaneously while watching any live or pre-recorded show, and pause and rewind live television. Depending on the service area and market, customers have the option to use a set-top box DVR or a TiVo HD/DVR converter. The TiVo converter delivers multi-room DVR capability using TiVo Mini devices that allow customers to pause and rewind live television, manage recordings from different television locations and play them back throughout the home. In addition, TiVo Stream service, which allows customers to stream live television channels and recorded programming wirelessly throughout their home to Android and iOS devices, and, subject to copyright restrictions, download previously recorded content to these devices so that it can be viewed outside the home, is provided to current TiVo DVR customers.

During the fourth quarter of 2017, we introduced an entertainment and connectivity platform, called Altice One. Altice One is an innovative, integrated platform with a modern user interface that combines a set-top box, Internet wireless router and cable modem in one device. It is offered to customers subscribing to our double and triple-product packages. It is capable of delivering broadband Internet, WiFi, digital television services, OTT services and fixed-line telephony and supports 4K video and Cloud DVR with the capacity to record 15 television programs simultaneously and the ability to rewind live television on the last two channels watched. Additional features include a point-anywhere voice-command remote control and a companion Altice One mobile app that allows viewing of all television content including DVR streaming. Additional televisions are paired with "Minis." Since launch, we have and continue to update Altice One and its companion mobile apps with new features, including the ability to watch Cloud DVR content on the go, access to the YouTube Kids application, the ability to use voice search on YouTube to discover videos, more 4K content for a vivid viewing experience, and more advanced features for customers such as the introduction of our new sports hub, enhanced home screen and additional applications. During the first quarter of 2020 we introduced the Altice One App for Apple TV, providing customers with the ability to watch live, On Demand and DVR content on that platform.

We offer alternative viewing platforms for our video programming through mobile applications. Altice One customers have access to the Altice One mobile application and Optimum customers have access to the Optimum TV application, available for the iPad, iPhone, iPod touch, Kindle Fire and select Android phones and tablets, and Suddenlink customers have access to the Suddenlink2GO website. Depending on the platform, the Optimum TV application features include the ability to watch live television, stream on-demand titles from various networks and use the device as a remote to control the customer's digital set-top box while inside the home. Suddenlink customers have access to the Suddenlink2GO website, which enables customers to watch movies, shows and clips on a personal computer once authenticated via a customer portal and select television shows and movies on their mobile devices.

Telephony Services

Through voice over Internet protocol ("VoIP") telephone service we also offer unlimited local, regional and long-distance calling within the United States, Canada, Puerto Rico and the Virgin Islands for a flat monthly rate, including popular calling features such as caller ID with name and number, call waiting, three-way calling, enhanced emergency 911 dialing and television caller ID. We also offer additional options designed to meet our customers' needs, including directory assistance, voicemail services and international calling. Discount and promotional pricing are available when our telephony services are combined with our other service offerings.

Mobile

In September 2019, we commercially launched Altice Mobile, a mobile service providing data, talk and text to consumers in or near our wired service footprint. The service is delivered over a nationwide network with long-term evolution ("LTE") and 5G (where available) coverage through our network partners, including our infrastructure-based mobile virtual network operator ("MVNO") agreement with T-Mobile U.S. Inc. ("T-Mobile") which acquired Sprint Corporation (“Sprint”) in 2020. We have densified the Sprint network coverage in our Optimum footprint with the mounting of 19,000 airstrands on our broadband infrastructure and now benefit from the full combined coverage of the “T-Mobile” and “Sprint” networks. We also have a direct roaming agreement with AT&T Inc. ("AT&T") and some regional partners. We offload mobile traffic using our Optimum Wi-Fi network of hotspots in the New York metropolitan area as well as select customer premises equipment (“CPE”) across our footprint. Our full infrastructure MVNO agreement with T-Mobile is differentiated from other light MVNOs in that it gives us full access control over our own core network, as well as the Home Location Register and subscriber identification module ("SIM") cards. This allows us to fully control seamless data offloading and the handover between the fixed and wireless networks. We also have full product, features and marketing flexibility with our mobile service.

Altice Mobile is sold at Optimum and Suddenlink stores as well as online. Consumers can bring their own devices or buy or finance a variety of phones directly from us, including Apple, Samsung and Motorola devices.

Business Services

We offer a wide and growing variety of products and services to both large enterprise and small and medium-sized business ("SMB") customers, including broadband, telephony, networking and video services. As of December 31, 2020, we served approximately 376,000 SMB customers across our footprint. We serve enterprise customers primarily through our Lightpath business.

Enterprise Customers

Lightpath provides Ethernet, data transport, IP-based virtual private networks, Internet access, telephony services, including session initiated protocol ("SIP") trunking and VoIP services to the business market in the New York metropolitan area. Our Lightpath bandwidth connectivity service offers speeds up to 100 Gbps. Lightpath also provides managed services to businesses, including hosted telephony services (cloud based SIP-based private branch exchange), managed WiFi, managed desktop and server backup and managed collaboration services including audio and web conferencing. Through Lightpath, we also offer fiber-to-the-tower ("FTTT") services to wireless carriers for cell tower backhaul that enables wireline communications service providers to connect to towers that their own wireline networks do not reach. Lightpath's enterprise customers include companies in health care, financial, education, legal and professional services, and other industries, as well as the public sector and communication providers, incumbent local exchange carriers ("ILEC"), and competitive local exchange carriers ("CLEC"). As of December 31, 2020, Lightpath had over 11,800 locations connected to its fiber network, which currently includes more than 18,800 miles of fiber sheaths (“route miles”) (approximately 9,000 owned route miles and approximately 9,800 route miles pursuant to an indefeasible right of use (“IRU”) from Altice USA.

In December 2020, the Company completed the sale of a 49.99% interest in its Lightpath fiber enterprise business (the "Lightpath Transaction") based on an implied enterprise value of $3.2 billion. The Company retained a 50.01% interest in the Lightpath business and maintained control of Cablevision Lightpath LLC, the entity holding the interest in the Lightpath business. Accordingly, the Company continues to consolidate the operating results of the Lightpath business.

In our Suddenlink footprint, for enterprise and larger commercial customers, Suddenlink offers high capacity data services, including wide area networking and dedicated data access and advanced services such as wireless mesh networks. Suddenlink also offers enterprise class telephone services which include traditional multi-line phone service over DOCSIS and trunking solutions via SIP for our Primary Rate Interface ("PRI") and SIP trunking applications. Similar to Lightpath, Suddenlink also offers FTTT services. These Suddenlink services are offered on a standalone basis or in bundles that are developed specifically for our commercial customers.

SMB Customers

We provide broadband, video and telephony services to SMB customers. In addition to these services, we also offer managed services, including business e-mail, hosted private branch exchange, web space storage and network security monitoring for SMB customers. Telephony services include Optimum Voice for Business, Suddenlink Business Class Phones, Business Hosted Voice and Business Trunking (SIP and PRI). Optional telephony add-on services include international calling and toll free numbers.

News and Advertising

News 12 Networks

Our News 12 Networks consists of seven 24-hour local news channels in the New York metropolitan area—the Bronx, Brooklyn, Connecticut, Hudson Valley, Long Island, New Jersey and Westchester—providing each with complete access to hyper-local breaking news, traffic, weather, sports, and more.

Since launching in 1986, News 12 Networks has been widely recognized by the news industry with numerous prestigious honors and awards, including Emmy Awards, plus multiple Edward R. Murrow Awards, NY Press Club Awards, and more. We derive revenue from our News 12 Networks for the sale of advertising and affiliation fees paid by cable operators.

Cheddar

Cheddar consists of the Cheddar Business News network covering business, politics, headline news, popular culture, and innovative products, technologies, and services. Cheddar Business News broadcasts live a total of 11 hours a day across traditional linear television delivery systems and OTT platforms.

Cheddar was acquired in June 2019, and we consolidated Cheddar's results of operations and its assets and liabilities as of June 1, 2019.

i24NEWS

i24NEWS consists of three 24-hour global channels that provide global breaking news and world stories with a focus on the Middle East and Israel. i24NEWS launched in English, French, and Arabic in July 2013.

a4 Advertising

a4 Advertising is the advanced advertising and data solutions subsidiary of Altice USA. It provides audience-based, IP-authenticated cross-screen advertising solutions to local, regional and national businesses and advertising clients. a4 enables advertisers to reach U.S. households across their devices through cable networks, on-demand and addressable inventory.

New York Interconnect

In many markets, we have entered into agreements commonly referred to as “Interconnects” with other cable operators to jointly sell local advertising. This simplifies our clients' purchase of local advertising and expands their geographic reach. In some markets, we represent the advertising sales efforts of other cable operators; in other markets, alternative cable operators represent us. For example, NY Interconnect, LLC ("NYI") is a joint venture that was launched in the second quarter 2018 between Altice USA, Charter and Comcast. NYI provides a wide range of television and digital advertising opportunities for brands looking to reach over 7.5 million households and 20+ million people across the New York designated market area ("DMA").

Franchises

As of December 31, 2020, our systems operated in more than 1,300 communities pursuant to franchises, permits and similar authorizations issued by state and local governmental authorities. Franchise agreements typically require the payment of franchise fees and contain regulatory provisions addressing, among other things, service quality, cable service to schools and other public institutions, insurance and indemnity. Franchise authorities generally charge a franchise fee of not more than 5% of certain of our cable service revenues that are derived from the operation of the system within such locality. We generally pass the franchise fee on to our customers.

Franchise agreements are usually for a term of 5 to 15 years from the date of grant, however, approximately 460 of Altice USA’s communities are located in states (Connecticut, Kansas, Missouri, Nevada, North Carolina and Texas) where by law franchise agreements do not have an expiration date. Franchise agreements are usually terminable only if the cable operator fails to comply with material provisions and then only after the franchising authority complies with substantive and procedural protections afforded by the franchise agreement and federal and state law. Prior to the scheduled expiration of most franchises, we generally initiate renewal proceedings with the granting authorities. This process usually takes less than three years but can take a longer period of time. The Communications Act of 1934, as amended (the "Communications Act"), which is the primary federal statute regulating interstate communications, provides for an orderly franchise renewal process in which granting authorities may not unreasonably withhold renewals. See "Regulation—Cable Television—Franchising." In connection with the franchise renewal process, many governmental authorities require the cable operator to make certain commitments, such as building out certain franchise areas, meeting customer service requirements and supporting and carrying public access channels.

Historically, we have been able to renew our franchises without incurring significant costs, although any particular franchise may not be renewed on commercially favorable terms or otherwise. We expect to renew or continue to operate under all or substantially all of these franchises. For more information regarding risks related to our franchises, see "Risk Factors—Risk Factors Relating to Regulatory and Legislative Matters—Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business." Proposals to streamline cable franchising recently have been adopted at both the federal and state levels. For more information, see "Regulation—Cable Television—Franchising."

Programming

We design our channel line-ups for each system according to demographics, programming contract requirements, market research, viewership, local programming preferences, channel capacity, competition, price sensitivity and local regulation. We believe offering a wide variety of programming influences a customer's decision to subscribe to and retain our video services. We obtain programming, including basic, expanded basic, digital, HD, 4K UHD, VOD and broadband content, from a number of suppliers, including broadcast and cable networks.

We generally carry cable networks pursuant to written programming contracts, which continue for a fixed period of time, usually from three to five years, and are subject to negotiated renewal. Cable network programming is usually made available to us for a license fee, which is generally paid based on the number of customers who subscribe to the level of service that provides such programming. Such license fees may include "volume" discounts available for higher numbers of customers, as well as discounts for channel placement or service penetration. For home shopping channels, we receive a percentage of the revenue attributable to our customers' purchases, as well as, in some instances, incentives for channel placement.

We typically seek flexible distribution terms that would permit services to be made available in a variety of retail packages and on a variety of platforms and devices in order to maximize consumer choice. Suppliers typically insist that their most popular and attractive services be distributed to a minimum number or percentage of customers, which limits our ability to provide consumers full purchasing flexibility. Suppliers also typically seek to control or limit the terms on which we are able to make their services available on various platforms and devices yet this has become more flexible each year.

Our cable programming costs for broadcast stations and cable networks have increased in excess of customary inflationary and cost-of-living type increases. We expect programming costs to continue to increase due to a variety of factors including annual increases imposed by stations and programmers and additional programming being provided to customers, including HD, 4K UHD, digital and VOD programming. In particular, broadcast and sports programming costs have increased significantly over the past several years. In addition, contracts to purchase sports programming sometimes provide for optional additional programming to be available on a surcharge basis during the term of the contract. These increases have coincided with a significant increase in the quality of the programming, from high production value original cable series to enhanced camera and statistical data technology in sports broadcasts, and more flexible rights to make the content available on various platforms and devices.

We have programming contracts that have expired and others that will expire in the near term. We will seek to renegotiate the terms of these agreements, but there can be no assurance that these agreements will be renewed on favorable or comparable terms. To the extent that we are unable to reach agreement with certain programmers on terms that we believe are reasonable, we have been, and may in the future be, forced to remove such programming channels from our line-up, which may result in a loss of customers. For more information, see "Risk Factors—Risk Factors Relating to Our Business—Programming and retransmission costs are increasing and we may not have the ability to pass these increases on to our customers. Disputes with programmers and the inability to retain or obtain popular programming can adversely affect our relationship with customers and lead to customer losses, which could materially adversely affect our business, financial condition and results of operations."

Sales and Marketing

Sales are managed centrally and multiple sales channels allow us to reach each current and potential customers in a variety of ways, including in-bound customer care centers, outbound telemarketing, stores, field technician sales and door-to-door sales. E-commerce is also managed centrally on behalf of the organization and is a growing part of our business and is our fastest growing sales channel. We also use mass media, including broadcast television, digital media, radio, newspaper and outdoor advertising, to attract customers and direct them to our in-bound customer care centers or website. Our sales and service employees use a variety of sales tools as they work to match customers' needs with our best-in-class products, with a focus on building and enhancing customer relationships.

Because of our local presence and market knowledge, we invest heavily in targeted marketing. Our strategic focus is on building new customer relationships and bundling broadband, video and services that deliver innovative solutions to customer pain points. Much of our advertising is developed centrally and customized for our regions. Among other factors, we monitor customer perceptions, marketing tactic impact and competition, to increase our responsiveness and the effectiveness of our efforts. Our footprint has several large college markets where we market specialized products and services to students for multiple dwelling units ("MDUs"), such as dormitories and apartment complexes.

We have separate dedicated sales teams for our SMB and enterprise offerings and dedicated service teams to support SMB and enterprise clients.

Customer Experience

We believe customer service is a cornerstone of our business. Our strategy is to demonstrate that we are reliable, technical experts, that we are simple to interact with and that, in the event of a service failure, we are responsive and courteous as we work to resolve the issue. Accordingly, we make a concerted effort to continually improve each customer's experience and have made significant investments in our people, processes and technology to enhance our customers' experience and to reduce the need for customers to contact us.

The insights from operational customer service metrics help us focus our product and network improvement efforts. Listening to and acting upon feedback is a major pillar in our customer experience program and as such we review feedback as part of our daily operations.

We provide technical service to our customers 24 hours a day, seven days a week, and we have systems that allow our customer care centers to be accessed and managed remotely in the event that systems functionality is temporarily lost, which provides our customers access to customer service with limited disruption.

We are prioritizing the growth and development of new self-service and digital care options while simultaneously simplifying and improving our agent toolset to better serve our customer needs. We strive to offer a premium customer care experience through traditional and digital methods.

We also utilize our customer portal to enable our customers to manage their bill online, obtain service information and perform troubleshooting procedures. Our customers may also obtain support through our online bot, chat and social media websites, including Twitter and Facebook.

Network Management

Our cable systems are generally designed with an HFC architecture that has proven to be highly flexible in meeting the increasing needs of our customers. We deliver our signals via laser-fed fiber optic cable from control centers known as headends and hubs to individual nodes. Each node is connected to the individual homes served by us. A primary benefit of this design is that it pushes fiber optics closer to our customers' homes, which allows us to subdivide our systems into smaller service groups and make capital investments only in service groups experiencing higher than average service growth.

As of December 31, 2020, approximately 95% of our basic video customers were served by systems with a capacity of at least 750 MHz and 266 homes per node. We have upgraded our networks, both through the deployment of our fiber to the home network and through new DOCSIS technologies, and we are delivering speeds of up to 1 Gbps in many areas of our footprint. More than 99% of our residential broadband Internet customers are connected to our national backbone with a presence in major carrier access points in New York, Dallas, Chicago, San Jose, Washington D.C. and Phoenix. This presence allows us to avoid significant Internet transit costs by establishing peering relationships with major Internet service and content providers enabling direct connectivity with them at these access points.

We also have a networking caching architecture that places highly viewed Internet traffic from the largest Internet-based content providers at the edge of the network closest to the customer to reduce bandwidth requirements across our national backbone, thus reducing operating expense. This collective network architecture also provides us with the capability to manage traffic across several Internet access points, thus helping to ensure Internet access redundancy and quality of service for our customers. Additionally, our national backbone connects most of our systems, which allows for an efficient and economical deployment of services from our centralized platforms that include telephone, VOD, network DVR, common video content, broadband Internet, hosted business solutions, provisioning, e-mail and other related services.

Our FTTH network build, which would enable us to deliver more than 10 Gbps broadband speeds across a majority of our footprint, is underway. We believe this FTTH network will be more resilient with reduced maintenance requirements, fewer service outages and lower power usage, which we expect will drive further structural cost efficiencies.

We have also focused on system reliability and disaster recovery as part of our national backbone and primary system strategy. For example, to help ensure a high level of reliability of our services, we implemented redundant power capability, as well as fiber route and carrier diversity in our networks serving most of our customers. With respect to disaster recovery, we invested in our telephone platform architecture for geo-redundancy to minimize downtime in the event of a disaster to any single facility. Additionally, we are working to implement a geo-redundant disaster recovery environment for our network operations center supporting both residential and business customers.

In addition, we have expanded and refined our bandwidth utilization in capacity constrained systems in order to meet demand for new and improved advanced services. A key component to reclaim bandwidth was the digital delivery of video channels that were previously distributed in analog through the launch of digital simulcast, which duplicates analog channels as digital channels. Additionally, the deployment of lower-cost digital customer premises equipment, such as HD digital transport adapters, enabled the use of more efficient digital channels instead of analog channels, thus allowing the reclamation of expanded basic analog bandwidth in the targeted systems. This reclaimed analog bandwidth could then be repurposed for other advanced services such as additional HDTV services and faster Internet access speeds.

To support our mobile business, we built a nationwide mobile core network with five main interconnection points (Texas, California, Illinois, and two in New York), as well as the necessary interconnection points for our network partners T-Mobile and AT&T.

Information Technology

Our IT systems consist of billing, customer relationship management, business and operational support and sales force management systems. We continue to update and simplify our IT infrastructure through further investments, focusing on cost efficiencies, improved system reliability, functionality and scalability and enhancing the ability of our IT infrastructure to meet our ongoing business objectives. Additionally, through investment in our IT platforms and focus on process improvement, we have simplified and harmonized our service offering bundles and improved our technical service delivery and customer service capabilities. We contract with managed service providers to deliver certain core Business Support Systems and Operations Support Systems. These services are integrated into our overall IT ecosystems to ensure an efficient operation. Backup services are provided through alternate systems and infrastructure.

Suppliers

Customer Premise and Network Equipment

We purchase set-top boxes and other customer premise equipment from a limited number of vendors because our cable systems use one or two proprietary technology architectures. We buy HD, HD/DVRs and VOD equipment, routers, including the components of our home communications hub, and other network equipment from a limited number of suppliers, including Altice Labs, Altice Europe's technology, services and innovation center. See "Risk Factors—Risk Factors Relating to Our Business—We rely on network and information systems for our operations and a disruption or failure of, or defects in, those systems may disrupt our operations, damage our reputation with customers and adversely affect our results of operations."

Broadband and Telephone Connectivity

We deliver broadband and telephony services through our HFC and fiber network. We use circuits that are either owned by us or rented from third parties to connect to the Internet and the public switched telephone network. We pay fees for rented circuits based on the amount of capacity available to it and pay for Internet connectivity based on the amount of IP-based traffic received from and sent over the other carrier's network.

Mobile Voice and Data Equipment

We purchase for resale mobile handsets from a number of original equipment manufacturers including Apple, Samsung, and Motorola. Customers of our mobile service are able to purchase these handsets with upfront payments or financed without interest over a 36-month period.

Intellectual Property

We rely on our patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. We also rely on our access to the proprietary technology of Altice Europe, including through Altice Labs, and licenses to the name “Altice” and derivatives from Next Alt. However, no single patent, copyright, trademark, trade secret or content license is material to our business. We believe we own or have the right to use all of the intellectual property that is necessary for the operation of our business as we currently conduct it.

Competition

We operate in a highly competitive, consumer-driven industry and we compete against a variety of broadband, video, mobile and fixed-line telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite delivered video signals, Internet-delivered video content and broadcast television signals available to residential and business customers in our service areas. We believe our leading market position in our footprint, technologically advanced network infrastructure, including our FTTH build-out, Altice One, our entertainment and connectivity platform, our new mobile service, and our focus on enhancing the customer experience favorably position us to compete in our industry. See also "Risk Factors—Risk Factors Relating to Our Business—We operate in a highly competitive business environment which could materially adversely affect our business, financial condition, results of operations and liquidity."

Broadband Services Competition

Our broadband services face competition from broadband communications companies' digital subscriber line ("DSL"), FTTH/Fiber to the Premises ("FTTP") and wireless broadband offerings, as well as from a variety of companies that offer other forms of online services, including satellite-based broadband services. AT&T and Verizon Communications Inc.'s ("Verizon") Fios are our primary FTTH competitors. Current and future fixed and wireless Internet services, such as 4G, LTE and 5G (and variants) wireless broadband services and WiFi networks, and devices such as wireless data cards, tablets and smartphones, and mobile wireless routers that connect to such devices, may also compete with our broadband services both for in premises broadband service and mobile broadband. All major wireless carriers offer unlimited data plans, which could, in some cases, become a substitute for the fixed broadband services we provide. The Federal Communications Commission ("FCC") is likely to continue to make additional radio spectrum available for these wireless Internet access services, which in time could expand the quality and reach of these services.

Video Services Competition

We face intense competition from broadband communications companies with fiber-based networks, primarily Verizon, which has constructed a FTTH network plant that passes a significant number of households in our Optimum service area, and AT&T, which has constructed an FTTP/Fiber to the Node ("FTTN") infrastructure in parts of our Suddenlink service area. We estimate that Verizon is currently able to sell a fiber-based video service, as well as broadband and VoIP services, to at least half of the households in our Optimum service area. Frontier Communications Corporation ("Frontier") offers video service in competition with us in most of our Connecticut service area.

We also compete with direct broadcast satellite ("DBS") providers, such as DirecTV (a subsidiary of AT&T) and DISH Network Corporation ("DISH"). DirecTV and DISH offer one-way satellite-delivered pre-packaged programming services that are received by relatively small and inexpensive receiving dishes. DirecTV has exclusive arrangements with the National Football League that give it access to programming that we cannot offer. In 2018 AT&T acquired Time Warner Inc. ("Time Warner"), which owns a number of cable networks, including TBS, CNN and HBO, as well as Warner Bros. Entertainment, which produces television, film and home-video content. AT&T's and DirecTV's access to Time Warner programming and studio assets provides AT&T and DirecTV the ability to offer competitive promotional packages. We believe cable-delivered services, which include the ability to bundle additional services such as broadband, offer a competitive advantage to DBS service because cable headends can provide two-way communication to deliver a large volume of programming which customers can access and control independently.

Our video services also face competition from a number of other sources, including companies that deliver movies, television shows and other video programming, including extensive on demand, live content, serials, exclusive and original content, over broadband Internet connections to televisions, computers, tablets and mobile devices, such as Netflix, Hulu, Apple TV+, YouTube TV, Amazon Prime, Sling TV, AT&T TV, Locast and others. In addition, our programming partners continue to launch direct to consumer streaming products, delivering content to consumers that was formerly only available via video, such as HBO Max, Discovery+ and Disney+.

Telephony Services Competition

Our telephony service competes with wireline, wireless and VoIP phone service providers, such as Vonage, Skype, GoogleTalk, Facetime, WhatsApp and magicJack, as well as companies that sell phone cards at a cost per minute for both national and international service. We also compete with other forms of communication, such as text messaging on cellular phones, instant messaging, social networking services, video conferencing and email. The increased number of technologies capable of carrying telephony services and the number of alternative communication options available to customers have intensified the competitive environment in which we operate our telephony services.

Mobile Wireless Competition

Our mobile wireless service, launched in September 2019, faces competition from a number of national incumbent network-based mobile service providers (like AT&T, Verizon, T-Mobile US, Inc. ("T-Mobile")) and smaller regional service providers, as well as a number of reseller or MVNO providers (such as Tracfone, Boost Mobile and Cricket Wireless, among others). We believe that our approach to the mobile wireless service offering, including the construction and operation of our own "mobile core" and the ability to bundle and promote the product to our existing customer base, gives us advantages over pure MVNO resellers, and differentiates us from incumbent network-based operators. Improvements by incumbent and reseller mobile service providers on price, features, speeds, and service enhancements will continue to impact the competitiveness and attractiveness of our mobile service, and we will need to continue to invest in our services, product and marketing to answer that competition. Our mobile wireless strategy depends on the availability of wholesale access to radio access networks ("RAN") from one or more network-based providers with whom we are likely to compete. Our mobile service is vulnerable to constraints on the availability of wholesale access or increases in price from the incumbents. Consolidation among wholesale RAN access providers could impair our ability to sustain our mobile service. In April 2020, Sprint and T-Mobile merged, subject to certain conditions imposed by the United States Department of Justice and the FCC. While the conditions attached to the combination may benefit our mobile service in the medium term, the reduction of competition among mobile wireless network-based providers likely will negatively impact the price and availability of wholesale RAN access to the Company generally, certain of the conditions imposed upon the merger parties by the U.S. Justice Department and the FCC have the potential to ameliorate those effects and to enhance the coverage, quality and cost structure for our mobile services while those conditions are in effect.

Business Services Competition

We operate in highly competitive business telecommunications market and compete primarily with local incumbent telephone companies, especially AT&T, CenturyLink, Inc. ("Centurylink"), Frontier and Verizon, as well as with a variety of other national and regional business services competitors.

Advertising Sales Competition

We provide advertising and advanced targeted digital advertising services on television and digital platforms, both directly and indirectly, within and outside our television service area. We face intense competition for advertising revenue across many different platforms and from a wide range of local and national competitors. Advertising competition has increased and will likely continue to increase as new formats seek to attract the same advertisers. We compete for advertising revenue against, among others, local broadcast stations, national cable and broadcast networks, radio stations, print media, social network platforms (such as Facebook and Instagram), and online advertising companies (such as Google) and content providers (such as Disney).

Regulation

General Company Regulation

Our cable, related and other services are subject to a variety of federal, state and local law and regulations, as well as, in instances where we operate outside of the U.S., the laws and regulations of the countries and regions where we operate. The Communications Act, and the rules, regulations and policies of the FCC, as well as other federal, state and other laws governing cable television, communications, consumer protection, privacy and related matters, affect significant aspects of the operations of our cable, related and other services.

The following paragraphs describe the existing legal and regulatory requirements we believe are most significant to our operations today. Our business can be dramatically impacted by changes to the existing regulatory framework, whether triggered by legislative, administrative or judicial rulings.

Cable Television

Franchising. The Communications Act requires cable operators to obtain a non-exclusive franchise from state or local franchising authorities to provide cable service. Although the terms of franchise agreements differ from jurisdiction to jurisdiction, they typically require payment of franchise fees and contain regulatory provisions addressing, among other things, use of the right of way, service quality, cable service to schools and other public institutions, insurance, indemnity and sales of assets or changes in ownership. State and local franchising authority, however, must be exercised consistent with the Communications Act, which sets limits on franchising authorities' powers, including limiting franchise fees to no more than 5% of gross revenues from the provision of cable service, prohibiting franchising authorities from requiring us to carry specific programming services, and protecting the renewal expectation of franchisees by limiting the factors a franchising authority may consider and requiring a due process hearing before denying renewal. Even when franchises are renewed, however, the franchise authority may, except where prohibited by applicable law, seek to impose new and more onerous requirements as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of a cable system, the franchising authority may attempt to impose more burdensome requirements as a condition for providing its consent. Cable franchises generally are granted for fixed terms and, in many cases, include monetary penalties for noncompliance. They may also be terminable if the franchisee fails to comply with material provisions.

In recent years, the traditional local cable franchising regime has undergone significant change as a result of federal and state action. Several states have reduced or eliminated the role of local or municipal government in franchising in favor of state- or system-wide franchises, and the trend has been toward consolidation of franchising authority at the state level, in part to accommodate the interests of new broadband and cable entrants over the last decade. At the same time, the FCC has adopted rules that streamline entry for new competitors (such as those affiliated with broadband communications companies) and reduce certain franchising burdens for these new entrants. In 2019, the FCC also extended to existing cable providers relief from certain fees and other regulatory requirements imposed by franchising authorities, including subjecting certain fees for access to the right-of-way and certain in-kind payments obligations to the statutory cap on franchise fees, as well as preempting franchising authorities from regulating cable operators' non-cable services. The FCC's order is currently being challenged on appeal.

Pricing and Packaging. The Communications Act and the FCC's rules limit the scope of price regulation for cable television services. Among other limitations, franchising authorities may regulate rates for only "basic" cable service. In 2015, the FCC adopted a rule establishing a presumption against rate regulation absent an affirmative showing by the franchising authority that there is an absence of effective competition. Based on the 2015 FCC rule, none of our video customers are currently subject to basic rate regulation.

There have been frequent calls to impose further rate regulation on the cable industry. It is possible that Congress or the FCC may adopt new constraints on the retail pricing or packaging of cable programming. As we attempt to respond to a changing marketplace with competitive marketing and pricing practices, we may face regulations that impede our ability to compete. In addition, a number of state and local regulatory authorities have imposed or seek to impose price- or price-related regulation that we believe is inconsistent with FCC direction, and these efforts if successful, will diminish the benefits of deregulation and hamper our ability to compete with our largely unregulated competitors. We brought a challenge in federal court against one such attempt to regulate our pricing by the New Jersey Board of Public Utilities, and in January 2020 we won a preliminary injunction in federal court in the District of New Jersey enjoining that agency from enforcing its regulation.

Must-Carry/Retransmission Consent. Cable operators are required to carry, without compensation, programming transmitted by most local commercial and noncommercial broadcast television stations that elect "must carry" status.

Alternatively, local commercial broadcast television stations may elect "retransmission consent," giving up their must-carry right and instead negotiating with cable systems the terms on which the cable systems may carry the station's programming content. Cable systems generally may not carry a broadcast station that has elected retransmission consent without the station's consent. The terms of retransmission consent agreements frequently include the payment of compensation to the station.

Broadcast stations must elect either "must carry" or retransmission consent every three years. A substantial number of local broadcast stations currently carried by our cable systems have elected to negotiate for retransmission consent. In the most recent retransmission consent negotiations, popular television stations have demanded substantial compensation increases, thereby increasing our operating costs.

Ownership Limitations. Federal regulation of the communications field traditionally included a host of ownership restrictions, which limited the size of certain media entities and restricted their ability to enter into competing enterprises. Through a series of legislative, regulatory, and judicial actions, most of these restrictions have been either eliminated or substantially relaxed. In 2017, the FCC relaxed some broadcast media ownership rules, and the broadcast industry subsequently experienced consolidation. The FCC’s order relaxing these rules was vacated by a federal appeals court, but the appeals court decision is currently being reviewed by the U.S. Supreme Court. Depending on the outcome of that case or the FCC’s current quadrennial review of ownership rules, the broadcast industry could consolidate further, which could impact the fees we pay broadcasters to license their signals.

Set-Top Boxes. The Communications Act includes a provision that requires the FCC to take certain steps to support the development of a retail market for "navigation devices," such as cable set-top boxes. Several years ago, the FCC began a proceeding to consider requiring cable operators to accommodate third-party navigation devices, which have imposed substantial development and operating requirements on the industry. Though there is currently no active effort to advance these proposals, the FCC may in the future consider implementing other measures to promote the competitive availability of retail set-top boxes or third-party navigation options that could impact our customers' experience, our ability to capture user interactions to refine and enhance our services, and our ability to provide a consistent customer support environment.

PEG and Leased Access. Franchising authorities may require that we support the delivery and support for public, educational, or governmental ("PEG") channels on our cable systems. In addition to providing PEG channels, we must make a limited number of commercial leased access channels available to third parties (including parties with potentially competitive video services) at regulated rates. The FCC adopted revised rules several years ago mandating a significant reduction in the rates that operators can charge commercial leased access users. These rules were stayed, however, by a federal court, pending a cable industry appeal. This matter currently remains pending, and the revised rules are not yet in effect. Although commercial leased access activity historically has been relatively limited, increased activity in this area could further burden the channel capacity of our cable systems.

Pole Attachments. The Company makes extensive use of utility poles and conduits owned by other utilities to attach and install the facilities that are integral to our network and services. The Communications Act requires most utilities to provide cable systems with access to poles and conduits to attach such facilities at regulated rates. The FCC (or a state, if it chooses to regulate) regulates utility company rates for the rental of pole and conduit space used by companies, including operators like us, to provide cable, telecommunications services, and Internet access services. Many states in which we operate have elected to set their own pole attachment rules. Adverse changes to the pole attachment rate structure, rates, classifications, and access could significantly increase our annual pole attachment costs.

Program Access. The program access rules generally prohibit a cable operator from improperly influencing an affiliated satellite-delivered cable programming service to discriminate unfairly against an unaffiliated distributor where the purpose or effect of such influence is to significantly hinder or prevent the competitor from providing satellite-delivered cable programming. FCC rules also allow a competing distributor to bring a complaint against a cable-affiliated terrestrially-delivered programmer or its affiliated cable operator for alleged violations of this rule, and seek reformed terms of carriage as a remedy.

Program Carriage. The FCC's program carriage rules prohibit us from requiring that an unaffiliated programmer grant us a financial interest or exclusive carriage rights as a condition of its carriage on our cable systems and prohibit us from unfairly discriminating against unaffiliated programmers in the terms and conditions of carriage on the basis of their nonaffiliation.

Exclusive Access to Multitenant Buildings. The FCC has prohibited cable operators from entering into or enforcing exclusive agreements with owners of multitenant buildings under which the operator is the only multichannel video programming distributor ("MVPD") with access to the building. The FCC is currently considering whether to adopt additional rules regarding access to multitenant environments by providers of broadband service.

CALM Act. The FCC's rules require us to ensure that all commercials carried on our cable service comply with specified volume standards.

Privacy and Data Security. In the course of providing our services, we collect certain information about our customers and their use of our services. We also collect certain information regarding potential customers and other individuals. Our collection, use, disclosure and other handling of information is subject to a variety of federal and state privacy requirements, including those imposed specifically on cable operators and telecommunications service providers by the Communications Act. We are also subject to data security obligations, as well as requirements to provide notice to individuals and governmental entities in the event of certain data security breaches, and such breaches, depending on their scope and consequences, may lead to litigation and enforcement actions with the potential of substantial monetary forfeitures or to adversely affect our brand.

As cable operators provide interactive and other advanced services, additional privacy and data security requirements may arise through legislation, regulation or judicial decisions. For example, the Video Privacy Protection Act of 1988 has been extended to cover online interactive services through which customers can buy or rent movies. In addition, Congress, the Federal Trade Commission ("FTC"), and other lawmakers and regulators are all considering whether to adopt additional measures that could impact the collection, use, and disclosure of customer information in connection with the delivery of advertising and other services to consumers customized to their interests. See "Privacy Regulations" below.

Federal Copyright Regulation. We are required to pay copyright royalty fees on a semi-annual basis to receive a statutory compulsory license to carry broadcast television content. These fees are subject to periodic audit by the content owners. The amount of a cable operator's royalty fee payments are determined by a statutory formula that takes into account various factors, including the amount of "gross receipts" received from customers for "basic" service, the number of "distant" broadcast signals carried and the characteristics of those distant signals (e.g., network, independent or noncommercial). Certain elements of the royalty formula are subject to adjustment from time to time, which can lead to increases in the amount of our semi-annual royalty payments. The U.S. Copyright Office, which administers the collection of royalty fees, has made recommendations to Congress for changes in or elimination of the statutory compulsory licenses for cable television carriage of broadcast signals and the U.S. Government Accountability Office is conducting a statutorily-mandated inquiry into whether the cable compulsory license should be phased out. Changes to copyright regulations could adversely affect the ability of our cable systems to obtain such programming and could increase the cost of such programming. Similarly, we must obtain music rights for locally originated programming and advertising from the major music performing rights organizations. These licensing fees have been the source of litigation in the past, and we cannot predict with certainty whether license fee disputes may arise in the future.

Access for Persons with Disabilities. The FCC's rules require us to ensure that persons with disabilities can more fully access the programming we carry. We are required to provide closed captions and pass through video description to customers on some networks we carry, and to provide an easy means of activating closed captioning and to ensure the audio accessibility of emergency information and on-screen text menus and guides provided by our navigation devices.

Other Regulation. We are subject to various other regulations, including those related to political broadcasting; home wiring; the blackout of certain network and syndicated programming; prohibitions on transmitting obscene programming; limitations on advertising in children's programming; and standards for emergency alerts, as well as telemarketing and general consumer protection laws and equal employment opportunity obligations. For example, the Television Viewer Protection Act of 2019 imposes obligations on cable and fixed broadband providers, including required disclosures at the point of sale and in electronic billing and prohibitions on certain equipment charges. The FCC also imposes various technical standards on our operations. In the aftermath of Superstorm Sandy, the FCC and the states are examining whether new requirements are necessary to improve the resiliency of communications networks, potentially including cable networks. Further, following certain extreme weather events in 2020, several states have undertaken examinations of storm resiliency, recovery, and customer impacts, which investigations could lead to additional regulation of the industry. Each of these regulations restricts (or could restrict) our business practices to varying degrees. The FCC can aggressively enforce compliance with its regulations and consumer protection policies, including through the imposition of substantial monetary sanctions. It is possible that Congress or the FCC will expand or modify its regulations of cable systems in the future, and we cannot predict at this time how that might impact our business.

Broadband

Regulatory Classification. Broadband Internet access services were traditionally classified by the FCC as "information services" for regulatory purposes, a type of service that is subject to a lesser degree of regulation than "telecommunications services." In 2015, the FCC reversed this determination and classified broadband Internet access services as "telecommunications services." This reclassification had subjected our broadband Internet access service to greater regulation, although the FCC did not apply all telecommunications service obligations to broadband Internet access service. The 2015 Order (as defined below) could have had a material adverse impact on our business. In December 2017, the FCC adopted an order that in large part reversed again the 2015 Order and reestablished the "information service" classification for broadband Internet access service. The 2017 Order (as defined below) was affirmed in part on appeal in October 2019 insofar as it classified broadband Internet access services as information services subject to lesser federal regulation. However, the 2017 Order was also vacated in part on appeal insofar as it preempted states from subjecting broadband Internet access services to any requirements more stringent than the federal requirements. As a result, the precise extent to which state rules may impose such requirements on broadband Internet access service providers is not fully settled. Additionally, the FCC is expected to revisit the appropriate regulatory classification of broadband in 2021.

Net Neutrality. Congress and some states are considering legislation that may codify “net neutrality” rules, which could include prohibitions on blocking, throttling and prioritizing Internet traffic. A number of states, including California and New York, have adopted legislation and/or executive orders that apply “net neutrality” rules to Internet service providers ("ISPs"). The California legislation is currently being challenged in court.

Access for Persons with Disabilities. The FCC's rules require us to ensure that persons with disabilities have access to "advanced communications services", such as electronic messaging and interoperable video conferencing. They also require that certain video programming delivered via Internet Protocol include closed captioning and require entities distributing such programming to end users to pass through such captions and identify programming that should be captioned.

Other Regulation. Providers of broadband Internet access services must comply with the Communications Assistance for Law Enforcement Act ("CALEA"), which requires providers to make their services and facilities accessible for law enforcement intercept requests. Various other federal and state laws apply to providers of services that are accessible through broadband Internet access service, including copyright laws, telemarketing laws, prohibitions on obscenity, a ban on unsolicited commercial e-mail, and privacy and data security laws. Online content we provide is also subject to some of these laws.

Other forms of regulation of broadband Internet access service currently being considered by the FCC, Congress or state legislatures include consumer protection requirements, billing and notifications requirements, cybersecurity requirements, consumer service standards, requirements to contribute to universal service programs and requirements to protect personally identifiable customer data from theft. Pending and future legislation in this area could adversely affect our operations as an ISP and our relationship with our Internet customers.

Additionally, from time to time the FCC and Congress have considered whether to subject broadband Internet access services to the federal Universal Service Fund ("USF") contribution requirements. Any contribution requirements adopted for Internet access services would impose significant new costs on our broadband Internet service. At the same time, the FCC is changing the manner in which Universal Service funds are distributed. By focusing on broadband and wireless deployment, rather than traditional telephone service, the changes could assist some of our competitors in more effectively competing with our service offerings.

Telephony Services

We provide telephony services using VoIP technology ("interconnected VoIP") and traditional switched telephony via our CLEC subsidiaries.

The FCC has adopted several regulations for interconnected VoIP services, as have several states, especially as it relates to core customer and safety issues such as E911, local number portability, disability access, outage reporting, universal service contributions, and regulatory reporting requirements. The FCC has not, however, formally classified interconnected VoIP services as either information services or telecommunications services. In this vacuum, some states have asserted more expansive rights to regulate interconnected VoIP services, while others have adopted laws that bar the state commission from regulating VoIP service.

Universal Service. Interconnected VoIP services must contribute to the USF used to subsidize communication services provided to low-income households, to customers in rural and high cost areas, and to schools, libraries, and rural health care providers. The amount of universal service contribution required of interconnected VoIP service providers is based on a percentage of revenues earned from interstate and international services provided to end users. We allocate our end user revenues and remit payments to the universal service fund in accordance with FCC rules. The FCC has ruled that states may impose state universal service fees on interconnected VoIP providers.

Local Number Portability. The FCC requires interconnected VoIP service providers and their "numbering partners" to ensure that their customers have the ability to port their telephone numbers when changing providers. We also contribute to federal funds to meet the shared costs of local number portability and the costs of North American Numbering Plan Administration.

Other Regulation. Interconnected VoIP service providers are required to provide enhanced 911 emergency services to their customers; protect customer proprietary network information from unauthorized disclosure to third parties; report to the FCC on service outages; comply with telemarketing regulations and other privacy and data security requirements; comply with disabilities access requirements and service discontinuance obligations; comply with call signaling requirements; and comply with CALEA standards. In August 2015, the FCC adopted new rules to improve the resiliency of the communications network. Under the new rules, providers of telephony services, including interconnected VoIP service providers, must make available eight hours of standby backup power for consumers to purchase at the point of sale. The rules also require that providers inform new and current customers about service limitations during power outages and steps that consumers can take to address those risks.

We provide traditional telecommunications services in various states through our operating subsidiaries, and those services are largely governed under rules established for CLECs under the Communications Act. The Communications Act entitles our CLEC subsidiaries to certain rights, but as telecommunications carriers, it also subjects them to regulation by the FCC and the states. Their designation as telecommunications carriers results in other regulations that may affect them and the services they offer.

Interconnection and Intercarrier Compensation. The Communications Act requires telecommunications carriers to interconnect directly or indirectly with other telecommunications carriers and networks, including VoIP. Under the FCC's intercarrier compensation rules, we are entitled, in some cases, to compensation from carriers when they use our network to terminate or originate calls and in other cases are required to compensate another carrier for using its network to originate or terminate traffic. The FCC and state regulatory commissions, including those in the states in which we operate, have adopted limits on the amounts of compensation that may be charged for certain types of traffic. In an October 2011 Order, the FCC determined that intercarrier compensation for all terminating traffic, including VoIP traffic exchanged in time-division multiplexing ("TDM") format, would be phased down over several years to a "bill-and-keep" regime, with no compensation between carriers for most terminating traffic by 2018. The FCC is considering further reform that could reduce or eliminate compensation for originating traffic as well.

Universal Service. Our CLEC subsidiaries are required to contribute to the USF. The amount of universal service contribution required of us is based on a percentage of revenues earned from interstate and international services provided to end users. We allocate our end user revenues and remit payments to the universal service fund in accordance with FCC rules. The FCC has ruled that states may impose state universal service fees on CLEC telecommunications services.

Other Regulation. Our CLEC subsidiaries' telecommunications services are subject to other FCC requirements, including protecting the use and disclosure of customer proprietary network information; meeting certain notice requirements in the event of service termination; compliance with disabilities access requirements; compliance with CALEA standards; outage reporting; and the payment of fees to fund local number portability administration and the North American Numbering Plan. As noted above, the FCC and states are examining whether new requirements are necessary to improve the resiliency of communications networks, including heightened backup power requirements within the provider's network. Communications with our customers are also subject to FCC, FTC and state regulations on telemarketing and the sending of unsolicited commercial e-mail and fax messages, as well as additional privacy and data security requirements.

State Regulation. Our CLEC subsidiaries' telecommunications services are subject to regulation by state commissions in each state where we provide services. In order to provide our services, we must seek approval from the state regulatory commission or be registered to provide services in each state where we operate and may at times require local approval to construct facilities. Regulatory obligations vary from state to state and include some or all of the following requirements: filing tariffs (rates, terms and conditions); filing operational, financial, and customer service reports; seeking approval to transfer the assets or capital stock of the broadband communications company; seeking approval to issue stocks, bonds and other forms of indebtedness of the broadband communications company;

reporting customer service and quality of service requirements; outage reporting; making contributions to state universal service support programs; paying regulatory and state Telecommunications Relay Service and E911 fees; geographic build-out; and other matters relating to competition.

In September 2019, we launched Altice Mobile, our mobile service using our own core infrastructure and our infrastructure mobile virtual network operator ("iMVNO") agreements with Sprint and other roaming partners, including AT&T. Our mobile wireless service is subject to most of the same FCC and consumer protection regulations as typical, network-based wireless carriers (such as E911 services, local number portability, privacy protection, and constraints on billing and advertising practices). The FCC or other regulatory authorities may adopt new or different regulations that apply to our services or similarly situated providers, impose new taxes or fees, or modify the obligations of other network-based carriers to provide wholesale RAN access to providers like Altice USA.

Other Services

We may provide other services and features over our cable system, such as games and interactive advertising, that may be subject to a range of federal, state and local laws, such as privacy and consumer protection regulations. We also maintain various websites that provide information and content regarding our businesses. The operation of these websites is also subject to a similar range of regulations.

Privacy Regulations

Our cable, Internet, voice, wireless and advertising services are subject to various federal, state and local laws and regulations, as well as, in instances where we operate outside of the U.S., the laws and regulations of the countries and regions where we operate, regarding subscriber privacy, data security, data protection, and data use. Our provision of Internet services subjects us to the limitations on use and disclosure of user communications and records contained in the Electronic Communications Privacy Act of 1986. Broadband Internet access service is also subject to various privacy laws applicable to electronic communications. We are subject to various state regulations and enforcement oversight related to our policies and practices covering the collection, use, and disclosure of personal information. In 2018, California passed a comprehensive privacy act aimed at increasing disclosure requirements, privacy protections, and the rights of consumers to identify and delete stored private data, subject to some limited business exceptions. The California law became effective on January 1, 2020. We expect further scrutiny of privacy practices at all levels of government in the areas where we operate, and implementing systems to comply with new rules could impact our business opportunities and impose operating costs on the business.

Our i24 operation has employees and offices in the European Union ("EU") that are subject to the General Data Protection Regulation ("GDPR"). Further, our a4 advertising business conducts limited business with customers that advertise in the EU. As such, we have certain compliance obligations with EU and member state (and UK) laws and regulations, including compliance obligations under the GDPR, and bear potential enforcement risks and fines if we fail to comply, even as the application of those regulations to some of our operations are unclear or are unknown.

Environmental Regulations

Our business operations are subject to environmental laws and regulations, including regulations governing the use, storage, disposal of, and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination. In part as a result of the increasing public awareness concerning the importance of environmental regulations, these regulations have become more stringent over time. Amended or new regulations could impact our operations and costs.

Employees and Labor Relations

Human Capital

As of December 31, 2020, we had approximately 8,900 employees. Approximately 600 of our employees were represented by unions as of such date. Approximately 97% of our employees are U.S based. Our employees perform work in a variety of environments, including customers’ homes or businesses, in the field, and onsite in retail stores, centers or offices. In fiscal year 2020, the COVID-19 pandemic had a significant impact on our workforce management approach. A majority of our workforce worked remotely for a significant part of the year, , and we instituted safety protocols and procedures for the essential employees who continued to work in customer locations and in the field.

Diversity and Inclusion

Together has no limits is our cultural anthem. Together represents inclusion and opportunity for all types of people throughout our company.

Our commitment to diversity and inclusion is rooted in providing our employees and our customers with the best experience possible. Our approach is informed by best practices in recruitment, retention, community and culture, which will help us build a company that is welcoming, respectful and with equal opportunities for all.

To support this vision, we created employee Affinity Groups that foster communities with shared interests and backgrounds. Through professional development sessions, networking events, panels and community events, our Affinity Groups are helping to create a greater sense of belonging, improve understanding of differences, and inform businesses practices and policies.

Compensation and Benefits

We are committed to providing a competitive total rewards program that assists us in attracting and retaining our talent. Our compensation program targets market competitive pay and provides an opportunity for our full time non-union employees to earn performance based incentive compensation. Our market competitive and inclusive benefits program includes healthcare benefits, life and disability insurance, 401(k) plan with company matching contributions, paid time off, and other voluntary benefit programs.

Available Information and Website

We make available free of charge, through our investor relations section at our website, http://www.alticeusa.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Website references in this report are provided as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, the websites. Therefore, such information should not be considered part of this report.

Item 1A. Risk Factors

Summary of Risk Factors

Our business is subject to a number of risks that may impact our business and prospects. The following summary identifies certain risk factors that may prevent us from achieving our business objectives or may adversely affect our business, financial condition and results of operations. These and other risks are discussed in detail in the section that follows.

Risk Factors Relating to Our Business

- We operate in a highly competitive business environment.
- We face significant risks as a result of rapid changes in technology, consumer expectations and behavior.
- Programming and retransmission costs are increasing and disputes with programmers and the inability to retain or obtain popular programming can adversely affect our relationship with customers.
- We may not be able to successfully implement our growth strategy.
- Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic.
- The financial markets are subject to volatility and disruptions, which may adversely affect our business.
- We are highly leveraged and have substantial indebtedness and may incur additional indebtedness.
- We have in past periods incurred substantial losses from continuing operations, and we may do so in the future.
- A lowering or withdrawal of the ratings assigned to our subsidiaries' debt securities and credit facilities by ratings agencies may increase our future borrowing costs and reduce our access to capital.
- Our subsidiaries' ability to meet obligations under their indebtedness may be restricted by limitations on our other subsidiaries' ability to send funds.
- We are subject to significant restrictive covenants under the agreements governing our indebtedness.

- We will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations; we may also engage in extraordinary transactions that involve the incurrence of large amounts of indebtedness.
- Changes or uncertainty in respect of LIBOR may affect our sources of funding.
- We rely on network and information systems for our operations and a disruption or failure of, or defects in, those systems may disrupt our operations or damage our reputation with customers.
- If we experience a significant data security breach, our results of operations and reputation could suffer.
- The terms of existing or new collective bargaining agreements with our represented workforce can increase our expense and labor disruptions could adversely affect us.
- A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.
- We may engage in acquisitions, dispositions and other strategic transactions and the integration of such acquisitions, the sales of assets and other strategic transactions could materially adversely affect us.
- Significant unanticipated increases in the use of bandwidth-intensive Internet-based services could increase our costs.
- Our business depends on intellectual property rights and on not infringing on others' intellectual property rights.
- We may be liable for the material that content providers distribute over our networks.
- If we are unable to retain key employees, our ability to manage our business could be adversely affected.
- Impairment of Altice Europe's or Mr. Drahi's reputation could adversely affect current and future customers' perception of Altice USA.
- Macroeconomic developments may adversely affect our business.
- Online piracy could result in reduced revenues and increased expenditures.
- Our mobile wireless service will be subject to startup risk, competition, and risks associated with the price and availability of wholesale access to RAN.

Risk Factors Relating to Regulatory and Legislative Matters

- Our business is subject to extensive governmental legislation and regulation.
- Our cable system franchises are subject to non-renewal or termination.
- Our cable system franchises are non-exclusive.
- Local franchising authorities have the ability to impose additional regulatory constraints on our business.
- Further regulation of the cable industry could restrict our marketing options or impair our ability to raise rates.
- We may be materially adversely affected by regulatory changes related to pole attachments.
- Changes in channel carriage regulations could impose significant additional costs on us.
- Increasing regulation of our Internet-based products and services could adversely affect our ability to provide new products and services.
- Offering telephone services may subject us to additional regulatory burdens, causing us to incur additional costs.
- Our mobile service exposes us to regulatory risk.
- We may be materially adversely affected by regulatory, legal and economic changes relating to our physical plant.

Risk Factors Relating to Ownership of Our Class A Common Stock and Class B Common Stock

- An active, liquid trading market for our Class B common stock has not developed and we cannot assure you that an active, liquid trading market will develop in the future.
- Our stockholders' percentage ownership in us may be diluted by future issuances of capital stock.
- We have no current plans to pay cash dividends on our Class A common stock or Class B common stock for the foreseeable future.
- Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price of our Class A common stock to decline.
- The tri-class structure of Altice USA common stock has the effect of concentrating voting control with Next Alt.
- Next Alt controls us and its interests may conflict with ours or our stockholders in the future.
- Anti-takeover provisions in our organizational documents could prevent a change of control transaction.
- Holders of a single class of Altice USA common stock may not have any remedies if an action by our directors has an adverse effect on only that class of Altice USA common stock.
- We are a "controlled company" within the meaning of the rules of the NYSE.
- If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A common stock, or if our operating results do not meet their expectations, the market price of our Class A common stock could decline.
- We are subject to securities class action litigation related to our 2017 initial public offering and we may be subject to additional securities class action litigation in the future.
- Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders.

Risk Factors Relating to Our Business

We operate in a highly competitive business environment which could materially adversely affect our business, financial condition, results of operations and liquidity.

We operate in a highly competitive, consumer-driven industry and we compete against a variety of broadband, video and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content and broadcast television signals available to residential and business customers in our service areas. Some of our competitors include AT&T and its DirecTV subsidiary, CenturyLink, DISH, Frontier and Verizon. In addition, our video services compete with all other sources of leisure, news, information and entertainment, including movies, sporting or other live events, radio broadcasts, home-video services, console games, print media and the Internet.

In some instances, our competitors have fewer regulatory burdens, easier access to financing, greater resources, greater operating capabilities and efficiencies of scale, stronger brand-name recognition, longstanding relationships with regulatory authorities and customers, more customers, more flexibility to offer promotional packages at prices lower than ours and greater access to programming or other services. This competition creates pressure on our pricing and has adversely affected, and may continue to affect, our ability to add and retain customers, which in turn adversely affects our business, financial condition and results of operations. The effects of competition may also adversely affect our liquidity and ability to service our debt. For example, we face intense competition from Verizon, which has constructed FTTH network infrastructure that passes a significant number of households in our New York metropolitan service area. We estimate that Verizon is currently able to sell a fiber-based triple play, including broadband, video and telephony services, to at least half of the households in our New York metropolitan service area and may expand these and other service offerings to more customers in the future. The extent of Verizon's build-out and sales activity in our New York metropolitan service area is difficult to assess because it is based on visual inspections and other limited estimating techniques and therefore serves only as an approximation.

Our competitive risks are heightened by the rapid technological change inherent in our business, evolving consumer preferences and the need to acquire, develop and adopt new technology to differentiate our products and services from those of our competitors, and to meet consumer demand. We may need to anticipate far in advance which technology we should use for the development of new products and services or the enhancement of existing products and services. The failure to accurately anticipate such changes may adversely affect our ability to attract and retain customers, which in turn could adversely affect our business, financial condition and results of operations.

Consolidation and cooperation in our industry may allow our competitors to acquire service capabilities or offer products that are not available to us or offer similar products and services at prices lower than ours.

In addition, certain of our competitors own directly or are affiliated with companies that own programming content or have exclusive arrangements with content providers that may enable them to obtain lower programming costs or offer exclusive programming that may be attractive to prospective customers. For example, DirecTV has exclusive arrangements with the National Football League that give it access to programming we cannot offer. Further, in 2018 AT&T acquired Time Warner, which owns a number of cable networks, including TBS, CNN and HBO, as well as Warner Bros. Entertainment, which produces television, film and home-video content. AT&T's and DirecTV's access to Time Warner programming and studio assets provides AT&T and DirecTV the ability to offer competitive promotional packages that could negatively affect our ability to maintain or increase our existing customers and revenues. DBS operators such as DISH and DirecTV also have marketing arrangements with certain phone companies in which the DBS provider's video services are sold together with the phone company's broadband and mobile and traditional phone services.

Another source of competition for our video services is the delivery of video content over the Internet directly to customers, some of which is offered without charging a fee for access to the content. This competition comes from a number of different sources, including companies that deliver movies, television shows and other video programming, including extensive on demand, live content, serials, exclusive and original content, over broadband Internet connections to televisions, computers, tablets and mobile devices, such as Netflix, Hulu, Disney+, iTunes, Apple TV, YouTube, Amazon Prime, Sling TV, AT&T TV Now, Locast and others. It is possible that additional competitors will enter the market and begin providing video content over the Internet directly to customers. Increasingly, content owners, such as HBO, CBS, Disney and ESPN, are selling their programming directly to consumers over the Internet without requiring a video subscription. The availability of these services has and will continue to adversely affect customer demand for our video services, including premium and on-demand services. Further, due to consumer electronics innovations, consumers can watch such Internet-delivered content on television sets and mobile devices, such as smartphones and tablets. Internet access services are also offered by providers of wireless services, including traditional cellular phone carriers and others focused solely on wireless data services.

Our video services also face competition from broadcast television stations, entities that make digital video recorded movies and programs available for home rental or sale, satellite master antenna television ("SMATV") systems, which generally serve large MDUs under an agreement with the landlord and service providers and open video system operators. Private cable systems can offer improved reception of local television stations and many of the same satellite-delivered program services that are offered by cable systems. SMATV systems currently benefit from operating advantages not available to franchised cable systems, including fewer regulatory burdens. Cable television has also long competed with broadcast television, which consists of television signals that the viewer is able to receive without charge using an "off-air" antenna. The extent of such competition is dependent upon the quality and quantity of broadcast signals available through "off-air" reception, compared to the services provided by the local cable system. The use of radio spectrum now provides traditional broadcasters with the ability to deliver HD television pictures and multiple digital-quality program streams. There can be no assurance that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render our video service offering less profitable or even obsolete.

Our broadband service faces competition from wired and wireless providers. Most broadband communications companies, which already have wired networks, an existing customer base and other operational functions in place (such as billing and service personnel), offer DSL, cable or FTTH/FTTP services. We believe these services compete with our broadband service and are often offered at prices comparable to or lower than our Internet services and, despite sometimes being offered at speeds lower than the speeds we offer, are capable of serving as substitutes for some consumers. In addition, to the extent that these providers' networks are more ubiquitously deployed, such as traditional telephone networks, they may be in a better position to offer Internet services to businesses passed by their networks on a more economic or timely basis than we can, even if the services they offer are arguably inferior. They may also increasingly have the ability to combine video services, mobile services and telephone and Internet services offered to their customers, either directly or through co-marketing agreements with other service providers.

Mobile broadband providers may be able to provide services that substitute for our fixed and mobile broadband service. Current and future fixed and wireless Internet services, such as 4G, LTE and 5G (and variants) wireless broadband services and WiFi networks, and devices such as wireless data cards, tablets and smartphones, and mobile wireless routers that connect to such devices, may also compete with our broadband services both for in premises broadband service and mobile broadband. All major wireless carriers have started to offer unlimited data plans, which could, in some cases, become a substitute for the fixed broadband services we provide. The FCC is likely to continue to make additional radio spectrum available for these wireless Internet access services, which in time could expand the quality and reach of these services.

Our telephony services, including the mobile wireless voice and data service that we launched in 2019, compete directly with established broadband communications companies and other carriers, including wireless providers, as increasing numbers of homes are replacing their traditional telephone service with wireless telephone service. We also compete against VoIP providers like Vonage, Skype, GoogleTalk, Facetime, WhatsApp and magicJack that do not own networks but can provide service to any person with a broadband connection, in some cases free of charge. Our telephony services also face competition from substitute services such as SMS, chat, Apple Messaging, WhatsApp and similar communications services.

In addition, we compete against ILECs, other CLECs and long-distance voice-service companies for large commercial and enterprise customers. While we compete with the ILECs, we also enter into interconnection agreements with ILECs so that our customers can make and receive calls to and from customers served by the ILECs and other telecommunications providers. Federal and state law and regulations require ILECs to enter into such agreements and provide facilities and services necessary for connection, at prices subject to regulation. The specific price, terms and conditions of each agreement, however, depend on the outcome of negotiations between us and each ILEC. Interconnection agreements are also subject to approval by the state regulatory commissions, which may arbitrate negotiation impasses. We have entered into interconnection agreements with Verizon for New York, New Jersey and portions of Connecticut, and with Frontier for portions of Connecticut, which have been approved by the respective state commissions. We have also entered into interconnection agreements with other ILECs in New York and New Jersey and in each of the other states where we offer VoIP and telecommunications services in the Suddenlink territories. These agreements, like all interconnection agreements, are for limited terms and upon expiration are subject to renegotiation, potential arbitration and approval under the laws in effect at that time.

Our advertising business faces competition from traditional and non-traditional media outlets, such as television and radio stations, traditional print media and the Internet, including Facebook, Google and others.

We face significant risks as a result of rapid changes in technology, consumer expectations and behavior.

The broadband communications industry has undergone significant technological development over time and these changes continue to affect our business, financial condition and results of operations. Such changes have had, and will continue to have, a profound impact on consumer expectations and behavior. Our video business faces technological change risks as a result of the continuing development of new and changing methods for delivery of programming content such as Internet-based delivery of movies, shows and other content which can be viewed on televisions, wireless devices and other developing mobile devices. Consumers' video consumption patterns are also evolving, for example, with more content being downloaded for time-shifted consumption. A proliferation of delivery systems for video content can adversely affect our ability to attract and retain customers and the demand for our services and it can also decrease advertising demand on our delivery systems. Our broadband business faces technological challenges from rapidly evolving wireless Internet solutions. Our telephony service offerings face technological developments in the proliferation of telephony delivery systems including those based on Internet and wireless delivery. If we do not develop or acquire and successfully implement new technologies, we will limit our ability to compete effectively for customers, content and advertising.

Many of our video customers take delivery of their services through our set-top box and combined home communications hub, the Altice One. Increasingly, customers are able to enjoy our content or other content through other devices, such as Roku, Apple TV, or "smart" TVs, which eliminates or reduces the need to use our devices. Our Altice One communications hub allows our customers to aggregate many services in a manner that is similar to some of these devices. Nonetheless, we cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect from the introduction of our home communications hub, Altice One, or that it will be rolled out across our footprint in the timeframe we anticipate. In addition, we may be required to make material capital and other investments to anticipate and to keep up with technological change. These challenges could adversely affect our business, financial condition and results of operations.

In the fourth quarter of 2017, we entered into a multi-year strategic agreement with Sprint pursuant to which we currently utilize Sprint's network to provide mobile voice and data services to our customers throughout the nation, and our broadband network is currently being utilized to accelerate the densification of Sprint's network. We believe this additional product offering will enable us to deliver greater value and more benefits to our customers, by offering mobile voice and data services, in addition to our broadband, video and telephony services. Some of our competitors already offer, or have announced plans to offer, their own "quad-play" offerings that bundle broadband, video, telephony and mobile voice and data services. If our customers do not view our quad-play offers as competitive with those offered by our competitors, we could experience increased customer churn. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect from the introduction of our mobile voice and data services, or that they will be introduced to, or adopted by, customers to the extent or in the timeframe we anticipate. In addition, we may be required to make material capital and other investments to develop this business and to anticipate and keep up with technological change. These challenges could adversely affect our business, financial condition and results of operations.

Programming and retransmission costs are increasing and we may not have the ability to pass these increases on to our customers. Disputes with programmers and the inability to retain or obtain popular programming can adversely affect our relationship with customers and lead to customer losses, which could materially adversely affect our business, financial condition and results of operations.

Programming costs are one of our largest categories of expenses. In recent years, the cost of programming in the cable and satellite video industries has increased significantly and is expected to continue to increase, particularly with respect to costs for sports programming and broadcast networks. We may not be able to pass programming cost increases on to our customers due to the increasingly competitive environment. If we are unable to pass these increased programming costs on to our customers, our results of operations would be adversely affected. Moreover, programming costs are related directly to the number of customers to whom the programming is provided. Our smaller customer base relative to our competitors may limit our ability to negotiate lower per-customer programming costs, which could result in reduced operating margins relative to our competitors with a larger customer base.

The expiration dates of our various programming contracts are staggered, which results in the expiration of a portion of our programming contracts throughout each year. We attempt to control our programming costs and, therefore, the cost of our video services to our customers, by negotiating favorable terms for the renewal of our affiliation agreements with programmers. On certain occasions in the past, such negotiations have led to disputes with programmers that have resulted in temporary periods during which we did not carry or decided to stop carrying a particular broadcast network or programming service or services. For example, in 2017, we were unable to reach an agreement with Starz on acceptable economic terms, and effective January 1, 2018, all Starz services were removed from our lineups, and we launched alternative networks offered by other programmers under new long-term contracts. On February 13, 2018, we and Starz reached a new carriage agreement and we restored the Starz services previously offered by Optimum and Suddenlink. To the extent we are unable to reach agreement with certain programmers on terms we believe are reasonable, we may be forced to, or determine for strategic or business reasons to, remove certain programming channels from our line-up and may decide to replace such programming channels with other programming channels, which may not be available on acceptable terms or be as attractive to customers. Such disputes, or the removal or replacement of programming, may inconvenience some of our customers and can lead to customer dissatisfaction and, in certain cases, the loss of customers, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. There can be no assurance that our existing programming contracts will be renewed on favorable or comparable terms, or at all, or that the rights we negotiate will be adequate for us to execute our business strategy.

We may also be subject to increasing financial and other demands by broadcast stations. Federal law allows commercial television broadcast stations to make an election between "must-carry" rights and an alternative "retransmission consent" regime. Local stations that elect "must-carry" are entitled to mandatory carriage on our systems, but at no fee. When a station opts for retransmission consent, cable operators negotiate for the right to carry the station's signal, which typically requires payment of a per-customer fee. Our retransmission agreements with stations expire from time to time. Upon expiration of these agreements, we may carry some stations under short-term arrangements while we attempt to negotiate new long-term retransmission agreements. In connection with any negotiation of new retransmission agreements, we may become subject to increased or additional costs, which we may not be able to pass on to our customers. To the extent that we cannot pass on such increased or additional costs to customers or offset such increased or additional costs through the sale of additional services, our business, financial condition, results of operations and liquidity could be materially adversely affected. In addition, in the event contract negotiations with stations are unsuccessful, we could be required, or determine for strategic or business reasons, to cease carrying such stations' signals, possibly for an indefinite period. Any loss of stations could make our video service less attractive to our customers, which could result in a loss of customers, which could have a material adverse effect on our business, financial condition, results of operations and liquidity. There can be no assurance that any expiring retransmission agreements will be renewed on favorable or comparable terms, or at all.

We may not be able to successfully implement our growth strategy.

Our future growth, profitability and results of operations depend upon our ability to successfully implement our business strategy, which, in turn, is dependent upon a number of factors, including our ability to continue to:

- simplify and optimize our organization;
- reinvest in infrastructure and content;
- invest in sales, marketing and innovation;
- enhance the customer experience;
- drive revenue and cash flow growth; and
- opportunistically grow through value-accretive acquisitions.

There can be no assurance that we can successfully achieve any or all of the above initiatives in the manner or time period that we expect. Furthermore, achieving these objectives will require investments which may result in short-term costs without generating any current revenues and therefore may be dilutive to our earnings. We cannot provide any assurance that we will realize, in full or in part, the anticipated benefits we expect our strategy will achieve. The failure to realize those benefits could have a material adverse effect on our business, financial condition and results of operations. In addition, if we are unable to continue improving our operational performance and customer experience we may face a decrease in new customers and an increase in customer churn, which could have a material adverse effect on our business, financial condition and results of operations. In particular, there can be no assurance that we will be able to successfully implement our plan to build a FTTH network within the anticipated timeline or at all or within the cost parameters we currently expect. Similarly, we may not be successful in deploying Altice One, or the mobile voice and data services we recently launched, on our current timeline or realize, in full or in part, the anticipated benefits we expect from the introduction thereof, and we may face technological, financial, legal, regulatory or other challenges in pursuing these or other initiatives.

Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic

The coronavirus pandemic ("COVID-19"), and measures to prevent its spread, may have a material adverse impact on our business, financial condition and results of operations. The severity and timing of the impact will depend on a number of factors, including the level and rapidity of infection, duration of containment measures, changes in consumer spending patterns, measures imposed or taken by governmental authorities in response to the pandemic, macroeconomic conditions in our markets, and negative effects on the financial condition of our customers.

Under difficult economic conditions, including prolonged unemployment and employment furloughs, demand for our products and services could decline and some customers may be unable or unwilling to pay for our products and services. Additionally, in order to prioritize the demands of the business, we may delay certain capital investments, such as FTTH or in other new initiatives, products or services, which may adversely affect our business in the future. If these events occur and were to continue, our revenue may be reduced materially which could result in reduced operating margins and a reduction in cash flows.

Governmental and non-governmental initiatives to reduce the transmission of COVID-19, such as the imposition of restrictions on work and public gatherings and the promotion of social distancing, along with new government service, collection, pricing or rebate mandates, such as New Jersey's recent executive order to maintain broadband service for non-paying customers, have impacted and could continue to impact our operations and financial results. Our suppliers and vendors also may be affected by such measures in their ability to provide products and services to us and these measures could also make it more difficult for us to serve our customers.

In addition, the impact that the COVID-19 pandemic will have on our business, financial condition and results of operations could exacerbate the other risks identified in this section.

The financial markets are subject to volatility and disruptions, which have in the past, and may in the future, adversely affect our business, including by affecting the cost of new capital and our ability to fund acquisitions or other strategic transactions.

From time to time the capital markets experience volatility and disruption. Volatility in the capital markets may be impacted by a number of factors. Some of the main factors which contributed to capital markets volatility in recent months included, for example, uncertainty between the United States and other countries with respect to trade policies, treaties, and tariffs, the outlook for interest rates, and continued uncertainty surrounding the effects of the decision by the United Kingdom to exit the EU, which formally occurred on January 31, 2020. There can be no assurance that market conditions will not continue to be volatile or worsen in the future.

Historical market disruptions have typically been accompanied by a broader economic downturn, which has historically led to lower demand for our products, such as video services, as well as lower levels of television advertising, and increased incidence of customers' inability to pay for the services we provide. A recurrence of these conditions may further adversely impact our business, financial condition and results of operations.

We rely on the capital markets, particularly for offerings of debt securities and borrowings under syndicated facilities, to meet our financial commitments and liquidity needs if we are unable to generate sufficient cash from operations to fund such anticipated commitments and needs and to fund acquisitions or other strategic transactions. Disruptions or volatility in the capital markets could also adversely affect our ability to refinance on satisfactory terms, or at all, our scheduled debt maturities and could adversely affect our ability to draw on our revolving credit facilities.

Disruptions in the capital markets as well as the broader global financial market can also result in higher interest rates on any new debt securities we issue and increased costs under credit facilities which bear floating interest rates. Such disruptions could increase our interest expense, adversely affecting our business, financial position and results of operations.

Our access to funds under our revolving credit facilities is dependent on the ability of the financial institutions that are parties to those facilities to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under our revolving credit facilities are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

Longer term, volatility and disruptions in the capital markets and the broader global financial market as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect our access to the liquidity needed for our businesses. Such disruptions could require us to take measures to conserve cash or impede or delay potential acquisitions, strategic transactions and refinancing transactions until the markets stabilize or until alternative credit arrangements or other funding for our business needs can be arranged.

We are highly leveraged and have substantial indebtedness, which reduces our capability to withstand adverse developments or business conditions. If we incur additional indebtedness, such indebtedness could further exacerbate the risks associated with our substantial indebtedness.

Our subsidiaries have incurred substantial amounts of indebtedness in connection with acquisitions and to finance the Cequel Acquisition, the Cablevision Acquisition, our operations, upgrades to our cable plant and acquisitions of other cable systems, sources of programming and other businesses. We have also incurred substantial indebtedness in order to offer new or upgraded services to our current and potential customers. At December 31, 2020, the carrying value of our total aggregate indebtedness, including collateralized indebtedness, was approximately $26.7 billion. Because we are highly leveraged, our payments on our indebtedness are significant in relation to our revenues and cash flow, which exposes us to significant risk in the event of downturns in our businesses (whether through competitive pressures or otherwise), our industry or the economy generally, since our cash flows would decrease, but our required payments under our indebtedness would not. Any decrease in our revenues or an increase in operating costs (and corresponding reduction in our cash flows) would therefore adversely affect our ability to make interest or principal payments on our indebtedness as they come due.

Economic downturns may also impact our ability to comply with the covenants and restrictions in our indentures, credit facilities and other agreements governing our indebtedness and may impact our ability to pay or refinance our indebtedness as it comes due. If we do not repay or refinance our debt obligations when they become due and do not otherwise comply with the covenants and restrictions in our indentures, credit facilities and other agreements governing our indebtedness, we would be in default under those agreements and the underlying debt could be declared immediately due and payable. In addition, any default under any of our indentures, credit facilities or other agreements governing our indebtedness could lead to an acceleration of debt under any other debt instruments or agreements that contain cross-acceleration or cross-default provisions. If the indebtedness incurred under our indentures, credit facilities and other agreements governing our indebtedness were accelerated, we would not have sufficient cash to repay amounts due thereunder. To avoid a default, we could be required to defer capital expenditures, sell assets, seek strategic investments from third parties or otherwise reduce or eliminate discretionary uses of cash. However, if such measures were to become necessary, there can be no assurance that we would be able to sell sufficient assets or raise strategic investment capital sufficient to meet our scheduled debt maturities as they come due. In addition, any significant reduction in necessary capital expenditures could adversely affect our ability to retain our existing customer base and obtain new customers, which would adversely affect our business, financial position and results of operations.

Our overall leverage and the terms of our financing arrangements could also:

- make it more difficult for us to satisfy obligations under our outstanding indebtedness;
- limit our ability to obtain additional debt or equity financing in the future, including for working capital, capital expenditures or acquisitions, and increase the costs of such financing;
- limit our ability to refinance our indebtedness on terms acceptable to us or at all;
- limit our ability to adapt to changing market conditions;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- require us to dedicate a significant portion of our cash flow from operations to paying the principal of and interest on our indebtedness, thereby limiting the availability of our cash flow to fund future capital expenditures, working capital, research and development, and other corporate purposes;
- increase our vulnerability to or limit our flexibility in planning for, or reacting to, changes in our business and the broadband communications industry generally as well as general economic conditions, including the risk of increased interest rates;
- place us at a competitive disadvantage compared with competitors that have a less significant debt burden; and
- adversely affect public perception of us and our brands.

In addition, a substantial portion of our indebtedness bears interest at variable rates. If market interest rates increase, our variable-rate debt will have higher debt service requirements, which could adversely affect our cash flows and financial condition. For more information, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk." Although we have historically entered into, and may in the future enter into, hedging arrangements to limit our exposure to an increase in interest rates or to other risks, such arrangements may not offer complete protection from these risks. In addition, the nature of these hedges could prevent us from realizing benefits we would have received had the hedge not been put in place, such as if interest rates fall.

The terms of our existing indebtedness restrict, but do not prohibit, us from incurring additional indebtedness. We may increase our consolidated indebtedness for various business reasons, which might include, among others, financing acquisitions or other strategic transactions, funding prepayment premiums, if any, on the debt we refinance, funding distributions to our shareholders or general corporate purposes. If we incur additional indebtedness, such indebtedness will be added to our current debt levels and the above-described risks we currently face could be magnified.

We have in past periods incurred substantial losses from continuing operations, and we may do so in the future, which may reduce our ability to raise needed capital.

We have in the past incurred substantial losses from continuing operations and we may do so in the future. Significant losses from continuing operations could limit our ability to raise any needed financing, or to do so on favorable terms, as such losses could be taken into account by potential investors, lenders and the organizations that issue investment ratings on our indebtedness.

A lowering or withdrawal of the ratings assigned to our subsidiaries' debt securities and credit facilities by ratings agencies may increase our future borrowing costs and reduce our access to capital.

Credit rating agencies continually revise their ratings for companies they follow. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. In addition, developments in our business and operations or the amount of indebtedness could lead to a ratings downgrade on our or our subsidiaries' indebtedness. The debt ratings for our subsidiaries' debt securities and credit facilities are currently below the "investment grade" category, which results in higher borrowing costs and more restrictive covenants in our indentures and credit facilities, as well as a reduced pool of potential investors of that debt as some investors will not purchase debt securities or become lenders under credit facilities that are not rated in an investment grade rating category. In addition, there can be no assurance that any rating assigned will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency, if in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Our credit rating (including the credit rating assigned to our subsidiaries' debt securities and credit facilities) has in the past been and may continue to be impacted by a number of factors, including the effects of the U.S. economy experiencing an uneven recovery following a protracted slowdown, factors affecting the broadband communications and video service industry, our operating performance and our financing activities. Any such fluctuation in the rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt which could have a material adverse effect on our business, financial condition and results of operations, which in return may adversely affect the market price of shares of our Class A common stock.

Our subsidiaries' ability to meet obligations under their indebtedness may be restricted by limitations on our other subsidiaries' ability to send funds.

Our primary debt obligations have been incurred by our subsidiaries, mainly CSC Holdings, LLC ("CSC Holdings"). A portion of the indebtedness incurred by CSC Holdings is not guaranteed by any of its subsidiaries. CSC Holdings is primarily a holding company whose ability to pay interest and principal on such indebtedness is wholly or partially dependent upon the operations of its subsidiaries and the distributions or other payments of cash, in the form of distributions, loans or advances, those other subsidiaries deliver to our indebted subsidiaries. Our subsidiaries are separate and distinct legal entities and, unless any such subsidiaries has guaranteed the underlying indebtedness, have no obligation, contingent or otherwise, to pay any amounts due on our indebted subsidiaries' indebtedness or to make any funds available to our indebted subsidiaries to do so. These subsidiaries may not generate enough cash to make such funds available to our indebted subsidiaries and in certain circumstances legal and contractual restrictions may also limit their ability to do so.

Also, our subsidiaries' creditors, including trade creditors, in the event of a liquidation or reorganization of any subsidiary, would be entitled to a claim on the assets of such subsidiaries, including any assets transferred to those subsidiaries, prior to any of our claims as a stockholder and those creditors are likely to be paid in full before any distribution is made to us. To the extent that we are a creditor of a subsidiary, our claims could be subordinated to any security interest in the assets of that subsidiary and/or any indebtedness of that subsidiary senior to that held by us.

We are subject to significant restrictive covenants under the agreements governing our indebtedness.

The indentures, credit facilities and agreements governing the indebtedness of our subsidiaries contain various negative covenants that restrict our subsidiaries' (and their respective subsidiaries') ability to, among other things:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions, or repurchase or redeem capital stock;
- prepay, redeem or repurchase subordinated debt or equity;
- issue certain preferred stock;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- create or permit any encumbrances or restrictions on the ability of their respective subsidiaries to pay dividends or make other distributions, make loans or advances or transfer assets, in each case to such subsidiary, or its other restricted subsidiaries; and
- consolidate, merge or sell all or substantially all of their assets.

We are also subject to certain affirmative covenants under our subsidiary's revolving credit facility, which, among other things, require our operating subsidiaries to maintain a specified financial ratio if there are any outstanding loans thereunder. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, there can be no assurance that we will be able to meet these ratios.

Violation of these covenants could result in a default that would permit the relevant creditors to require the immediate repayment of the borrowings thereunder, which could result in a default under other debt instruments and agreements that contain cross-default provisions and, in the case of our revolving credit facility, permit the relevant lenders to restrict the relevant borrower's ability to borrow undrawn funds under such revolving credit facility. A default under any of the agreements governing our indebtedness could materially adversely affect our financial condition and results of operations.

As a result, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions could have a material adverse effect on our ability to grow in accordance with our strategy and on the value of our debt and equity securities.

We will need to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations and the failure to do so successfully could adversely affect our business. We may also engage in extraordinary transactions that involve the incurrence of large amounts of indebtedness.

Our business is capital intensive. Operating and maintaining our cable systems requires significant amounts of cash payments to third parties. Capital expenditures were $1,074.0 million, $1,355.4 million and $1,153.6 million in 2020, 2019 and 2018, respectively, and primarily included payments for customer premise equipment, network infrastructure, support and other costs.

We are building a FTTH network, and we continue to upgrade our existing HFC network. During the fourth quarter of 2017, we introduced an entertainment and connectivity hub, Altice One, and we continue to expand the availability of this device across our footprint, as well as its functionality. Also in the fourth quarter of 2017, we entered into a multi-year strategic agreement pursuant to which we currently utilize Sprint's network to provide mobile voice and data services to our customers throughout the nation, and our broadband network is currently being utilized to accelerate the densification of Sprint's network. We may not be able to execute these initiatives within the anticipated timelines, or at all, and we may incur greater than anticipated costs and capital expenditures, fail to realize anticipated benefits, experience business disruptions or encounter other challenges to executing these initiatives which could have a material adverse effect on our business, financial condition and results of operations.

We expect these capital expenditures to continue to be significant as we further enhance our service offerings. We may have substantial future capital commitments in the form of long-term contracts that require substantial payments over a period of time. In the longer term, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Competition, market disruptions or deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. As such, we may not be able to generate sufficient cash internally to fund anticipated capital expenditures, make ongoing interest payments and repay our indebtedness at maturity. Accordingly, we may have to do one or more of the following:

- refinance existing obligations to extend maturities;
- raise additional capital, through bank loans, debt or equity issuances or a combination thereof;
- cancel or scale back current and future spending programs; or
- sell assets or interests in one or more of our businesses.

However, we may not be able to refinance existing obligations or raise any required additional capital on terms acceptable to us or at all. Borrowing costs related to future capital raising activities may be significantly higher than our current borrowing costs and we may not be able to raise additional capital on favorable terms, or at all, if financial markets experience volatility. If we are unable to pursue our current and future spending programs, we may be forced to cancel or scale back those programs. Our choice of which spending programs to cancel or reduce may be limited. Failure to successfully pursue our capital expenditure and other spending plans could materially and adversely affect our ability to compete effectively. It is possible that in the future we may also engage in extraordinary transactions and such transactions could result in the incurrence of substantial additional indebtedness.

Changes or uncertainty in respect of LIBOR may affect our sources of funding.

The interest rates applicable to some of our sources of funding are linked to LIBOR. Various interest rate benchmarks (including LIBOR) are the subject of recent regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented, including the EU Benchmark Regulation (Regulation (EU) 2016/1011). In addition, the sustainability of LIBOR has been questioned by the United Kingdom's Financial Conduct Authority ("FCA") as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On November 29, 2017, the Bank of England and the FCA announced that the Working Group on Sterling Risk-Free Rates (the "Working Group") would have an extended mandate to catalyze a broad transition to the Sterling Overnight Index Average rate ("SONIA") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. In January 2020, the Working Group published their priorities and milestones on the LIBOR transition, which includes taking steps to promote and enable widespread use of SONIA compounded in arrears, enabling a further shift of volumes from GBP LIBOR to SONIA in derivative markets and establishing a clear framework to manage transition of legacy LIBOR products. Further, the Bank of England and FCA published a press release in support of the objectives of the Working Group and announcing the next steps for LIBOR transition in 2020. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, investors should in particular be aware that:

- any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- if LIBOR is discontinued, then the rate of interest applicable to our sources of funding may be determined for a period by applicable fallback provisions, although such provisions, often being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR could affect our ability to meet our obligations under our sources of funding and/or could have a material adverse effect on the liquidity of, and the amount payable under, our sources of funding. Changes in the manner of administration of LIBOR could result in adjustments to the conditions applicable to our sources of funding or other consequences relevant to our sources of funding. No assurance can be provided that changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

We rely on network and information systems for our operations and a disruption or failure of, or defects in, those systems may disrupt our operations, damage our reputation with customers and adversely affect our results of operations.

Network and information systems are essential to our ability to conduct our business and deliver our services to our customers. While we have in place multiple security systems designed to protect against intentional or unintentional disruption, failure, misappropriation or corruption of our network and information systems, there can be no assurance that our efforts to protect our network and information systems will prevent any of the problems identified above. A problem of this type might be caused by events such as computer hacking, computer viruses, worms and other destructive or disruptive software, "cyber-attacks," phishing attacks and other malicious activity, defects in the hardware and software comprising our network and information systems, as well as natural disasters, power outages, terrorist attacks and similar events. Such events could have an adverse impact on us and our customers, including degradation of service, service disruption, excessive call volume to call centers, theft and damage to our plant, equipment and data, costs associated with remediation, notification, and potential damages to third parties affected by such malicious activities. Operational or business delays may result from the disruption of network or information systems and the subsequent remediation activities. Moreover, these events may create negative publicity resulting in reputation or brand damage with customers and our results of operations could suffer.

We also use certain vendors to supply some of the hardware, software and support of our network, some of which have been customized or altered to fit our business needs. Certain of these vendors and suppliers may have leverage over us considering that there are limited suppliers of certain products and services, or that there is a long lead time and/or significant expense required to transition to another provider. In addition, some of these vendors and suppliers do not have a long operating history or may not be able to continue to supply the equipment and services we desire. Some of our hardware, software and operational support vendors and some of our service providers represent our sole source of supply or have, either through contract or as a result of intellectual property rights, a position of some exclusivity. In addition, because of the pace at which technological innovations occur in our industry, we may not be able to obtain access to the latest technology on reasonable terms. Any delays or the termination or disruption in these relationships as a result of contractual disagreements, operational or financial failures on the part of our vendors and suppliers, or other adverse events that prevent such vendors and suppliers from providing the equipment or services we need, with the level of quality we require, in a timely manner and at reasonable prices, could result in significant costs to us and have a negative effect on our ability to provide services and rollout advanced services. Our ability to replace such vendors and suppliers may be limited and, as a result, our business, financial condition, results of operations and liquidity could be materially adversely affected.

If we experience a significant data security breach or fail to detect and appropriately respond to a significant data security breach, our results of operations and reputation could suffer.

The nature of our business involves the receipt and storage of information about our customers and employees. We have procedures in place to detect and respond to data security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. We are regularly the target of attempted cyber intrusions and we commit substantial resources to continuously monitor and further develop our network and infrastructure to detect, protect and address the risk of unauthorized access, misuse, computer viruses and other events. Unauthorized parties may also attempt to gain access to our systems or facilities and to our proprietary business information. Our security programs and measures do not prevent all intrusions. Cyber intrusions require a significant amount of time and money to assess and remedy, and our incident response efforts may not be effective in all cases. If our efforts to protect the security of information about our customers and employees are unsuccessful, a significant data security breach may result in costly government enforcement actions, private litigation and negative publicity resulting in reputation or brand damage with customers, and our financial condition and results of operations could suffer. For example, in November 2019, a phishing attack against employee email accounts resulted in the exposure of certain employees' email credentials and, as a result, the exposure of information in those accounts including personal information of current and former employees as well as some customers. We took measures to secure against these attacks and responded by notifying affected persons, relevant state and federal agencies and law enforcement agencies. While the November 2019 attack appears to be contained both from an exposure and cost perspective, we have learned of at least one putative class action having been filed on February 13, 2020, and this and similar attacks could impose costs, liability and reputational harm that could adversely affect our operations and financial results. While we maintain insurance for cyber incidents, due to policy terms, limits and exclusions, it may not apply in all cases, and may not be adequate to cover all liabilities.

A portion of our workforce is represented by labor unions under established collective bargaining agreements or negotiating for a first contract. The terms of existing or new collective bargaining agreements can increase our expenses. Labor disruptions could adversely affect our business, financial condition and results of operations.

As of December 31, 2020, approximately 600 of the Company’s employees were represented by either the Communications Workers of America ("CWA") or the International Brotherhood of Electrical Workers ("IBEW"). The Company has existing collective bargaining agreements with the CWA and IBEW that cover approximately 600 employees in New York and New Jersey and expire at various times beginning February 12, 2023 through April 25, 2024.

The collective bargaining agreements with the CWA and IBEW covering these groups of employees or any other agreements with other unions may increase the Company’s expenses or affect our ability to implement operational changes. Increased unionization of our workforce and any labor disputes we experience could create disruption or have an adverse effect on our business, financial condition and results of operations.

A significant amount of our book value consists of intangible assets that may not generate cash in the event of a voluntary or involuntary sale.

At December 31, 2020, we reported approximately $33.4 billion of consolidated total assets, of which approximately $24.0 billion were intangible. Intangible assets primarily included franchises from city and county governments to operate cable systems, goodwill, customer relationships and trade names. While we believe the carrying values of our intangible assets are recoverable, we may not receive any cash in the event of a voluntary or involuntary sale of these intangible assets, particularly if we were not continuing as an operating business. We urge our stockholders to read carefully the notes to our consolidated financial statements contained herein, which provide more detailed information about these intangible assets.

We may engage in acquisitions, dispositions and other strategic transactions and the integration of such acquisitions, the sales of assets and other strategic transactions could materially adversely affect our business, financial condition and results of operations.

Our business has grown significantly as a result of acquisitions, which entail numerous risks including:

- distraction of our management team in identifying potential acquisition targets, conducting due diligence and negotiating acquisition agreements;
- difficulties in integrating the operations, personnel, products, technologies and systems of acquired businesses;
- difficulties in enhancing our customer support resources to adequately service our existing customers and the customers of acquired businesses;
- the potential loss of key employees or customers of the acquired businesses;
- unanticipated liabilities or contingencies of acquired businesses;
- unbudgeted costs which we may incur in connection with pursuing potential acquisitions which are not consummated;
- failure to achieve projected cost savings or cash flow from acquired businesses, which are based on projections that are inherently uncertain;
- fluctuations in our operating results caused by incurring considerable expenses to acquire and integrate businesses before receiving the anticipated revenues expected to result from the acquisitions; and
- difficulties in obtaining regulatory approvals required to consummate acquisitions, or costs associated with obtaining such approvals in the form of additional expenses or ongoing conditions on the operation of the business.

We also participate in competitive bidding processes, some of which may involve significant cable systems. We also may sell all or portions of the businesses we own, including cable systems or business units. If we engage in acquisitions, dispositions or other strategic transactions in the future, we may incur additional debt, contingent liabilities and amortization expenses, which could materially adversely affect our business, financial condition and results of operations. We could also issue substantial additional equity which could dilute existing stockholders.

If our acquisitions do not result in the anticipated operating efficiencies, are not effectively integrated, or result in costs which exceed our expectations, or if our dispositions fail to generate adequate consideration, result in contingent liabilities, adversely affect our ability to generate revenue or are disruptive to our other businesses, our business, financial condition and results of operations could be materially adversely affected.

Significant unanticipated increases in the use of bandwidth-intensive Internet-based services could increase our costs.

The rising popularity of bandwidth-intensive Internet-based services poses risks for our broadband and wireless services. Examples of such services include peer-to-peer file sharing services, gaming services and the delivery of video via streaming technology and by download. If heavy usage of bandwidth-intensive broadband and wireless services grows beyond our current expectations or capacity, we may need to incur more expenses than currently anticipated to expand the bandwidth capacity of our systems or our customers could have a suboptimal experience when using our broadband or wireless services, which could adversely affect our business, reputation, financial condition and results of operations. In order to provide quality services at attractive prices, we need the continued flexibility to develop and refine business models that respond to changing consumer uses and demands and to manage bandwidth usage efficiently. Our ability to undertake such actions could be restricted by regulatory and legislative efforts to impose so-called "net neutrality" requirements on broadband communication providers like us that provide broadband services. For more information, see "Regulation—Broadband."

Our business depends on intellectual property rights and on not infringing on the intellectual property rights of others.

We rely on our patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other parties, to use our technologies, conduct our operations and sell our products and services. Our intellectual property rights may be challenged and invalidated by third parties and may not be strong enough to provide meaningful commercial competitive advantage. Third parties have in the past, and may in the future, assert claims or initiate litigation related to exclusive patent, copyright, trademark and other intellectual property rights to technologies and related standards that are relevant to us. These assertions have increased over time as a result of our growth and the general increase in the pace of patent claims assertions, particularly in the United States. Because of the existence of a large number of patents in the networking field, the secrecy of some pending patents and the rapid rate of issuance of new patents, we believe it is not possible to determine in advance whether a product or any of its components infringes or will infringe on the patent rights of others. Asserted claims and/or initiated litigation can include claims against us or our manufacturers, suppliers or customers, alleging infringement of their proprietary rights with respect to our existing or future products and/or services or components of those products and/or services.

Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to modify our business, develop a non-infringing technology, be enjoined from use of certain intellectual property, use alternate technology or enter into license and royalty agreements. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third-party is successful, if we are required to indemnify a customer with respect to a claim against the customer, or if we fail to modify our business, develop non-infringing technology, use alternate technology or license the proprietary rights on commercially reasonable terms and conditions, our business, financial condition and results of operations could be materially adversely affected.

We may be liable for the material that content providers distribute over our networks.

The law in most cases limits the liability of private network operators for information carried on, stored on or disseminated through their networks. However, these limitations on liability are subject to certain exceptions and the contours of those exceptions are not fully settled. Among other things, the limitation of copyright liability for network operators with respect to materials transmitted over their networks is conditioned upon the network operators' terminating the accounts of repeat infringers in certain circumstances, and the law is unsettled as to the circumstances in which such termination is required to maintain the operator's limitation of liability. As such, we could be exposed to legal claims relating to content disseminated on our networks and/or asserting that we are not eligible for statutory limitations on liability for network operators with respect to such content. Claims could involve matters such as defamation, invasion of privacy or copyright infringement. If we need to take costly measures to reduce our exposure to these risks or are required to defend ourselves against such claims, our business, reputation, financial condition and results of operations could be materially adversely affected.

If we are unable to retain key employees, our ability to manage our business could be adversely affected.

Our operational results have depended, and our future results will depend, upon the retention and continued performance of our management team. The competitive environment for management talent in the broadband communications industry could adversely impact our ability to retain and hire new key employees for management positions. The loss of the services of key members of management and the inability or delay in hiring new key employees could adversely affect our ability to manage our business and our future operational and financial results.

Impairment of Altice Europe's or Mr. Drahi's reputation could adversely affect current and future customers' perception of Altice USA.

Our ability to attract and retain customers depends, in part, upon the external perceptions of Altice USA, which in turn may be affected by Altice Europe's and Mr. Drahi's reputation and the quality of Altice Europe's products and its corporate and management integrity. The broadband communications and video services industry is by its nature more prone to reputational risks than other industries. This has been compounded in recent years by the free flow of unverified information on the Internet and on social media. Impairment of, including any loss of goodwill or reputational advantages, Altice Europe's or Mr. Drahi's reputation in markets in which we do not operate could adversely affect current and future customers', regulators', investors' and others' perception of Altice USA.

Macroeconomic developments may adversely affect our business.

Our performance is subject to global economic conditions and the related impact on consumer spending levels. Continued uncertainty about global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, unemployment, negative financial news, and/or declines in income or asset values, which could have a material negative effect on demand for our products and services. As our business depends on consumer discretionary spending, our results of operations are sensitive to changes in macroeconomic conditions. Our customers may have less money for discretionary purchases as a result of job losses, foreclosures, bankruptcies, increased fuel and energy costs, higher interest rates, higher taxes, reduced access to credit, and lower home values. These and other economic factors could adversely affect demand for our products, which in turn could adversely affect our financial condition and results of operations.

Online piracy of entertainment and media content could result in reduced revenues and increased expenditures which could materially harm our business, financial condition and results of operations.

Online entertainment and media content piracy is extensive in many parts of the world and is made easier by technological advances. This trend facilitates the creation, transmission and sharing of high quality unauthorized copies of entertainment and media content. The proliferation of unauthorized copies of this content will likely continue, and if it does, could have an adverse effect on our business, financial condition and results of operations because these products could reduce the demand for and revenue we receive from our products. Additionally, in order to contain this problem, we may have to implement elaborate and costly security and antipiracy measures, which could result in significant expenses and losses of revenue. There can be no assurance that even the highest levels of security and anti-piracy measures will prevent piracy.

Our mobile wireless service will be subject to startup risk, competition, and risks associated with the price and availability of wholesale access to RAN.

In 2019, we launched a mobile wireless voice and data service. We are offering this service using wholesale RAN agreements we have entered into with Sprint and other RAN providers, as well as with our existing WiFi hotspot infrastructure in subscriber homes and at outdoor WiFi hotspots. We believe that our approach to the mobile wireless service offering, including the construction and operation of our own “mobile core” and the ability to bundle and promote the product to our existing customer base, will give us advantages over resellers and incumbent network-based operators alike. We nevertheless face competition from well-established incumbents like Verizon, T-Mobile, Sprint and AT&T. These incumbents have scale advantages over Altice USA and own their spectrum and RAN, affording them significant control over the quality and reach of their own wireless networks, the service quality, speed of improvement and investment, cost, and the handling of subscriber congestion, which our service cannot replicate because it relies in part on incumbent networks that we do not fully control.

Our mobile wireless strategy depends on the availability of wholesale RAN access from one or more network-based providers with whom we are likely to compete. Our mobile service is vulnerable to constraints on the availability of wholesale access or increases in price from the incumbents. We are also dependent on our ability to extend our agreement with Sprint or another wholesale RAN access provider after the initial term of our agreement with Sprint expires.

Consolidation among wholesale RAN access providers could impair our ability to sustain our mobile service. In 2018, Sprint and T-Mobile announced an intent to merge. The merger was approved by the U.S. Justice Department in July 2019, the FCC in November 2019 (which conditioned its approval on fulfillment of certain commitments, including certain conditions intended to benefit the Company) and a federal court in the Southern District of New York in February 2020. According to a joint press release issued by Sprint and T-Mobile on February 11, 2020, although the business combination remains subject to certain closing conditions, including possible additional court proceedings, the companies are taking final steps to complete the merger. While the reduction of competition among mobile wireless network-based providers likely will negatively impact the price and availability of wholesale RAN access to the Company generally, certain of the conditions imposed upon the merger parties by the U.S. Justice Department and the FCC have the potential to ameliorate those effects and to enhance the coverage, quality and cost structure for our mobile services while those conditions are in effect. We rely on the merger parties and the U.S. Justice Department's and FCC’s oversight of those conditions for enforcement. If we fail to obtain timely or fully the benefit of the conditions, or if enforcement is inadequate, the price, reach, quality and competitiveness of our mobile offering likely will be adversely affected.

Risk Factors Relating to Regulatory and Legislative Matters

Our business is subject to extensive governmental legislation and regulation, which could adversely affect our business, increase our operational and administrative expenses and limit our revenues.

Regulation of the cable, telephone, mobile, and broadband industries imposes operational and administrative expenses and limits their revenues. The Company operates in all of these industries and is therefore subject to, among other things:

- rules governing the provisioning and marketing of cable equipment and compatibility with new digital technologies;
- rules governing the manner in which we advertise, market or price our products and services in the marketplace, and how we position those products and services against competing products and services;
- rules and regulations relating to data protection and customer and employee privacy;
- rules establishing limited rate regulation of video service;
- rules governing the copyright royalties that must be paid for retransmitting broadcast signals;
- rules governing when a cable system must carry a particular broadcast station and when it must first obtain retransmission consent to carry a broadcast station;
- rules governing the provision of channel capacity to unaffiliated commercial leased access programmers;
- rules limiting the ability to enter into exclusive agreements with MDUs and control inside wiring;
- rules for cable franchise renewals and transfers;
- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards and customer service and consumer protection requirements;
- rules, regulations and regulatory policies relating to the provision of broadband service, including "net neutrality" requirements;
- rules, regulations and regulatory policies relating to the provision of telephony services; and
- rules, regulations and regulatory policies relating to licensed mobile network operators, wholesale access to mobile networks by resellers or MVNOs, and regulation of the prices, terms, or service provided by mobile operators.

Many aspects of these regulations are currently the subject of judicial proceedings and administrative or legislative proposals. There are also efforts to amend or expand the federal, state and local regulation of some of our cable systems, which may compound the regulatory risks we already face, and proposals that might make it easier for our employees to unionize. The Permanent Internet Tax Freedom Act prohibits many taxes on Internet access service, but certain states and localities are considering new taxes and fees on our provision of cable, broadband, and telecommunications taxes that could increase operating expenses. Certain states are also considering adopting energy efficiency regulations governing the operation of equipment that we use, which could constrain innovation. Congress periodically considers whether to rewrite the entire Communications Act to account for changes in the communications marketplace or to adopt more focused changes. Congress has in the past considered, and continues to consider, additional regulations on cable providers and ISPs to address specific consumer or customer issues. In response to recent data breaches and increasing concerns regarding the protection of consumers' personal information, Congress, states, and regulatory agencies are considering the adoption of new privacy and data security laws and regulations that could result in additional privacy, as well as network and information security, requirements for our business. These new laws, as well as existing legal and regulatory obligations, could require significant expenditures.

Additionally, there have been statements by federal government officials indicating that some laws and regulations applicable to our industry may be repealed or modified in a way that could be favorable to us and our competitors. There can be no assurance that any such repeal or modification will be beneficial to us or will not be more beneficial to our current and future competitors.

Our cable system franchises are subject to non-renewal or termination. The failure to renew a franchise in one or more key markets could adversely affect our business.

Our cable systems generally operate pursuant to franchises, permits and similar authorizations issued by a state or local governmental authority controlling the public rights-of-way. Some franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with significant provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In some instances, local franchises have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without a franchise while negotiating renewal terms with the local franchising authorities.

As of December 31, 2020, two of our largest franchises, the Town of Hempstead, New York, comprising an aggregate of approximately 76,000 video customers, and the New York City franchise, comprising of approximately 431,000 video customers were expired. We are currently lawfully operating in both these franchise areas under temporary authority recognized by the State of New York. Lightpath holds a franchise from New York City that expired on December 20, 2008 and the renewal process is pending. We believe New York City is treating the expiration date of this franchise as extended until a formal determination on renewal is made, but there can be no assurance that we will be successful in renewing this franchise on anticipated terms or at all. We expect to renew or continue to operate under all or substantially all of our franchises.

The traditional cable franchising regime has undergone significant change as a result of various federal and state actions. Some state franchising laws do not allow incumbent operators like us to immediately opt into favorable statewide franchising as quickly as new entrants, and often require us to retain certain franchise obligations that are more burdensome than those applied to new entrants.

There can be no assurance that we will be able to comply with all significant provisions of our franchise agreements and certain of our franchisors have from time to time alleged that we have not complied with these agreements. Additionally, although historically we have renewed our franchises without incurring significant costs, there can be no assurance that we will be able to renew, or to renew on terms as favorable, our franchises in the future. A termination of or a sustained failure to renew a franchise in one or more key markets could adversely affect our business in the affected geographic area.

Our cable system franchises are non-exclusive. Accordingly, local and state franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect our results of operations.

Cable systems are operated under non-exclusive franchises historically granted by local authorities. More than one cable system may legally be built in the same area, which is referred to as an overbuild. It is possible that a franchising authority might grant a second franchise to another cable operator and that such franchise might contain terms and conditions more favorable than those afforded to us. Although entry into the cable industry involves significant cost barriers and risks, well-financed businesses from outside the cable industry, such as online service providers, or public utilities that already possess fiber optic and other transmission lines in the areas they serve, may over time become competitors. In addition, there are a few cities that have constructed their own cable systems, in a manner similar to city-provided utility services, and private cable companies not affiliated with established local exchange carriers have also demonstrated an interest in constructing overbuilds. We believe that for any potential competitor to be successful, such competitor's overbuild would need to be able to serve the homes and businesses in the overbuilt area with equal or better service quality, on a more cost-effective basis than we can.

In some cases, local government entities and municipal utilities may legally compete with us without securing a local franchise or on more favorable franchise terms. In recent years, federal legislative and regulatory proposals have sought to facilitate the ability of municipalities to construct and deploy broadband facilities that could compete with our cable systems. In addition, certain telephone companies have sought or are seeking authority to operate in communities without first obtaining a local franchise. As a result, competing operators may build systems in areas in which we hold franchises. The FCC has adopted rules that streamline entry for new competitors (including those affiliated with telephone companies) and reduce franchising burdens for these new entrants. The FCC subsequently extended more modest relief to incumbent cable operators like the Company, but a recent federal court decision curtailed a portion of this relief that relates to the cap on in-kind payments to franchising authorities. At the same time, a substantial number of states have adopted franchising laws designed to streamline entry for new competitors, and they often provide advantages for these new entrants that are not immediately available to existing operators.

We believe the markets we serve are not significantly overbuilt. However, the FCC and some state regulatory commissions direct certain subsidies to entities deploying broadband to areas deemed to be "unserved" or "underserved." Many other organizations have applied for and received these funds, including broadband services competitors and new entrants into such services. We have generally opposed such subsidies when directed to areas that we serve and have deployed broadband capable networks. Despite those efforts, we could be placed at a competitive disadvantage if recipients use these funds to subsidize services that compete with our broadband services.

Local franchising authorities have the ability to impose additional regulatory constraints on our business, which could reduce our revenues or increase our expenses.

In addition to the franchise agreement, local franchising authorities in some jurisdictions have adopted cable regulatory ordinances that further regulate the operation of cable systems. This additional regulation increases the cost of operating our business. For example, some local franchising authorities impose minimum customer service standards on our operations. There are no assurances that the local franchising authorities will not impose new and more restrictive requirements.

Further regulation of the cable industry could restrict our marketing options or impair our ability to raise rates to cover our increasing costs.

The cable industry has operated under a federal rate regulation regime for more than three decades. Currently, rate regulation by franchising authorities is strictly limited to the basic service tier and associated equipment and installation activities. A franchising authority that wishes to regulate basic cable service offered by a particular cable system must certify and demonstrate that the cable system is not subject to "effective competition" as defined by federal law. Our franchise authorities have not certified to exercise this limited rate regulation authority. If any of our local franchising authorities obtain certification to regulate rates, they would have the power to reduce rates and order refunds on the rates charged for basic service and equipment, which could reduce our revenues. The FCC and Congress also continue to be concerned that cable rate increases are exceeding inflation. It is possible that either the FCC or Congress will adopt more extensive rate regulation for our video services or regulate our other services, such as broadband and telephony services, which could impede our ability to raise rates, or require rate reductions. To the extent we are unable to raise our rates in response to increasing costs, or are required to reduce our rates, our business, financial condition, results of operations and liquidity will be materially adversely affected. There has been legislative and regulatory interest in requiring cable operators to offer historically bundled programming services on an à la carte basis. It is possible that new marketing restrictions could be adopted in the future. These restrictions could affect how we provide, and limit, customer equipment used in connection with our services and how we provide access to video programming beyond conventional cable delivery. A number of state and local regulatory authorities have imposed or seek to impose price- or price-related regulation that we believe is inconsistent with FCC direction, and these efforts, if successful, will diminish the benefits of deregulation and hamper our ability to compete with our largely unregulated competitors. We have brought a challenge in federal court against one such attempt to regulate our pricing by the New Jersey Board of Public Utilities, and in January 2020 we won a preliminary injunction in federal court in the District of New Jersey enjoining that agency from enforcing its regulation.

There also continues to be interest at the FCC and in Congress in proposals that would allow customers to receive cable service without having to rent a set-top box from their cable operator. These proposals could, if adopted, adversely affect our relationship with our customers and programmers and our operations. It is also possible that regulations will be adopted affecting the negotiations between MVPDs (like us) and programmers. While these regulations might provide us with additional rights and protections in our programming negotiations, they might also limit our flexibility in ways that adversely affect our operations.

We may be materially adversely affected by regulatory changes related to pole attachments.

Pole attachments are cable wires that are attached to utility poles. Cable system pole attachments to utility poles historically have been regulated at the federal or state level, generally resulting in favorable pole attachment rates and rights for attachments used to provide cable service. Any changes in the current pole attachment approach could result in a substantial increase in our pole attachment costs.

Changes in channel carriage regulations could impose significant additional costs on us.

Cable operators also face significant regulation affecting the carriage of broadcast and other programming channels. We can be required to devote substantial capacity to the carriage of programming that we might not otherwise carry voluntarily, including certain local broadcast signals; local public, educational and governmental access programming; and unaffiliated, commercial leased access programming (channel capacity designated for use by programmers unaffiliated with the cable operator). Regulatory changes in this area could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity and limit our ability to offer services that would maximize our revenue potential. It is possible that other legal restraints will be adopted limiting our discretion over programming decisions.

Increasing regulation of our Internet-based products and services could adversely affect our ability to provide new products and services.

On February 26, 2015, the FCC adopted a new "net neutrality" or Open Internet order (the "2015 Order") that: (1) reclassified broadband Internet access service from an information service to a Title II common carrier service, (2) applied certain existing Title II provisions and associated regulations; (3) forbore from applying a range of other existing Title II provisions and associated regulations, but to varying degrees indicated that this forbearance may be only temporary and (4) issued new rules expanding disclosure requirements and prohibiting blocking, throttling, paid prioritization and unreasonable interference with the ability of end users and edge providers to reach each other. The 2015 Order also subjected broadband providers' Internet traffic exchange rates and practices to potential FCC oversight and created a mechanism for third parties to file complaints regarding these matters. The 2015 Order could have had a material adverse impact on our business by limiting our ability to efficiently manage our cable systems and respond to operational and competitive challenges. In December 2017, the FCC adopted an order (the "2017 Order") that in large part reverses the 2015 Order and reestablishes the “information service” classification for broadband services. The 2017 Order was affirmed in part on appeal in October 2019 insofar as it classified broadband Internet access services as information services subject to lesser federal regulation. However, the 2017 Order was also vacated in part on appeal insofar as it preempted states from subjecting broadband Internet access services to any requirements more stringent than the federal requirements. As a result, the precise extent to which state rules may impose such requirements on broadband Internet access service providers is not fully settled. Additionally, Congress and some states are considering legislation that may codify "net neutrality" rules, which could include prohibitions on blocking, throttling and prioritizing Internet traffic. A number of states, including California, have adopted legislation and/or executive orders that apply “net neutrality” rules to ISPs. The California legislation is currently being challenged in court. Additionally, the FCC is expected to revisit the appropriate regulatory classification of broadband in 2021.

Offering telephone services may subject us to additional regulatory burdens, causing us to incur additional costs.

We offer telephone services over our broadband network and continue to develop and deploy interconnected VoIP services. The FCC has ruled that competitive telephone companies that support VoIP services, such as those that we offer to our customers, are entitled to interconnect with incumbent providers of traditional telecommunications services, which ensures that our VoIP services can operate in the market. However, the scope of these interconnection rights is being reviewed in a current FCC proceeding, which may affect our ability to compete in the provision of telephony services or result in additional costs. It remains unclear precisely to what extent federal and state regulators will subject VoIP services to traditional telephone service regulation. Expanding our offering of these services may require us to obtain certain authorizations, including federal and state licenses. We may not be able to obtain such authorizations in a timely manner, or conditions could be imposed upon such licenses or authorizations that may not be favorable to us. The FCC has already extended certain traditional telecommunications requirements, such as E911 capabilities, USF contribution, CALEA, measures to protect Customer Proprietary Network Information, customer privacy, disability access, number porting, battery back-up, network outage reporting, rural call completion reporting and other regulatory requirements to many VoIP providers such as us. If additional telecommunications regulations are applied to our VoIP service, it could cause us to incur additional costs and may otherwise materially adversely impact our operations. In 2011, the FCC released an order significantly changing the rules governing intercarrier compensation for the origination and termination of telephone traffic between interconnected carriers. These rules have resulted in a substantial decrease in interstate compensation payments over a multi-year period. The FCC is currently considering additional reforms that could further reduce interstate compensation payments. Further, although the FCC recently declined to impose additional regulatory burdens on certain point to point transport ("special access") services provided by cable companies, that FCC decision has been appealed by multiple parties. If those appeals are successfully, there could be additional regulatory burdens and additional costs placed on these services.

Our mobile service exposes us to regulatory risk.

In September 2019, we launched Altice Mobile, our mobile service using our own core infrastructure and our iMVNO agreements with Sprint (now T-Mobile USA, Inc.) and other roaming partners, including AT&T. Our iMVNO service is subject to many of the same FCC regulations as traditional mobile service as well as some state and local regulations. The FCC or other regulatory authorities may adopt new or different regulations for iMVNOs or mobile carriers, or impose new fees, that could adversely affect our service or the business opportunity generally.

We may be materially adversely affected by regulatory, legal and economic changes relating to our physical plant.

Our systems depend on physical facilities, including transmission equipment and miles of fiber and coaxial cable. Significant portions of those physical facilities occupy public rights-of-way and are subject to local ordinances and governmental regulations. Other portions occupy private property under express or implied easements, and many miles of the cable are attached to utility poles governed by pole attachment agreements. No assurances can be given that we will be able to maintain and use our facilities in their current locations and at their current costs. Changes in governmental regulations or changes in these relationships could have a material adverse effect on our business and our results of operations.

Risk Factors Relating to Ownership of Our Class A Common Stock and Class B Common Stock

An active, liquid trading market for our Class B common stock has not developed and we cannot assure you that an active, liquid trading market will develop in the future. Holders of shares of our Class B common stock may need to convert them into shares of our Class A common stock to realize their full potential value, which over time could further concentrate voting power with remaining holders of our Class B common stock.

Our Class B common stock is not listed on the New York Stock Exchange ("NYSE") or any other stock exchange and we do not currently intend to list our Class B common stock on the NYSE or any other stock exchange. There is currently no active, liquid trading market for the Class B common stock and we cannot assure you that an active trading market will develop or be sustained at any time in the future. If an active market is not developed or sustained, the price and liquidity of the Class B common stock may be adversely affected. Because the Class B common stock is unlisted, holders of shares of Class B common stock may need to convert them into shares of our Class A common stock, which is listed on the NYSE, in order to realize their full potential value. Sellers of a significant number of shares of Class B common stock may be more likely to convert them into shares of Class A common stock and sell them on the NYSE. This could over time reduce the number of shares of Class B common stock outstanding and potentially further concentrate voting power with remaining holders of Class B common stock.

Our stockholders' percentage ownership in us may be diluted by future issuances of capital stock, which could reduce their influence over matters on which stockholders vote.

Pursuant to our amended and restated certificate of incorporation, our Board of Directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of Class A common stock, including shares issuable upon the exercise of options, Class B common stock, Class C common stock or shares of our authorized but unissued preferred stock. We may issue such capital stock to meet a number of our business needs, including funding any potential acquisitions or other strategic transactions. Future issuances of Class A common stock, Class B common stock or voting preferred stock could reduce our stockholders' influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in their interest in us being subject to the prior rights of holders of that preferred stock.

Because we have no current plans to pay cash dividends on our Class A common stock or Class B common stock for the foreseeable future, our stockholders may not receive any return on investment unless they sell their Class A common stock or Class B common stock.

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of Class A common stock and shares of Class B common stock will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our Board of Directors may deem relevant. In addition, our ability to pay dividends is limited by covenants contained in the agreements governing our existing indebtedness and may be limited by covenants contained in any future indebtedness we or our subsidiaries incur. As a result, our stockholders may not receive any return on an investment in our Class A common stock or Class B common stock unless our stockholders sell our Class A common stock or Class B common stock.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market could cause the market price of our Class A common stock to decline.

The sale of substantial amounts of shares of our Class A common stock (including shares of Class A common stock issuable upon conversion of shares of our Class B common stock), or the perception that such sales could occur, could cause the prevailing market price of shares of our Class A common stock to decline. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of December 31, 2020, we had a total of 290.6 million shares of Class A common stock outstanding and 185.9 million shares of Class B common stock outstanding.

Any shares held by our affiliates, as that term is defined under Rule 144 ("Rule 144") of the Securities Act of 1933, as amended (the "Securities Act"), including Next Alt and its affiliates, may be sold only in compliance with certain limitations.

Pursuant to a stockholders and registration rights agreement between the Company and Next Alt, Altice Europe, BC Partners LLP ("BCP") and entities affiliated with the Canada Pension Plan Investment Board ("CPPIB" and together with BCP, the "Sponsors"), the other parties thereto have the right, subject to certain conditions, to require us to register the sale of their shares of our Class A common stock, or shares of Class A common stock issuable upon conversion of shares of our Class B common stock, under the Securities Act. By exercising their registration rights and selling a large number of shares, our existing owners could cause the prevailing market price of our Class A common stock to decline. Registration of any of these outstanding shares of capital stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement, except for shares received by individuals who are our affiliates.

If these stockholders exercise their registration rights and sell shares of common stock, or if the market perceives that they intend to sell such shares, the market price of our Class A common stock could drop significantly. These factors could also make it more difficult for us to raise additional funds through future offerings of our Class A common stock or Class B common stock or other securities. In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our Class A common stock, Class B common stock or Class C common stock issued in connection with an investment or acquisition could constitute a material portion of then-outstanding shares of our Class A common stock and Class B common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

In addition, if Next Alt’s lenders foreclose on the shares of Class A and Class B common stock it has pledged in connection with certain transactions, such lenders may have the right to acquire and sell such shares, which could cause the market price of our Class A common stock to drop significantly.

The tri-class structure of Altice USA common stock has the effect of concentrating voting control with Next Alt. This will limit or preclude our stockholders' ability to influence corporate matters, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction requiring stockholder approval. Shares of Class B common stock will not automatically convert to shares of Class A common stock upon transfer to a third-party.

Each share of Class B common stock is entitled to twenty-five votes per share and each share of Class A common stock is entitled to one vote per share. If we issue any shares of Class C common stock, they will be non-voting.

Because of the twenty-five-to-one voting ratio between our Class B common stock and Class A common stock, a majority of the combined voting power of our capital stock is controlled by Next Alt. This allows Next Alt to control all matters submitted to our stockholders for approval until such date as Next Alt ceases to own, or to have the right to vote, shares of our capital stock representing a majority of the outstanding votes. This concentrated control will limit or preclude our stockholders' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction requiring stockholder approval. The disparate voting rights of Altice USA common stock may also prevent or discourage unsolicited acquisition proposals or offers for our capital stock that our stockholders may feel are in their best interest as one of our stockholders.

Shares of our Class B common stock are convertible into shares of our Class A common stock at the option of the holder at any time. Our amended and restated certificate of incorporation does not provide for the automatic conversion of shares of Class B common stock upon transfer under any circumstances. The holders of Class B common stock thus will be free to transfer them without converting them into shares of Class A common stock.

Next Alt controls us and its interests may conflict with ours or our stockholders in the future.

As of February 6, 2020, Next Alt and other entities controlled by Patrick Drahi own or have the right to vote approximately 44% of our issued and outstanding Class A and Class B common stock, which represents approximately 92% of the voting power of our outstanding capital stock, in each case inclusive of voting agreements that Next Alt has entered into with certain current and former officers and directors of Altice USA and Altice Europe and its consolidated subsidiaries with respect to all shares of Altice USA common stock they own. So long as Next Alt continues to control a majority of the voting power of our capital stock, Next Alt and, through his control of Next Alt, Mr. Drahi, will be able to significantly influence the composition of our Board of Directors and thereby influence our policies and operations, including the appointment of management, future issuances of Altice USA common stock or other securities, the payment of dividends, if any, on Altice USA common stock, the incurrence or modification of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws and the entering into extraordinary transactions, and their interests may not in all cases be aligned with our stockholders' interests. In addition, Next Alt may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment or improve its financial condition, even though such transactions might involve risks to our stockholders. For example, Next Alt could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets.

In addition, Next Alt is able to determine the outcome of all matters requiring stockholder approval and is able to cause or prevent a change of control of the Company or a change in the composition of our Board of Directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive our stockholders of an opportunity to receive a premium for their shares of our Class A common stock or Class B common stock as part of a sale of the Company and ultimately might affect the market price of our Class A common stock.

If conflicts arise between us and Next Alt, these conflicts could be resolved in a manner that is unfavorable to us and as a result, our business, financial condition and results of operations could be materially adversely affected. In addition, if Next Alt ceases to control us, our business, financial condition and results of operations could be adversely affected.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control transaction.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- a tri-class common stock structure, as a result of which Next Alt generally will be able to control the outcome of all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- the ability of our Board of Directors to, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 100,000,000 shares of preferred stock in one or more series and authorize their issuance; and
- the ability of stockholders holding a majority of the voting power of our capital stock to call a special meeting of stockholders.

These anti-takeover provisions could make it more difficult for a third-party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares of our Class A common stock. In addition, so long as Next Alt controls a majority of our combined voting power it will be able to prevent a change of control of the Company.

Holders of a single class of Altice USA common stock may not have any remedies if an action by our directors has an adverse effect on only that class of Altice USA common stock.

Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of our stockholders, including the holders of all classes of Altice USA common stock. Principles of Delaware law established in cases involving differing treatment of multiple classes of stock provide that a board of directors owes an equal duty to all common stockholders regardless of class and does not have separate or additional duties to any group of stockholders. As a result, in some circumstances, our Board of Directors may be required to make a decision that could be viewed as adverse to the holders of one class of Altice USA common stock. Under the principles of Delaware law and the business judgment rule, holders may not be able to successfully challenge decisions that they believe have a disparate impact upon the holders of one class of our stock if our Board of Directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the board is acting in the best interest of all of our stockholders.

We are a "controlled company" within the meaning of the rules of the NYSE. As a result, we qualify for, and rely on, exemptions from certain corporate governance requirements that would otherwise provide protection to stockholders of other companies.

Next Alt controls a majority of the voting power of our capital stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board of Directors consists of "independent directors" as defined under the rules of the NYSE; and
- the requirement that we have a governance and nominating committee.

Consistent with these exemptions, we will continue not to have a majority of independent directors on our Board of Directors or a nominating and governance committee. Accordingly, our stockholders will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A common stock, or if our operating results do not meet their expectations, the market price of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our Class A common stock, or if our operating results do not meet their expectations, the market price of our Class A common stock could decline.

We are subject to securities class action litigation related to our 2017 initial public offering and we may be subject to additional securities class action litigation in the future.

We are subject to securities class action litigation related to our 2017 initial public offering (“IPO Litigation”) and we may be subject to additional securities class action litigation in the future. In the past, securities class action litigation has often been instituted against companies whose securities have experienced periods of volatility in market price. Securities litigation brought against us following volatility in the price of our Class A common stock, regardless of the merit or ultimate results of such litigation, could result in substantial costs, which would hurt our financial condition and results of operations and divert management's attention and resources from our business. While we believe the IPO Litigation is without merit, there can be no assurance that the outcome will not materially and adversely affect our financial condition and results of operations.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other stockholders.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state or federal court located in the State of Delaware) is the exclusive forum for: (i) any derivative action or proceeding brought in our name or on our behalf; (ii) any action asserting a breach of fiduciary duty; (iii) any action asserting a claim against us arising under the General Corporation Law of the State of Delaware ("DGCL"); (iv) any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws; or (v) any action asserting a claim against us that is governed by the internal affairs doctrine. Our amended and restated bylaws permit our Board of Directors to approve the selection of an alternative forum. Unless waived, this exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other stockholders, which may discourage such lawsuits against us and our directors, officers and other stockholders. Alternatively, if a court were to find this provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our headquarters are located in Long Island City, New York, where we currently lease office space pursuant to a lease agreement which will expire in 2032. We also own a building located in Bethpage, New York, where we maintain administrative offices. In addition, we own or lease real estate throughout our operating areas where certain of our call centers, corporate facilities, business offices, earth stations, transponders, microwave towers, warehouses, headend equipment, hub sites, access studios, and microwave receiving antennae are located.

Our principal physical assets consist of cable operating plant and equipment, including signal receiving, encoding and decoding devices, headend facilities, fiber optic transport networks, coaxial and distribution systems and equipment at or near customers' homes or places of business for each of the systems. The signal receiving apparatus typically includes a tower, antenna, ancillary electronic equipment and earth stations for reception of satellite signals. Headend facilities are located near the receiving devices. Our distribution system consists primarily of coaxial and fiber optic cables and related electronic equipment. Customer premise equipment consists of set-top devices, cable modems, Internet routers, wireless devices and media terminal adapters for telephone. Our cable plant and related equipment generally are attached to utility poles under pole rental agreements with local public utilities; although in some areas the distribution cable is buried in underground ducts or directly in trenches. The physical components of the cable systems require maintenance and periodic upgrading to improve system performance and capacity. In addition, we operate a network operations center that monitors our network 24 hours a day, seven days a week, helping to ensure a high quality of service and reliability for both our residential and commercial customers. We own most of our service vehicles.

We believe our properties, both owned and leased, are in good condition and are suitable and adequate for our operations.

Item 3. Legal Proceedings

Refer to Note 17 to our consolidated financial statements included in this Annual Report on Form 10-K for a discussion of our legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Altice USA Class A common stock is listed for trading on the NYSE under the symbol "ATUS." Altice USA Class B common stock is not listed for trading on any stock exchange.

As of February 5, 2021, there were four holders of record of Altice USA Class A common stock and two holders of record of ATUS Class B common stock.

Stockholder Dividends and Distributions

The Company may pay dividends on its capital stock only from net profits and surplus as determined under Delaware law. If dividends are paid on the Altice USA common stock, holders of the Altice USA Class A common stock and Altice USA Class B common stock are entitled to receive dividends, and other distributions in cash, stock or property, equally on a per share basis, except that, subject to certain exceptions, stock dividends with respect to Altice USA Class A common stock may be paid only with shares of Altice USA Class A common stock and stock dividends with respect to Altice USA Class B common stock may be paid only with shares of Altice USA Class B common stock.

The Company's indentures restrict the amount of dividends and distributions in respect of any equity interest that can be made.

Equity Compensation Plan Information

The Equity Compensation Plan information under which the Company's equity securities are authorized for issuance required under Item 5 is hereby incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders or, if such definitive proxy statement is not filed with the Securities and Exchange Commission prior to 120 days after the close of its fiscal year, an amendment to this Annual Report on Form 10-K filed under cover of Form 10-K/A.

Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Issuer

Set forth below is information related to transactions under the Company's share repurchase program for the quarter ended December 31, 2020.

	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)(2)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (1)
October 1- October 31	6,201,273	$ 27.32	180,824,027	$ 2,813,640,302
November 1- November 30	16,476,539	29.77	197,300,566	4,323,179,352
December 1 - December 31	64,613,479	36.01	261,914,045	1,996,230,356

(1) On June 8, 2018, the Company's Board of Directors authorized the repurchase of up to $2.0 billion of Altice USA Class A common stock. On July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of $5.0 billion, to take effect following the completion of the June 2018 repurchase program. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. The programs do not have an expiration date and may be suspended at any time at the discretion of the Board of Directors. In November 2020, the Company's Board of Directors authorized the repurchase of up to an additional $2.0 billion of Altice USA Class A common stock pursuant to the Tender Offer discussed below.

(2) This column reflects the cumulative number of shares acquired pursuant to the repurchase program at the end of the respective period.

On November 23, 2020, the Company commenced a modified "Dutch auction" tender offer (the "Tender Offer") to purchase up to $2.5 billion in value of shares of its Class A Common Stock, at a price not greater than $36.00 per share nor less than $32.25 per share. The Tender Offer expired on December 21, 2020. On December 21, 2020, the Company accepted for purchase 64,613,479 shares of its Class A Common Stock, at a price of $36.00 per share, plus related fees, for an aggregate purchase price of $2.3 billion. The aggregate purchase price of these shares (including the fees relating to the Tender Offer), is reflected in stockholders' equity (deficiency) in the consolidated balance sheet as of December 31, 2020.

Altice USA Stock Performance Graph

The chart below compares the performance of our Class A common stock with the performance of the S&P 500 Index and a Peer Group Index by measuring the changes in our Class A common stock prices from June 22, 2017 through December 31, 2020. As required by the SEC, the values shown assume the reinvestment of all dividends. Because no published index of comparable media companies currently reports values on a dividends-reinvested basis, the Company has created a Peer Group Index for purposes of this graph in accordance with the requirements of the SEC. The Peer Group Index is made up of companies that deliver broadband, video and telephony services as a significant element of their business, although not all of the companies included in the Peer Group Index participate in all of the lines of business in which we are engaged and some of the companies included in the Peer Group Index also engage in lines of business in which we do not participate. Additionally, the market capitalizations of many of the companies included in the Peer Group are quite different from ours. The common stocks of the following companies have been included in the Peer Group Index: AT&T, CenturyLink, Charter, Comcast, Frontier, DISH, Sprint (through April 2020), T-Mobile, Verizon, and Windstream Holdings, Inc. (through March 2019). The chart assumes $100 was invested on June 22, 2017 in each of the Company's Class A common stock, the S&P 500 Index and in a Peer Group Index and reflects reinvestment of dividends and market capitalization weighting.

	June 22, 2017		Dec 31, 2017		Dec. 31, 2018		Dec. 31, 2019		Dec. 31, 2020	
ALTICE USA CLASS A	$	100.00	$	64.90	$	56.30	$	93.17	$	129.06
S&P 500 INDEX	$	100.00	$	109.82	$	102.97	$	132.71	$	154.29
PEER GROUP INDEX	$	100.00	$	104.17	$	94.78	$	124.33	$	135.44

Item 6. Selected Historical Financial Data

Altice USA

The summary consolidated historical balance sheets and operating data of Altice USA as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019, 2018 and 2017 presented below have been derived from the audited consolidated financial statements of Altice USA included elsewhere herein. The operating data of Altice USA for the year ended December 31, 2016 include the operating results of Cequel for the year ended December 31, 2016 and the operating results of Cablevision for the period from the date of acquisition, June 21, 2016, through December 31, 2016. The balance sheet and operating data presented below also give effect to the ATS acquisition since its formation, the i24 acquisition from April 1, 2018, the Cheddar acquisition from June 1, 2019 and the acquisition of certain cable assets in New Jersey from July 2020.

The selected historical results presented below are not necessarily indicative of the results to be expected for any future period. This information should be read in conjunction with the audited consolidated financial statements of Altice USA and the notes thereto, and Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Altice USA					Cablevision (a)
	Years ended December 31,					
	2020	2019	2018	2017	2016	January 1, 2016 to June 20, 2016
						(unaudited)
			(in thousands)			
Revenue	$ 9,894,642	$ 9,760,859	$ 9,566,608	$ 9,306,950	$ 6,017,212	$ 3,137,604
Operating expenses	7,779,353	7,937,048	7,884,229	8,465,942	5,554,403	2,658,667
Operating income	2,115,289	1,823,811	1,682,379	841,008	462,809	478,937
Other income (expense):						
Interest expense, net	(1,350,341)	(1,530,850)	(1,545,426)	(1,601,211)	(1,442,730)	(285,508)
Gain (loss) on investments and sale of affiliate interests, net	320,061	473,406	(250,877)	237,354	142,102	129,990
Gain (loss) on derivative contracts, net	(178,264)	(282,713)	218,848	(236,330)	(53,696)	(36,283)
Gain (loss) on interest rate swap contracts	(78,606)	(53,902)	(61,697)	5,482	(72,961)	—
Loss on extinguishment of debt and write-off of deferred financing costs	(250,489)	(243,806)	(48,804)	(600,240)	(127,649)	—
Other income (expense), net	5,577	1,183	(12,484)	(13,651)	980	1,224
Income (loss) before income taxes	583,227	187,129	(18,061)	(1,367,588)	(1,091,145)	288,360
Income tax benefit (expense) (b)	(139,748)	(47,190)	38,655	2,862,352	259,666	(124,848)
Net income (loss)	443,479	139,939	20,594	1,494,764	(831,479)	163,512
Net loss (income) attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)	(1,587)	(551)	236
Net income (loss) attributable to Altice USA / Cablevision stockholders	$ 436,183	$ 138,936	$ 18,833	$ 1,493,177	$ (832,030)	$ 163,748
INCOME (LOSS) PER SHARE:						
Basic income (loss) per share	$ 0.75	$ 0.21	$ 0.03	$ 2.15	$ (1.28)	$ 0.60
Basic weighted average common shares (in thousands)	581,057	660,384	730,088	696,055	649,525	272,035
Diluted income (loss) per share	$ 0.75	$ 0.21	$ 0.03	$ 2.15	$ (1.28)	$ 0.58
Diluted weighted average common shares (in thousands)	583,689	662,541	730,088	696,055	649,525	280,199
Cash dividends declared per common share (c)	$ —	$ —	$ 2.035	$ 1.29	$ 0.69	$ —

(a) Represents the operating results of Cablevision for the period prior to the Cablevision Acquisition (Predecessor period).

(b) Pursuant to the enactment of the Tax Reform on December 22, 2017, the Company recorded a non-cash deferred tax benefit of $2,332,677 in 2017 to remeasure the net deferred tax liability to adjust for the reduction in the corporate income tax rate from 35% to 21% which was effective on January 1, 2018. In 2018, the Company recorded a non-cash deferred tax benefit of $52,915 based on a remeasurement of the Company's net deferred tax liability.

(c) The 2017 and 2016 amounts represent distributions declared prior to the Company's IPO of $839,700 and $445,176, respectively, divided by the number of shares of common stock outstanding adjusted to reflect the retroactive impact of the organizational transactions that occurred prior to the IPO.

Balance Sheet Data:

	Altice USA				
	December 31,				
	2020	2019	2018	2017	2016
	(dollars in thousands)				
Total assets	$ 33,376,660	$ 34,108,122	$ 33,613,808	$ 34,812,082	$ 36,498,578
Notes payable to affiliates and related parties	—	—	—	—	1,750,000
Credit facility debt	8,288,000	7,148,287	5,915,559	4,643,523	3,444,790
Collateralized indebtedness	1,617,506	1,585,088	1,406,182	1,349,474	1,286,069
Senior guaranteed notes, senior secured notes and senior notes and debentures	16,482,398	15,476,496	15,359,561	15,860,432	17,507,325
Notes payable and other obligations	174,801	140,994	106,108	65,902	13,726
Finance lease obligations	159,637	69,420	25,190	21,980	28,155
Total debt	26,722,342	24,420,285	22,812,600	21,941,311	24,030,065
Redeemable equity	25,763	108,551	130,007	231,290	68,147
Stockholders' equity (deficiency)	(1,141,030)	2,269,964	3,670,941	5,503,214	2,042,221
Noncontrolling interests	(62,109)	9,298	9,295	1,539	287
Total equity (deficiency)	(1,203,139)	2,279,262	3,680,236	5,504,753	2,042,508

The following table sets forth certain customer metrics for the Company (unaudited):

	December 31,		
	2020 (f)(g)	2019 (f)	2018
	(in thousands, except per customer amounts)		
Homes passed (a)	**9,034.1**	**8,818.6**	**8,699.6**
Total customers relationships (b)(c)	**5,024.6**	**4,916.3**	**4,899.5**
Residential	4,648.4	4,533.3	4,518.1
SMB	376.1	383.1	381.4
Residential customers:			
Broadband	4,359.2	4,187.3	4,115.4
Video	2,961.0	3,179.2	3,286.1
Telephony	2,214.0	2,398.8	2,530.1
Penetration of homes passed (d)	**55.6 %**	**55.7 %**	**56.3 %**
ARPU (e)(h)	**$ 140.09**	**$ 142.65**	**$ 143.22**

(a) Represents the estimated number of single residence homes, apartments and condominium units passed by the broadband network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our broadband network. Broadband services were not available to approximately 30 thousand homes passed and telephony services were not available to approximately 500 thousand homes passed.

(b) Represents number of households/businesses that receive at least one of the Company's fixed-line services.

(c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

(d) Represents the number of total customer relationships divided by homes passed.

(e) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) derived from the sale of broadband, video and telephony services to residential customers for the quarter by the average number of total residential customers for the same period.

(f) Customer metrics do not include Altice Mobile customers.

(g) Pursuant to the Keep Americans Connected pledge ("Pledge") that the Company made in response to the COVID-19 pandemic and pursuant to the New Jersey Executive Order No. 126 ("NJ Order") enacted in April 2020, the Company did not disconnect certain internet and voice services to customers for non-payment. Customer metrics include the retention of certain of these previously non-paying customers who had current account balances as of December 31, 2020 due to the Company forgiving their past due balances or placing them on a payment plan. Customer metrics as of December 31, 2020 also include approximately 10 thousand customer relationships impacted by storms in Louisiana that have not been disconnected for non-payment (see table below).

Total customer relationships	10.3
Residential	9.2
SMB	1.1
Residential customers:	
Broadband	8.7
Video	4.8
Telephony	2.0

(h) ARPU for the December 31, 2020 period reflects a reduction of $1.26 due to credits that we currently anticipate will be issued to video customers as a result of credits the Company expects to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Form 10-K contains statements that constitute forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Securities Act of 1934, as amended. In this Form 10-K there are statements concerning our future operating results and future financial performance. Words such as "expects", "anticipates", "believes", "estimates", "may", "will", "should", "could", "potential", "continue", "intends", "plans" and similar words and terms used in the discussion of future operating results, future financial performance and future events identify forward-looking statements. Investors are cautioned that such forward-looking statements are not guarantees of future performance, results or events and involve risks and uncertainties and that actual results or developments may differ materially from the forward-looking statements as a result of various factors.

We operate in a highly competitive, consumer and technology driven and rapidly changing business that is affected by government regulation and economic, strategic, technological, political and social conditions. Various factors could adversely affect our operations, business or financial results in the future and cause our actual results to differ materially from those contained in the forward-looking statements. In addition, important factors that could cause our actual results to differ materially from those in our forward-looking statements include:

- competition for broadband, video and telephony customers from existing competitors (such as broadband communications companies, direct broadcast satellite ("DBS") providers, wireless data and telephony providers, and Internet-based providers) and new competitors entering our footprint;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- increased difficulty negotiating programming agreements on favorable terms, if at all, resulting in increased costs to us and/or the loss of popular programming;
- increasing programming costs and delivery expenses related to our products and services;
- our ability to achieve anticipated customer and revenue growth, to successfully introduce new products and services and to implement our growth strategy;
- our ability to complete our capital investment plans on time and on budget, including our plan to build a fiber-to-the-home ("FTTH") network, and deploy Altice One, our home communications hub;
- our ability to develop mobile voice and data services and our ability to attract customers to these services;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our current and future products and services;
- the effects of industry conditions;
- demand for digital and linear advertising products and services;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;
- technical failures, equipment defects, physical or electronic break-ins to our services, computer viruses and similar problems;
- the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, "cyber-attacks," misappropriation of data, outages, natural disasters, and other material events;
- the impact from the coronavirus ("COVID-19") pandemic;
- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;

- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;
- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;
- the outcome of litigation, government investigations and other proceedings; and
- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses, including those listed under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained herein.

These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could cause our actual results to differ materially from those expressed in any of our forward-looking statements.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made only as of the date of this Annual Report. Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

You should read this Annual Report with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. We qualify all forward-looking statements by these cautionary statements.

Certain numerical figures included in this Annual Report have been subject to rounding adjustments. Accordingly, such numerical figures shown as totals in various tables may not be arithmetic aggregations of the figures that precede them.

Overview

All dollar amounts, except per customer and per share data, included in the following discussion, are presented in thousands.

Our Business

We principally provide broadband communications and video services in the United States and market our services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. We deliver broadband, video, telephony, and mobile services to more than five million residential and business customers. Our footprint extends across 21 states through a fiber-rich hybrid-fiber coaxial ("HFC") broadband network and a fiber-to-the-home ("FTTH") network with more than nine million homes passed as of December 31, 2020. Additionally, we offer news programming and content, and advertising services. The Company launched Altice Mobile, our full service mobile offering, to consumers across our footprint in September 2019.

Key Factors Impacting Operating Results and Financial Condition

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. For more information, see "Risk Factors" and "Business-Competition" included herein.

In March 2020, the United States declared a national emergency concerning the outbreak of the coronavirus ("COVID-19"). There have also been extraordinary and wide-ranging actions taken by federal, state and local governmental authorities to contain and combat the outbreak and spread of the virus. We have continued to provide our telecommunications services to our customers during this pandemic. We expect that our future results may be impacted, including if residential or business customers discontinue their service or are unable to pay for our products and services, or if advertising revenue declines. Additionally, in order to prioritize the demands of the business, we may continue to delay certain capital investments. Due to the uncertainty surrounding the magnitude and duration of business and economic impacts relating to COVID-19, including the effort to contain and combat the spread of the virus, and business impacts of government actions, we currently cannot reasonably estimate the ultimate impact of

COVID-19 on our business. See "Risk Factors - Our business, financial condition and results of operations may be adversely affected by the recent COVID-19 pandemic."

We derive revenue principally through monthly charges to residential customers of our broadband, video, and telephony services. We also derive revenue from DVR, VOD, pay-per-view, installation and home shopping commissions. Our residential broadband, video, and telephony services accounted for approximately 37%, 37%, and 5%, respectively, of our consolidated revenue for the year ended December 31, 2020. We also derive revenue from the sale of a wide and growing variety of products and services to both large enterprise and SMB customers, including broadband, telephony, networking and video services. For the year ended December 31, 2020, 15% of our consolidated revenue was derived from these business services. In addition, we derive revenues from the sale of advertising time available on the programming carried on our cable television systems, digital advertising and data analytics, and affiliation fees for news programming, which accounted for approximately 5% of our consolidated revenue for the year ended December 31, 2020. Our mobile and other revenue for the year ended December 31, 2020 accounted for less than 1% of our consolidated revenue.

Revenue is impacted by rate increases, changes in the number of customers to our services, including additional services sold to our existing customers, programming package changes by our video customers, speed tier changes by our broadband customers, and acquisitions and construction of cable systems that result in the addition of new customers.

Our ability to increase the number of customers to our services is significantly related to our penetration rates.

We operate in a highly competitive consumer-driven industry and we compete against a variety of broadband, video and telephony providers and delivery systems, including broadband communications companies, wireless data and telephony providers, satellite-delivered video signals, Internet-delivered video content and broadcast television signals available to residential and business customers in our service areas. Our competitors include AT&T and its DirecTV subsidiary, CenturyLink, DISH, Frontier and Verizon**.** Consumers' selection of an alternate source of service, whether due to economic constraints, technological advances or preference, negatively impacts the demand for our services. For more information on our competitive landscape, see "Risk Factors" and "Business-Competition" included herein.

Our programming costs, which are the most significant component of our operating expenses, have increased and are expected to continue to increase primarily as a result of contractual rate increases. See "Results of Operations" below for more information regarding our key factors impacting our revenues and operating expenses.

Historically, we have made substantial investments in our network and the development of new and innovative products and other service offerings for our customers as a way of differentiating ourselves from our competitors and we may continue to do so in the future. Our FTTH network build, which would enable us to deliver more than 10 Gbps broadband speeds to meet the growing data needs of residential and business customers, is underway. In addition, we launched Altice Mobile to consumers across our footprint in September 2019. We may incur greater than anticipated capital expenditures in connection with these initiatives, fail to realize anticipated benefits, experience delays and business disruptions or encounter other challenges to executing them as planned. See "Liquidity and Capital Resources-Capital Expenditures" for additional information regarding our capital expenditures.

Certain Transactions

The following transactions occurred during the periods covered by this Management's Discussion and Analysis of Financial Condition and Results of Operations:

In December 2020, the Company completed the sale of a 49.99% interest in its Lightpath fiber enterprise business (the "Lightpath Transaction") based on an implied enterprise value of $3.2 billion. The Company retained a 50.01% interest in the Lightpath business and maintained control of Cablevision Lightpath LLC, the entity holding the interest in the Lightpath business. Accordingly, the Company continues to consolidate the operating results of the Lightpath business.

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey and the operating results of the acquired business were consolidated as of the acquisition date.

In June 2019, the Company completed the acquisition of Cheddar Inc., a digital-first news company and the operating results of Cheddar were consolidated as of June 1, 2019.

As discussed in Note 1 of the Company's consolidated financial statements, the Company completed the ATS Acquisition in January 2018. ATS was previously owned by Altice Europe and a member of ATS's former management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since the formation of ATS.

In April 2018, Altice Europe transferred its ownership of i24NEWS, a 24/7 international news and current affairs channels, to the Company for minimal consideration. As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 have not been revised to reflect the combination of i24NEWS as the impact was deemed immaterial.

In April 2018, the Company redeemed a 24% interest in Newsday.

Non-GAAP Financial Measures

We define Adjusted EBITDA, which is a non-GAAP financial measure, as net income (loss) excluding income taxes, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, interest expense, interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits, and transaction expenses.

We believe Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company. Adjusted EBITDA and similar measures with similar titles are common performance measures used by investors, analysts and peers to compare performance in our industry. Internally, we use revenue and Adjusted EBITDA measures as important indicators of our business performance and evaluate management's effectiveness with specific reference to these indicators. We believe Adjusted EBITDA provides management and investors a useful measure for period-to-period comparisons of our core business and operating results by excluding items that are not comparable across reporting periods or that do not otherwise relate to the Company's ongoing operating results. Adjusted EBITDA should be viewed as a supplement to and not a substitute for operating income (loss), net income (loss), and other measures of performance presented in accordance with GAAP. Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, this measure may not be comparable to similar measures with similar titles used by other companies.

We also use Operating Free Cash Flow (defined as Adjusted EBITDA less cash capital expenditures), and Free Cash Flow (defined as net cash flows from operating activities less cash capital expenditures) as indicators of the Company's financial performance. We believe these measures are two of several benchmarks used by investors, analysts and peers for comparison of performance in the Company's industry, although they may not be directly comparable to similar measures reported by other companies.

Results of Operations - Altice USA

	Altice USA		
	Years Ended December 31,		
	2020	2019	2018
Revenue:			
Residential:			
Broadband	$ 3,689,159	$ 3,222,605	$ 2,887,455
Video	3,670,859	3,997,873	4,156,428
Telephony	468,777	598,694	652,895
Business services and wholesale	1,454,532	1,428,532	1,362,758
News and advertising	519,205	475,904	487,264
Mobile	78,127	21,264	—
Other	13,983	15,987	19,808
Total revenue	9,894,642	9,760,859	9,566,608
Operating expenses:			
Programming and other direct costs	3,340,442	3,300,528	3,173,076
Other operating expenses	2,264,473	2,300,398	2,290,266
Restructuring and other expense	91,073	72,978	38,548
Depreciation and amortization (including impairments)	2,083,365	2,263,144	2,382,339
Operating income	2,115,289	1,823,811	1,682,379
Other income (expense):			
Interest expense, net	(1,350,341)	(1,530,850)	(1,545,426)
Gain (loss) on investments and sale of affiliate interests, net	320,061	473,406	(250,877)
Gain (loss) on derivative contracts, net	(178,264)	(282,713)	218,848
Loss on interest rate swap contracts	(78,606)	(53,902)	(61,697)
Loss on extinguishment of debt and write-off of deferred financing costs	(250,489)	(243,806)	(48,804)
Other income (expense), net	5,577	1,183	(12,484)
Income (loss) before income taxes	583,227	187,129	(18,061)
Income tax benefit (expense)	(139,748)	(47,190)	38,655
Net income	443,479	139,939	20,594
Net income attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)
Net income attributable to Altice USA, Inc. stockholders	$ 436,183	$ 138,936	$ 18,833

The following is a reconciliation of net income to Adjusted EBITDA and Operating Free Cash Flow:

	Altice USA		
	Years Ended December 31,		
	2020	2019	2018
Net income	$ 443,479	$ 139,939	$ 20,594
Income tax expense (benefit)	139,748	47,190	(38,655)
Other expense (income), net	(5,577)	(1,183)	12,484
Loss on interest rate swap contracts	78,606	53,902	61,697
Loss (gain) on derivative contracts, net	178,264	282,713	(218,848)
Loss (gain) on investments and sales of affiliate interests, net	(320,061)	(473,406)	250,877
Loss on extinguishment of debt and write-off of deferred financing costs	250,489	243,806	48,804
Interest expense, net	1,350,341	1,530,850	1,545,426
Depreciation and amortization	2,083,365	2,263,144	2,382,339
Restructuring and other expense	91,073	72,978	38,548
Share-based compensation	125,087	105,538	59,812
Adjusted EBITDA	**4,414,814**	**4,265,471**	**4,163,078**
Capital Expenditures (cash)	1,073,955	1,355,350	1,153,589
Operating Free Cash Flow	**$ 3,340,859**	**$ 2,910,121**	**$ 3,009,489**

The following is a reconciliation of net cash flow from operating activities to Free Cash Flow:

	Years Ended December 31,		
	2020	2019	2018
Net cash flows from operating activities	**$ 2,980,164**	**$ 2,554,169**	**$ 2,508,317**
Capital Expenditures (cash)	1,073,955	1,355,350	1,153,589
Free Cash Flow	**$ 1,906,209**	**$ 1,198,819**	**$ 1,354,728**

The following table sets forth certain customer metrics for the Company (unaudited):

	December 31,		Increase (Decrease) 2020	December 31, 2018	Increase (Decrease) 2019
	2020 (f)(g)	2019 (f)			
Homes passed (a)	**9,034.1**	**8,818.6**	**215.5**	**8,699.6**	**119.0**
Total customer relationships (b)(c)	**5,024.6**	**4,916.3**	**108.3**	**4,899.5**	**16.8**
Residential	4,648.4	4,533.3	115.1	4,518.1	15.2
SMB	376.1	383.1	(7.0)	381.4	1.7
Residential customers:					
Broadband	4,359.2	4,187.3	171.9	4,115.4	71.9
Video	2,961.0	3,179.2	(218.2)	3,286.1	(106.9)
Telephony	2,214.0	2,398.8	(184.8)	2,530.1	(131.3)
Penetration of homes passed (d)	**55.6 %**	**55.7 %**		**56.3 %**	
ARPU(e)(h)	**$ 140.09**	**$ 142.65**		**$ 143.22**	

(a) Represents the estimated number of single residence homes, apartments and condominium units passed by the broadband network in areas serviceable without further extending the transmission lines. In addition, it includes commercial establishments that have connected to our broadband network. Broadband services were not available to approximately 30 thousand homes passed and telephony services were not available to approximately 500 thousand homes passed.

(b) Represents number of households/businesses that receive at least one of the Company's fixed-line services.

(c) Customers represent each customer account (set up and segregated by customer name and address), weighted equally and counted as one customer, regardless of size, revenue generated, or number of boxes, units, or outlets. Free accounts are included in the customer counts along with all active accounts, but they are limited to a prescribed group. Most of these accounts are also not entirely free, as they typically generate revenue through pay-per-view or other pay services and certain equipment fees. Free status is not granted to regular customers as a promotion. In counting bulk residential customers, such as an apartment building, we count each subscribing family unit within the building as one customer, but do not count the master account for the entire building as a customer. We count a bulk commercial customer, such as a hotel, as one customer, and do not count individual room units at that hotel.

(d) Represents the number of total customer relationships divided by homes passed.

(e) Calculated by dividing the average monthly revenue for the respective quarter (fourth quarter for annual periods) derived from the sale of broadband, video and telephony services to residential customers for the quarter by the average number of total residential customers for the same period.

(f) Customer metrics do not include Altice Mobile customers.

(g) Pursuant to the Keep Americans Connected pledge ("Pledge") that the Company made in response to the COVID-19 pandemic and pursuant to the New Jersey Executive Order No. 126 ("NJ Order") enacted in April 2020, the Company did not disconnect certain internet and voice services to customers for non-payment. Customer metrics include the retention of certain of these previously non-paying customers who had current account balances as of December 31, 2020 due to the Company forgiving their past due balances or placing them on a payment plan. Customer metrics as of December 31, 2020 also include approximately 10 thousand customer relationships impacted by storms in Louisiana that have not been disconnected for non-payment (see table below).

Total customer relationships	10.3
Residential	9.2
SMB	1.1
Residential customers:	
Broadband	8.7
Video	4.8
Telephony	2.0

(h) ARPU for the December 31, 2020 period reflects a reduction of $1.26 due to credits that we currently anticipate will be issued to video customers as a result of credits the Company expects to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees.

Comparison of Results for the Year Ended December 31, 2020 compared to the Year Ended December 31, 2019 and for the Year Ended December 31, 2019 compared to the Year Ended December 31, 2018

Broadband Revenue

Broadband revenue for the years ended December 31, 2020, 2019 and 2018 was $3,689,159, $3,222,605, and $2,887,455, respectively. Broadband revenue is derived principally through monthly charges to residential subscribers of our broadband services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing subscribers, and changes in speed tiers. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Broadband revenue increased $466,554 (14%) for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers, partially offset by customer credits issued for service outages following certain storms.

Broadband revenue increased $335,150 (12%) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The increase was due primarily to higher average recurring broadband revenue per broadband customer, primarily driven by certain rate increases and service level changes, and an increase in broadband customers.

Video Revenue

Video revenue for the years ended December 31, 2020, 2019 and 2018 was $3,670,859, $3,997,873 and $4,156,428, respectively. Video revenue is derived principally through monthly charges to residential customers of our video services. Revenue is impacted by rate increases, changes in the number of customers, including additional services sold to our existing customers, and changes in programming packages. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Video revenue decreased $327,014 (8%) for the year ended December 31, 2020 compared to the year ended December 31, 2019. Video revenue for the year ended December 31, 2020 includes estimated credits of approximately $94,300 that we currently anticipate will be issued to customers as a result of $90,100 of credits the Company expects to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees. These credits did not impact Adjusted EBITDA for the periods. The remaining decrease was due primarily to a decline in video customers, as well as customer credits issued for service outages following certain storms.

Video revenue decreased $158,555 (4%) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease was due primarily to a decline in video customers and lower average revenue per video customer.

Telephony Revenue

Telephony revenue for the years ended December 31, 2020, 2019 and 2018 was $468,777, $598,694 and $652,895, respectively. Telephony revenue is derived principally through monthly charges to residential customers for our telephony services. Revenue is impacted by changes in rates for services, changes in the number of customers, and additional services sold to our existing customers. Additionally, revenue is impacted by changes in the standalone selling price of each performance obligation within our promotional bundled offers.

Telephony revenue decreased $129,917 (22%) for the year ended December 31, 2020 compared to the year ended December 31, 2019. The decrease was due to lower average revenue per telephony customer and a decline in telephony customers, as well as customer credits issued for service outages following certain storms.

Telephony revenue decreased $54,201 (8%) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease was due to lower average revenue per telephony customer and a decline in telephony customers.

Business Services and Wholesale Revenue

Business services and wholesale revenue for the years ended December 31, 2020, 2019 and 2018 was $1,454,532, $1,428,532, and $1,362,758, respectively. Business services and wholesale revenue is derived primarily from the sale of fiber based telecommunications services to the business market, and the sale of broadband, video and telephony services to SMB customers.

Business services and wholesale revenue increased $26,000 (2%) for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes and an increase in revenue related to an indefeasible right of use contract recorded in the second quarter of 2020, partially offset by a decrease in SMB customers, customer credits issued for service outages following certain storms and customer credits of approximately $2,900 that we currently anticipate will be issued to SMB customers as a result of credits the Company expects to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks and related franchise fees. These credits did not impact Adjusted EBITDA for the periods.

Business services and wholesale revenue increased $65,774 (5%) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The increase was primarily due to higher average recurring broadband revenue per SMB customer, primarily driven by certain rate increases and service level changes, an increase in revenue from the backhaul of carrier data and an increase in installation revenue.

News and Advertising Revenue

News and advertising revenue for the years ended December 31, 2020, 2019 and 2018, was $519,205, $475,904, and $487,264, respectively. News and advertising revenue is primarily derived from the sale of (i) advertising inventory available on the programming carried on our cable television systems, (ii) advertising on over the top ("OTT") platforms, (iii) digital advertising, and (iv) data analytics. News and advertising revenue also includes affiliation fees for news programming.

News and advertising revenue increased $43,301 (9%) for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily due to higher political revenue and affiliate fees.

News and advertising revenue decreased $11,360 (2%) for the year ended December 31, 2019 compared to the year ended December 31, 2018. The decrease was primarily due to lower political revenue, partially offset by an increase in digital advertising, and strong national sales.

Mobile Revenue

Mobile revenue for the year ended December 31, 2020 and 2019 was $78,127 and $21,264, respectively, and relates to sales of devices and mobile services that were launched to consumers in September 2019. As of December 31, 2020, we had approximately 169 thousand mobile lines.

Other Revenue

Other revenue for the years ended December 31, 2020, 2019 and 2018 was $13,983, $15,987, and $19,808, respectively. Other revenue includes revenue from other miscellaneous revenue streams.

Programming and Other Direct Costs

Programming and other direct costs for the years ended December 31, 2020, 2019 and 2018 amounted to $3,340,442, $3,300,528 and $3,173,076, respectively. Programming and other direct costs include cable programming costs, which are costs paid to programmers (net of amortization of any incentives received from programmers for carriage) for cable content (including costs of VOD and pay-per-view) and are generally paid on a per-customer basis. These costs typically rise due to increases in contractual rates and new channel launches and are also impacted by changes in the number of customers receiving certain programming services. These costs also include interconnection, call completion, circuit and transport fees paid to other telecommunication companies for the transport and termination of voice and data services, which typically vary based on rate changes and the level of usage by our customers. These costs also include franchise fees which are payable to the state governments and local municipalities where we operate and are primarily based on a percentage of certain categories of revenue derived from the provision of video service over our cable systems, which vary by state and municipality. These costs change in relation to changes in such categories of revenues or rate changes. Additionally, these costs include the costs of mobile devices sold to our customers and direct costs of providing mobile services.

The increase of $39,914 (1%) for the year ended December 31, 2020, as compared to the prior year was primarily attributable to the following:

Increase in call completion and transfer costs primarily related to our mobile business ($30,240)	$	33,126
Costs of mobile devices		24,359
Increase primarily relating to costs of digital media and linear advertising spots for resale		17,160
Decrease in programming costs which includes estimated credits expected to be received (see discussion below) and a decrease in costs due to lower video customers, partially offset by an increase in costs due to net contractual rate increases		(21,511)
Decrease in costs due to certain tax refunds		(11,033)
Other net decreases		(2,187)
	$	39,914

The increase of $127,452 (4%) for the year ended December 31, 2019, as compared to December 31, 2018 was primarily attributable to the following:

Increase in programming costs due primarily to contractual rate increases, partially offset by lower video customers and lower video-on-demand and pay-per-view costs	$	102,071
Costs of mobile devices		22,379
Increase in costs of digital media and linear advertising spots for resale		9,488
Decrease in call completion and transfer costs primarily due to lower level of activity related to our telephony service, partially offset by an increase in costs related to our mobile service of $3,890		(9,975)
Other net increases		3,489
	$	127,452

Programming costs

Programming costs aggregated $2,701,145, $2,722,656, and $2,620,585 for the years ended December 31, 2020, 2019 and 2018, respectively. Programming costs for the year ended December 31, 2020 include estimated credits of approximately $93,000 that the Company expects to receive from certain sports programming networks whereby the minimum number of events were not delivered pursuant to the contractual agreements with the networks. These credits did not impact Adjusted EBITDA for the periods as we reduced video revenue for a corresponding amount as it is currently anticipated that these credits will be issued to customers. Our programming costs in 2021 will continue to be impacted by changes in programming rates, which we expect to increase, and by changes in the number of video customers.

Other Operating Expenses

Other operating expenses for the years ended December 31, 2020, 2019 and 2018 amounted to $2,264,473, $2,300,398, and $2,290,266, respectively. Other operating expenses include staff costs and employee benefits including salaries of company employees and related taxes, benefits and other employee related expenses, as well as third-party labor costs. Other operating expenses also include network management and field service costs, which represent costs associated with the maintenance of our broadband network, including costs of certain customer connections and other costs associated with providing and maintaining services to our customers.

Customer installation and network repair and maintenance costs may fluctuate as a result of changes in the level of activities and the utilization of contractors as compared to employees. Also, customer installation costs fluctuate as the portion of our expenses that we are able to capitalize changes. Costs associated with the initial deployment of new customer premise equipment necessary to provide broadband, video and telephony services are capitalized (asset-based). The redeployment of customer premise equipment is expensed as incurred.

Other operating expenses also include costs related to the operation and maintenance of our call center facilities that handle customer inquiries and billing and collection activities and sales and marketing costs, which include advertising production and placement costs associated with acquiring and retaining customers. These costs vary period to period and certain of these costs, such as sales and marketing, may increase with intense competition. Additionally, other operating expenses include various other administrative costs, including legal fees, and product development costs.

The decrease in other operating expenses of $35,925, net of an increase of $35,318 relating to our mobile service, for the year ended December 31, 2020 as compared to the prior year was attributable to the following:

Net decrease in labor costs and benefits (offset by an increase in costs related to Cheddar of $10,548, which was acquired in June 2019), partially offset by a decrease in capitalizable activity	$	(43,837)
Decrease in bad debt expense		(25,555)
Decrease in sales and marketing costs (including third-party commissions)		(15,862)
Increase in share-based compensation		19,550
Increase in rent and property taxes		13,506
Increase in legal costs		9,008
Other net increases (including a decrease of $5,598 due to a favorable resolution of a tax matter)		7,265
	$	(35,925)

The increase in other operating expenses of $10,132, including an increase of $32,458 relating to our mobile service, for the year ended December 31, 2019 as compared to the prior year was attributable to the following:

Increase in share-based compensation, including charges related to modifications of awards	$	45,725
Increase in bad debt		20,095
Net decrease in labor costs and benefits (partially offset by an increase in costs related to i24NEWS of $6,425 and an increase of $14,720 related to Cheddar) and an increase in capitalizable activity		(33,431)
Decrease in management fee relating to certain executive, administrative and managerial services provided to the Company from Altice Europe prior to separation in June 2018		(13,250)
Net decrease in marketing costs		(7,457)
Other net decreases (partially offset by an increase in costs of $2,380 relating to Cheddar and $3,027 related to i24NEWS)		(1,550)
	$	10,132

Restructuring and Other Expense

Restructuring and other expense for the year ended December 31, 2020 amounted to $91,073, as compared to $72,978 for the year ended December 31, 2019 and $38,548 for the year ended December 31, 2018. These amounts primarily related to severance and other employee related costs resulting from headcount reductions, facility realignment costs and impairments of certain ROU assets, related to initiatives which commenced in 2016 and 2019 that are intended to simplify the Company's organizational structure. The expense for the year ended December 31, 2020 also included $47,631 related to contractual payments for terminated employees and $4,068 related to the facility realignment costs. We may incur additional restructuring expenses in the future as we continue to analyze our organizational structure.

Depreciation and Amortization

Depreciation and amortization for the years ended December 31, 2020, 2019 and 2018 amounted to $2,083,365, $2,263,144 and $2,382,339, respectively.

The decrease in depreciation and amortization of $179,779 (8%) for the year ended December 31, 2020 as compared to the prior year is due to certain fixed assets and intangible assets becoming fully depreciated or amortized, partially offset by the acceleration of amortization expense related to certain customer relationship intangible assets and an increase in depreciation as a result of asset additions.

The decrease in depreciation and amortization of $119,195 (5%) for the year ended December 31, 2019 as compared to the prior year is due to certain fixed assets and intangible assets becoming fully depreciated or amortized, partially offset by an increase in depreciation as a result of asset additions.

Adjusted EBITDA

Adjusted EBITDA amounted to $4,414,814, $4,265,471, and $4,163,078 for the years ended December 31, 2020, 2019 and 2018, respectively.

Adjusted EBITDA is a non-GAAP measure that is defined as net income (loss) excluding income taxes, non-operating income or expenses, loss on extinguishment of debt and write-off of deferred financing costs, gain (loss) on interest rate swap contracts, gain (loss) on derivative contracts, gain (loss) on investments and sale of affiliate interests, interest expense, interest income, depreciation and amortization (including impairments), share-based compensation expense or benefit, restructuring expense or credits and transaction expenses. See reconciliation of net income (loss) to adjusted EBITDA above.

The increases in adjusted EBITDA for the year ended December 31, 2020 as compared to the prior year was due to the increases in revenue and a decrease in operating expenses for 2020 (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

The increases in adjusted EBITDA for the year ended December 31, 2019 as compared to the prior year was due to the increases in revenue, partially offset by an increase in operating expenses (excluding depreciation and amortization, restructuring and other expense and share-based compensation), as discussed above.

Operating Free Cash Flow

Operating free cash flow was $3,340,859, $2,910,121 and $3,009,489 for the years ended December 31, 2020, 2019 and 2018, respectively. The increase in operating free cash flow for 2020 as compared to 2019 is due to a decrease in cash capital expenditures and an increase in adjusted EBITDA. The decrease in operating free cash flow in 2019 as compared to 2018 was due to an increase in cash capital expenditures, partially offset by an increase in adjusted EBITDA.

Free Cash Flow

Free cash flow was $1,906,209, $1,198,819 and $1,354,728 for the years ended December 31, 2020, 2019 and 2018, respectively. The increase in free cash flow in 2020 as compared to 2019 is primarily due to an increase in cash from operating activities and a decrease in cash capital expenditures. The decrease in free cash flow in 2019 as compared to 2018 is primarily due to an increase in cash capital expenditures.

Interest expense

Interest expense, net was $1,350,341, $1,530,850, and $1,545,426 for the years ended December 31, 2020, 2019 and 2018, respectively. The decrease of $180,509 for the year ended December 31, 2020 as compared to the year ended December 31, 2019 and the decrease of $14,576 for the year ended December 31, 2019 as compared to the year ended December 31, 2018 were attributable to the following:

	2020	2019
Decrease due to changes in average debt balances and interest rates on our indebtedness and collateralized debt	$ (173,121)	$ (44,492)
Lower interest income	3,515	5,147
Other net increases (decreases) due to amortization of deferred financing costs, premiums and original issue discounts	(10,903)	24,769
	$ (180,509)	$ (14,576)

Gain (Loss) on Investments and Sale of Affiliate Interests, net

Gain (loss) on investments, net for the years ended December 31, 2020, 2019 and 2018, of $320,061, $473,406 and $(250,877) consists primarily of the increase (decrease) in the fair value of the Comcast common stock owned by the Company. The effects of these gains (losses) are partially offset by the losses and gains on the related equity derivative contracts, net described below.

Gain (Loss) on Derivative Contracts, net

Gain (loss) on derivative contracts, net amounted to $(178,264), $(282,713) and $218,848 for the years ended December 31, 2020, 2019 and 2018, respectively, and includes realized and unrealized gains or losses due to the change in fair value of equity derivative contracts relating to the Comcast common stock owned by the Company. The effects of these gains (losses) are offset by losses (gains) on investment securities pledged as collateral, which are included in gain (loss) on investments and sale of affiliate interest, net discussed above.

Loss on Interest Rate Swap Contracts

Loss on interest rate swap contracts amounted to $78,606, $53,902 and $61,697 for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts represent the decrease in the fair value of interest rate swap contracts. These swap contracts are not designated as hedges for accounting purposes.

Loss on Extinguishment of Debt and Write-off of Deferred Financing Costs

Loss on extinguishment of debt and write-off of deferred financing costs amounted to $250,489, $243,806 and $48,804 for the years ended December 31, 2020, 2019 and 2018, respectively.

The following table provides a summary of the loss on extinguishment of debt and the write-off of deferred financing costs recorded by the Company upon the redemption of senior guaranteed, senior secured and senior notes and the refinancing of credit facilities:

	Years ended December 31,		
	2020	2019	2018
CSC Holdings 5.375% Senior Guaranteed Notes due 2023	$ 26,721	$ —	$ —
CSC Holdings 7.75% Senior Notes due 2025	35,375	—	—
CSC Holdings 10.875% Senior Notes due 2025	136,249	—	—
CSC Holdings 6.625% Senior Guaranteed Notes due 2025	52,144	—	—
Cablevision 8.000% Senior Notes due 2020	—	15,176	—
Cablevision 5.125% Senior Notes due 2021	—	500	—
CSC Holdings 5.125% Senior Notes due 2021	—	65,151	—
CSC Holdings 10.125% Senior Notes due 2023	—	154,666	—
Refinancing and subsequent amendment to CSC Holdings credit facility	—	8,313	—
Cablevision 7.75% Senior Notes due 2018	—	—	4,706
Cequel 6.375% Senior Notes due 2020	—	—	36,910
Cequel senior and senior secured notes pursuant to an exchange offer	—	—	(545)
Cequel Term Loan Facility	—	—	7,733
	$ 250,489	$ 243,806	$ 48,804

Other Income (Expense), Net

Other income (expense), net amounted to $5,577, $1,183, and $(12,484), for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts include the non-service cost components of the Company's pension expense of $1,012, $8,274 and $9,529, net of dividends received on Comcast common stock owned by the Company. The 2018 amounts also include the equity in the net losses of Newsday through April 2018 and i24NEWS through March 31, 2018.

Income Tax Benefit (Expense)

The Company recorded income tax expense of $139,748 for the year ended December 31, 2020, resulting in an effective tax rate of 24% which is higher than the U.S. federal statutory tax rate of 21%. The primary difference between the effective tax rate and the statutory tax rate is due to nondeductible officer's and share-based compensation expense, state income taxes, net of the federal benefit, a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities, a tax benefit associated with claiming additional current year and prior year research and development tax credits, and certain other non-deductible expenses. Due to the taxable gain resulting from the Lightpath Transaction discussed in Note 1 to the consolidated financial statements, the Company recognized the benefit of fully utilizing its federal NOLs, capital loss carryover, research and development tax credits, and general business credits in 2020.

The Company recorded income tax expense of $47,190 for the year ended December 31, 2019, resulting in an effective tax rate of 25% which was higher than the U.S. federal statutory tax rate of 21%. The primary difference between the effective tax rate and the statutory tax rate was due to nondeductible share-based compensation expense, a revaluation of state deferred taxes primarily due to certain changes to the state tax rates used to measure the Company's deferred tax liabilities and certain other non-deductible expenses.

The Company recorded income tax benefit of $38,655 for the year ended December 31, 2018. During 2018, the Company determined that it met the definition of a Qualified Technology Company for New York State tax purposes and thereby was eligible for the reduced tax rate. Additionally, during 2018, the state of New Jersey enacted significant tax law changes imposing a 2.5% surtax for tax years beginning January 1, 2018 and mandating combined return filing requirements for unitary corporations for tax years beginning January 1, 2019. Accordingly, the Company recorded a net deferred tax benefit of $52,915 based on a remeasurement of the net deferred tax liability.

CSC HOLDINGS, LLC

The consolidated statements of operations of CSC Holdings are essentially identical to the consolidated statements of operations of Altice USA, except for the following:

	CSC Holdings		
	Years ended December 31,		
	2020	2019	2018
	(in thousands)		
Net income attributable to Altice USA stockholders	$ 436,183	$ 138,936	$ 18,833
Less: items included in Altice USA's consolidated statements of operations:			
Income tax expense (benefit)	12,905	(24,053)	(96,218)
Interest expense relating to Cablevision senior notes	—	81,257	303,106
Loss on investments and sale of affiliate interests, net	(546)	—	(10,659)
Interest income related to cash held by Cablevision and Altice USA	—	—	2,372
Other expense (income)	—	(2)	210
Loss on extinguishment of debt and write-off of deferred financing costs	—	15,676	40,921
Net income attributable to CSC Holdings' sole member	$ 448,542	$ 211,814	$ 258,565

Refer to Altice USA's Management's Discussion and Analysis of Financial Condition and Results of Operations herein.

The following is a reconciliation of CSC Holdings' net income to Adjusted EBITDA and Operating Free Cash Flow:

	CSC Holdings		
	Years ended December 31,		
	2020	2019	2018
Net income	$ 455,838	$ 212,817	$ 260,326
Income tax expense	126,843	71,243	57,563
Other expense (income), net	(5,577)	(1,181)	12,274
Loss on interest rate swap contracts, net	78,606	53,902	61,697
Loss (gain) on derivative contracts, net	178,264	282,713	(218,848)
Gain on investments and sales of affiliate interests, net	(319,515)	(473,406)	261,536
Loss on extinguishment of debt and write-off of deferred financing costs	250,489	228,130	7,883
Interest expense, net	1,350,341	1,449,593	1,239,948
Depreciation and amortization	2,083,365	2,263,144	2,382,339
Restructuring and other expense	91,073	72,978	38,548
Share-based compensation	125,087	105,538	59,812
Adjusted EBITDA	**4,414,814**	**4,265,471**	**4,163,078**
Capital expenditures (cash)	1,073,955	1,355,350	1,153,589
Operating Free Cash Flow	**$ 3,340,859**	**$ 2,910,121**	**$ 3,009,489**

The following is a reconciliation of net cash flow from operating activities to Free Cash Flow:

	CSC Holdings		
	Years ended December 31,		
	2020	2019	2018
Net cash flows from operating activities	**$ 2,980,422**	**$ 2,623,742**	**$ 2,766,075**
Capital expenditures (cash)	1,073,955	1,355,350	1,153,589
Free Cash Flow	**$ 1,906,467**	**$ 1,268,392**	**$ 1,612,486**

LIQUIDITY AND CAPITAL RESOURCES

Altice USA has no operations independent of its subsidiaries. Funding for our subsidiaries has generally been provided by cash flow from their respective operations, cash on hand and borrowings under the revolving credit facility and the proceeds from the issuance of securities and borrowings under syndicated term loans in the capital markets. Our decision as to the use of cash generated from operating activities, cash on hand, borrowings under the revolving credit facility or accessing the capital markets has been based upon an ongoing review of the funding needs of the business, the optimal allocation of cash resources, the timing of cash flow generation and the cost of borrowing under the revolving credit facility, debt securities and syndicated term loans. We target a year-end leverage ratio of 4.5x to 5.0x for our CSC Holdings debt silo. We calculate our consolidated net leverage ratio as net debt to L2QA EBITDA (Adjusted EBITDA for the two most recent consecutive fiscal quarters multiplied by 2.0).

We expect to utilize free cash flow and availability under the CSC Holdings revolving credit facility, as well as future refinancing transactions, to further extend the maturities of, or reduce the principal on, our debt obligations. The timing and terms of any refinancing transactions will be subject to, among other factors, market conditions. Additionally, we may, from time to time, depending on market conditions and other factors, use cash on hand and the proceeds from other borrowings to repay the outstanding debt securities through open market purchases, privately negotiated purchases, tender offers, or redemptions.

We believe existing cash balances, operating cash flows and availability under the CSC Holdings revolving credit facility will provide adequate funds to support our current operating plan, make planned capital expenditures and fulfill our debt service requirements for the next twelve months. However, our ability to fund our operations, make planned capital expenditures, make scheduled payments on our indebtedness and repay our indebtedness depends on our future operating performance and cash flows and our ability to access the capital markets, which, in turn, are subject to prevailing economic conditions and to financial, business and other factors, some of which are beyond our control. Competition, market disruptions or a deterioration in economic conditions could lead to lower demand for our products, as well as lower levels of advertising, and increased incidence of customers' inability to pay for the services we provide. These events would adversely impact our results of operations, cash flows and financial position. Although we currently believe amounts available under the CSC Holdings revolving credit facility will be available when, and if, needed, we can provide no assurance that access to such funds will not be impacted by adverse conditions in the financial markets or other conditions. The obligations of the financial institutions under the revolving credit facility are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others.

In the longer term, we may not be able to generate sufficient cash from operations to fund anticipated capital expenditures, meet all existing future contractual payment obligations and repay our debt at maturity. As a result, we could be dependent upon our continued access to the capital and credit markets to issue additional debt or equity or refinance existing debt obligations. We intend to raise significant amounts of funding over the next several years to fund capital expenditures, repay existing obligations and meet other obligations, and the failure to do so successfully could adversely affect our business. If we are unable to do so, we will need to take other actions including deferring capital expenditures, selling assets, seeking strategic investments from third parties or reducing or eliminating stock repurchases and discretionary uses of cash.

Lightpath Transaction

In December 2020, the Company completed the sale of a 49.99% interest in its Lightpath fiber enterprise business (the "Lightpath Transaction") based on an implied enterprise value of $3,200,000. The Company received total gross cash proceeds of approximately $2,355,000 ($890,000 from the sale and $1,465,000 from the related financing activity, excluding the discount on the term loan of $3,000). The excess of the cash received from the sale, net of related expenses, over the book value of the interest sold of $741,471, net of taxes of $228,489, was recorded in stockholders' equity (deficiency) by Altice USA. The Company retained a 50.01% interest in the Lightpath business and maintained control of Cablevision Lightpath LLC, the entity holding the interest in the Lightpath business. Accordingly, the Company will continue to consolidate the operating results of the Lightpath business.

Cablevision Lightpath LLC was financed independently outside of the CSC Holdings restricted group. Cablevision Lightpath LLC issued $450,000 in aggregate principal amount of senior secured notes and $415,000 in aggregate principal amount of senior notes. Also, Cablevision Lightpath LLC entered into a credit agreement which provides a term loan in an aggregate principal amount of $600,000 and revolving loan commitments in an aggregate principal amount of $100,000. As of December 31, 2020, there were no borrowings outstanding under the Lightpath Revolving Credit Facility. Net proceeds from this transaction were used to fund the Tender Offer discussed below. See Note 11 and discussion below for additional information regarding the debt financing related to the Lightpath Transaction.

Debt Outstanding

The following table summarizes the carrying value of our outstanding debt, net of unamortized deferred financing costs, discounts and premiums as of December 31, 2020, as well as interest expense for the year ended December 31, 2020.

	CSC Holdings Restricted Group	Lightpath	Other Unrestricted Entities	Altice USA/CSC Holdings
Debt outstanding:				
Credit facility debt	$ 7,705,192	$ 582,808	$ —	$ 8,288,000
Senior guaranteed notes	7,626,309	—	—	7,626,309
Senior secured notes	—	440,487	—	440,487
Senior notes	8,009,426	406,176	—	8,415,602
Subtotal	23,340,927	1,429,471	—	24,770,398
Finance lease obligations	159,637	—	—	159,637
Notes payable and supply chain financing	174,801	—	—	174,801
Subtotal	23,675,365	1,429,471	—	25,104,836
Collateralized indebtedness relating to stock monetizations (a)	—	—	1,617,506	1,617,506
Total debt	$ 23,675,365	$ 1,429,471	1,617,506	$ 26,722,342
Interest expense:				
Credit facility debt, senior notes, finance leases, notes payable and supply chain financing (b)	$ 1,265,585	$ 13,772	$ —	$ 1,279,357
Collateralized indebtedness relating to stock monetizations (a)	—	—	73,178	73,178
Total interest expense	$ 1,265,585	$ 13,772	$ 73,178	$ 1,352,535

(a) This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts, or (ii) delivering cash from the net proceeds from new monetization contracts.

(b) Lightpath interest expense excludes interest on intercompany debt that was eliminated in consolidation.

The following table provides details of our outstanding credit facility debt, net of unamortized discounts and deferred financing costs as of December 31, 2020:

	Maturity Date	Interest Rate	Principal	Carrying Value
CSC Holdings				
Revolving Credit Facility (a)	(b)	2.48%	$ 625,000	$ 616,027
Term Loan B	July 17, 2025	2.41%	2,895,000	2,884,065
Incremental Term Loan B-3	January 15, 2026	2.41%	1,252,688	1,248,293
Incremental Term Loan B-5	April 15, 2027	2.66%	2,977,500	2,956,807
			7,750,188	7,705,192
Lightpath				
Revolving Credit Facility (c)	November 30, 2025	—%	—	—
Term Loan	November 30, 2027	3.75%	600,000	582,808
			$ 8,350,188	$ 8,288,000

(a) At December 31, 2020, $137,920 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $1,712,080 of the facility was undrawn and available, subject to covenant limitations.

(b) The revolving credit facility of an aggregate principal amount of $2,275,000 matures in January 2024 and is priced at LIBOR plus 2.25%. The remaining revolving credit facility of an aggregate principal amount of $200,000 matures in November 2021 and is priced at LIBOR plus 3.25%.

(c) There were no borrowings outstanding under the Lightpath Revolving Credit Facility which provides for commitments in an aggregate principal amount of $100,000.

Payment Obligations Related to Debt

As of December 31, 2020, total amounts payable by us in connection with our outstanding obligations, including related interest, as well as notes payable and supply chain financing, and the value deliverable at maturity under monetization contracts, but excluding finance lease obligations (see Note 9 to our consolidated financial statements) are as follows:

	CSC Holdings Restricted Group	Lightpath	Other Unrestricted Entities (a)	Altice USA/ CSC Holdings
2021	$ 2,303,195	$ 64,934	$ 33,886	$ 2,402,015
2022	1,776,105	68,973	33,886	1,878,964
2023	1,088,832	69,358	1,776,378	2,934,568
2024	2,425,818	68,884	—	2,494,702
2025	3,736,486	68,596	—	3,805,082
Thereafter	19,870,578	1,572,171	—	21,442,749
Total	$ 31,201,014	$ 1,912,916	$ 1,844,150	$ 34,958,080

(a) Relates to the Company's collateralized indebtedness and related interest. This indebtedness is collateralized by shares of Comcast common stock. We intend to settle this debt by (i) delivering shares of Comcast common stock and the related equity contracts or (ii) delivering cash from the net proceeds on new monetization contracts.

CSC Holdings Restricted Group

For financing purposes, the Company is structured as a restricted group (the "Restricted Group") and an unrestricted group, which includes certain designated subsidiaries and investments (the "Unrestricted Group"). The Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries. These subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings. Cablevision Lightpath LLC became an unrestricted subsidiary prior to the issuance of its senior notes and senior secured notes in September 2020. See discussion below regarding the Lightpath debt financing.

Sources of cash for the Restricted Group include primarily cash flow from the operations of the businesses in the Restricted Group, borrowings under its credit facility and issuance of securities in the capital markets, contributions from its parent, and, from time to time, distributions or loans from its subsidiaries. The Restricted Group's principal uses of cash include: capital spending, in particular, the capital requirements associated with the upgrade of its digital broadband, video and telephony services, including costs to build our FTTH network; debt service; distributions made to its parent to fund share repurchases; other corporate expenses and changes in working capital; and investments that it may fund from time to time.

CSC Holdings Credit Facility

In October 2015, a wholly-owned subsidiary of Altice USA, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which currently provides U.S. dollar term loans currently in an aggregate principal amount of $3,000,000 ($2,895,000 outstanding at December 31, 2020) (the "CSC Term Loan Facility", and the term loans extended under the CSC Term Loan Facility, the "CSC Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of $2,475,000 ($625,000 outstanding at December 31, 2020) (the "CSC Revolving Credit Facility" and, together with the CSC Term Loan Facility, the "CSC Credit Facilities"), which are governed by a credit facilities agreement entered into by, inter alios, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017, January 12, 2018, October 15, 2018, January 24, 2019, February 7, 2019, May 14, 2019, and October 3, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement").

In January 2018, CSC Holdings entered into a $1,500,000 incremental term loan facility (the "Incremental Term Loan B-2") under its existing credit facilities agreement. The Incremental Term Loan B-2 was priced at 99.5% and was due to mature on January 25, 2026. The Incremental Term Loan B-2 was comprised of eurodollar borrowings or alternate base rate borrowings, and bore interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin was (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Incremental Term Loan B-2 was repaid in full in October 2019 with proceeds from the Incremental Term Loan B-5 discussed below.

In October 2018, CSC Holdings entered into a $1,275,000 ($1,252,688 outstanding at December 31, 2020) incremental term loan facility (the "Incremental Term Loan B-3") under its existing credit facilities agreement. The proceeds from the Incremental Term Loan B-3 were used to repay the entire principal amount of loans under Cequel's then existing Term Loan Facility and certain transaction costs. The Incremental Term Loan B-3 is comprised of eurodollar borrowings or alternative base rate borrowings, and will bear interest at a rate per annum equal to the Adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.25% per annum and (ii) with respect to any eurodollar loan, 2.25% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or $3,188) of the principal amount of the Incremental Term Loan B-3, beginning with the fiscal quarter ended June 30, 2019, with the remaining balance scheduled to be paid on January 15, 2026.

In February 2019, CSC Holdings entered into a $1,000,000 incremental term loan facility ("Incremental Term Loan B-4") under its existing credit facilities agreement. The proceeds from the Incremental Term Loan B-4 were used to redeem $894,700 in aggregate principal amount of CSC Holdings' 10.125% senior notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 was due to mature on April 15, 2027 and was issued with an original issue discount of 1.0%. The Incremental Term Loan B-4 bore interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin was (i) with respect to any alternate base rate loan, 2.00% per annum and (ii) with respect to any eurodollar loan, 3.0%. The Incremental Term Loan B-4 was repaid in full in October 2019 with proceeds from the Incremental Term Loan B-5 discussed below.

In October 2019, CSC Holdings entered into a $3,000,000 ($2,977,500 outstanding at December 31, 2020), incremental term loan facility ("Incremental Term Loan B-5") under its existing credit facilities agreement, out of which $500,000 was available on a delayed draw basis. The Incremental Term Loan B-5 matures on April 15, 2027 and was issued at par. The Incremental Term Loan B-5 may be comprised of eurodollar borrowings or alternative base rate borrowings, and will bear interest at a rate per annum equal to the Adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or $7,500) of the principal amount of the Incremental Term Loan B-5, beginning with the fiscal quarter ended June 30, 2020.

The initial proceeds of the Incremental Term Loan B-5 were used to repay approximately $2,500,000 of the outstanding term loans (Incremental Term Loan B-2 and Incremental Term Loan B-4) under the credit agreement, and the proceeds of the delayed draw tranche of the Incremental Term Loan B-5 were used to distribute $500,000 in cash to Cablevision, the proceeds of which were used to redeem Cablevision's 8.00% senior notes due 2020, representing the entire aggregate principal amount outstanding, and in each case, paying related fees, costs and expenses in connection with such transactions, with the remainder being used to fund cash on the balance sheet.

During the year ended December 31, 2020, CSC Holdings borrowed $2,075,000 under its revolving credit facility and repaid $1,450,000 of amounts outstanding under the revolving credit facility.

The Company was in compliance with all of its financial covenants under the CSC Credit Facilities Agreement as of December 31, 2020.

See Note 11 to our consolidated financial statements for further information regarding the CSC Credit Facilities Agreement.

Senior Guaranteed Notes and Senior Notes

In June 2020, CSC Holdings issued $1,100,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 4.125% and mature on December 1, 2030, and $625,000 in aggregate principal amount of senior notes that bear interest at a rate of 4.625% and mature on December 1, 2030. The net proceeds from the sale of the these notes was used in July 2020 to early redeem the $1,095,825 aggregate principal amount of CSC Holdings' 5.375% senior notes due July 15, 2023, the $617,881 and the $1,740 aggregate principal amount of CSC Holdings' 7.750% senior notes due July 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company recognized a loss on the extinguishment of debt aggregating $62,096, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

In August 2020, CSC Holdings issued $1,000,000 in aggregate principal amount of new senior guaranteed notes that bear interest at a rate of 3.375% and mature on February 15, 2031 and an additional $1,700,000 in aggregate principal amount of its 4.625% senior notes that mature on December 1, 2030 at a price of 103.25% of the aggregate principal amount. The net proceeds from the sale of the notes was used to early redeem the $1,684,221 aggregate principal amount of CSC Holdings' 10.875% senior notes due October 15, 2025, the $1,000,000 aggregate principal amount of CSC Holdings' 6.625% senior guaranteed notes due October 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company recognized a loss on the extinguishment of debt aggregating $188,393, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

See Note 11 of our consolidated financial statements for further details of the Company's outstanding senior guaranteed notes and senior notes.

As of December 31, 2020, the Company was in compliance with all of its financial covenants under the indentures under which our senior guaranteed notes and senior notes were issued.

Lightpath Debt Financing

On September 29, 2020, in connection with the Lightpath Transaction, Cablevision Lightpath LLC ("Lightpath") issued $450,000 in aggregate principal amount of senior secured notes that bear interest at a rate of 3.875% and mature on September 15, 2027 and $415,000 in aggregate principal amount of senior notes that bear interest at a rate of 5.625% and mature on September 15, 2028. Prior to the issuance of these notes, Lightpath became an unrestricted subsidiary under the terms of CSC Holdings' debt.

In addition, on September 29, 2020, Lightpath entered into a credit agreement between, inter alios, certain lenders party thereto and Goldman Sachs Bank USA, as administrative agent, and Deutsche Bank Trust Company Americas, as collateral agent, (the "Lightpath Credit Agreement") which provides for, among other things, (i) a term loan in an aggregate principal amount of $600,000 (the "Lightpath Term Loan Facility") at a price of 99.5% of the aggregate principal amount, which was drawn on November 30, 2020, and (ii) revolving loan commitments in an aggregate principal amount of $100,000 (the "Lightpath Revolving Credit Facility"). As of December 31, 2020, there were no borrowings outstanding under the Lightpath Revolving Credit Facility. The Company is required to make scheduled quarterly payments equal to 0.25% (or $1,500) of the principal amount of the Lightpath Term Loan Facility, beginning with the fiscal quarter ended March 31, 2021.

The loans made pursuant to the Lightpath Credit Agreement are comprised of eurodollar borrowings or alternative base rate borrowings, and bear interest at a rate per annum equal to the adjusted LIBOR rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 2.25% per annum and (ii) with respect to any eurodollar loan, 3.25% per annum. The maturity date of the (i) Lightpath Term Loan Facility is November 30, 2027 and (ii) Lightpath Revolving Credit Facility is November 30, 2025.

As of December 31, 2020, Lightpath was in compliance with all of its financial covenants under its credit agreement and the indentures under which the Lightpath senior secured notes and senior notes were issued.

Interest Rate Swap Contracts

In March 2020, the Company terminated two swap agreements whereby the Company was paying a floating rate of interest and receiving a fixed rate of interest on an aggregate notional value of $1,500,000. These contracts were due to mature in May 2026. In connection with the early termination, the Company received cash of $74,835 which has been recorded in gain (loss) on interest swap contracts in our consolidated statement of operations and presented in operating activities in our consolidated statement of cash flows.

In addition, in March 2020, the Company executed amendments to two interest swap contracts that reduced the fixed rate of interest that the Company was paying on an aggregate notional value of $1,000,000 and extended the maturity date of the contracts to January 15, 2025 from January 15, 2022. The difference in the fair value of the amended contracts and the original contracts on the date of the transaction of $5,689 (an increase in the liability) is being amortized to loss on derivative contracts over the remaining term of the contracts.

During the year ended December 31,2020, the Company entered into new interest rate swap contracts on an aggregate notional value of $3,850,000.

Capital Expenditures

The following table presents the Company's capital expenditures:

	Years Ended December 31,		
	2020	2019	2018
Customer premise equipment	$ 177,049	$ 309,413	$ 369,236
Network infrastructure	573,842	619,525	395,074
Support and other	204,212	259,997	226,409
Business services	118,852	166,415	162,870
Capital purchases (cash basis)	1,073,955	1,355,350	1,153,589
Right-of-use assets acquired in exchange for finance lease obligations	133,300	54,532	13,548
Notes payable issued to vendor for the purchase of equipment and other assets	106,925	16,224	95,394
Change in accrued and unpaid purchases and other	31,304	(28,129)	42,573
Capital purchases (accrual basis)	$ 1,345,484	$ 1,397,977	$ 1,305,104

Customer premise equipment includes expenditures for set-top boxes, cable modems, routers and other equipment that is placed in a customer's home, as well as installation costs for placing assets into service. Network infrastructure includes: (i) scalable infrastructure, such as headend equipment, (ii) line extensions, such as FTTH and fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering, and (iii) upgrade and rebuild, including costs to modify or replace existing fiber/coaxial cable networks, including enhancements. Support and other capital expenditures includes costs associated with the replacement or enhancement of non-network assets, such as software systems, vehicles, facilities and office equipment. Business services capital expenditures include primarily equipment, installation, support, and other costs related to our fiber based telecommunications business serving, primary enterprise customers.

For the year ended December 31, 2020, network infrastructure includes the costs of rebuilding certain systems damaged by storms aggregating $160,975 on a cash basis and $163,142, including accrued and unpaid capital.

Other Transactions

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey for approximately $150,000.

Cash Flow Discussion

Altice USA

Operating Activities

Net cash provided by operating activities amounted to $2,980,164, $2,554,169 and $2,508,317 for the years ended December 31, 2020, 2019 and 2018, respectively.

The 2020 cash provided by operating activities resulted from $3,073,301 of income before depreciation and amortization and non-cash items, increases in liabilities related to interest rate swap contracts of $104,051, a decrease in prepaid expenses and other current assets of $8,330, and a net decrease in amounts due from affiliates of $3,594, partially offset by a decrease in accounts payable and accrued liabilities of $118,388, an increase in accounts receivable of $50,747, and a decrease in deferred revenue of $39,977.

The 2019 cash provided by operating activities resulted from $2,839,538 of income before depreciation and amortization and non-cash items, an increase in liabilities related to interest rate swap contracts of $30,338, partially offset by decreases in accounts payable and accrued liabilities of $144,894, an increase in accounts receivable of $91,718, an increase in prepaid expenses and other assets of $60,854, a decrease in deferred revenue of $10,384, and a net decrease in amounts due to affiliates of $7,857.

The 2018 cash provided by operating activities resulted from $2,644,639 of income before depreciation and amortization and non-cash items, an increase in deferred revenue of $72,426, an increase in liabilities related to interest rate swap contracts of $53,101, and a net increase in amounts due to affiliates of $11,049, partially offset by an increase in accounts receivable of $144,079, a decrease in accounts payable and accrued expenses of $118,176, and an increase in prepaid expenses and other assets of $10,643.

Investing Activities

Net cash used in investing activities for the years ended December 31, 2020, 2019 and 2018 was $1,220,426, $1,525,469 and $1,148,357, respectively.

The 2020 investing activities consisted primarily of capital expenditures of $1,073,955, and payment for acquisitions, net of cash acquired of $149,973.

The 2019 investing activities consisted primarily of primarily of capital expenditures of $1,355,350 and payments for acquisitions, net of cash acquired of $172,269.

The 2018 investing activities consisted primarily of capital expenditures of $1,153,589, partially offset by other net cash receipts of $5,232.

Financing Activities

Net cash used in financing activities amounted to $2,181,045, $624,412, and $1,390,996 for the years ended December 31, 2020, 2019 and 2018.

In 2020, the Company's financing activities consisted primarily of the repayment of long-term debt of $6,194,804, the purchase of common stock pursuant to a share repurchase program and Tender Offer of $4,816,379, additions to deferred financing costs of $48,523, principal payments on finance lease obligations of $43,083, and other net cash payments of $4,947, partially offset by net proceeds from long-term debt of $8,019,648, proceeds from the sale of a minority interest in Lightpath, net of expenses, of $880,197, proceeds from stock option exercises of $14,348, and contributions from noncontrolling interests, net of $12,498.

In 2019, the Company's financing activities consisted primarily of the repayment of long-term debt of $8,159,914, the purchase of common stock pursuant to a share repurchase program of $1,686,873, additions to deferred financing costs of $23,583, principal payments on finance lease obligations of $8,980, and other net cash payments of $1,500, partially offset by net proceeds from long-term debt of $9,160,229, proceeds from collateralized indebtedness of $93,000, and proceeds from stock option exercises of $3,209.

In 2018, the Company's financing activities consisted primarily of the repayment of long-term debt of $4,882,769, dividend to stockholders of $1,499,935, proceeds from collateralized indebtedness and related derivatives of $516,513, the purchase of common stock pursuant to a share repurchase program of $500,000, additions to deferred financing costs of $28,468, principal payments on finance lease obligations of $10,228, and other net cash payments of $30,859, partially offset by net proceeds from long-term debt of $5,555,268, proceeds from collateralized indebtedness and related derivatives of $516,513, and contributions from noncontrolling interests, net of $5,995.

CSC Holdings

Operating Activities

Net cash provided by operating activities amounted to $2,980,422, $2,623,742 and $2,766,075 for the years ended December 31, 2020, 2019 and 2018, respectively.

The 2020 cash provided by operating activities resulted from $3,111,911 of income before depreciation and amortization and non-cash items, a net decrease in amounts due from affiliates of $180,911, an increase in liabilities related to interest rate swaps of $104,051, and a decrease in prepaid and other current assets of $8,328, partially offset by a decrease in accrued liabilities and accounts payable of $334,055, an increase in accounts receivable of $50,747, and a decrease in deferred revenue of $39,977.

The 2019 cash provided by operating activities resulted from $2,627,592 of income before depreciation and amortization and non-cash items, a net increase in amounts due to affiliates of $247,917 and an increase in liabilities related to interest rate swap contracts of $30,338, partially offset by increases in prepaid expenses and other current assets of $51,611, increases in accounts receivable of $91,718, and decreases in accounts payable and accrued liabilities of $128,392, and deferred revenue of $10,384.

The 2018 cash provided by operating activities resulted from $2,628,133 of income before depreciation and amortization and non-cash items, an increase in deferred revenue of $72,426, an increase in liabilities related to interest rate swap contracts of $53,101, a net increase in amounts due from affiliates of $175,159, and an increase in accounts payable and accrued liabilities of $5,273, partially offset by an increase in accounts receivable of $144,079 and an increase in current and other assets of $23,938.

Investing Activities

Net cash used in investing activities for the years ended December 31, 2020, 2019 and 2018 was $1,224,634, $1,525,469, and $1,160,184, respectively.

The 2020 investing activities consisted primarily of capital expenditures of $1,073,955 and payments for acquisitions, net of cash acquired of $149,973.

The 2019 investing activities consisted primarily of capital expenditures of $1,355,350 and payments for acquisitions, net of cash acquired of $172,269.

The 2018 investing activities consisted primarily of capital expenditures of $1,153,589 and other net cash receipts of $6,595.

Financing Activities

Net cash used in financing activities amounted to $2,173,422, $697,888 and $1,625,199 for the years ended December 31, 2020, 2019 and 2018, respectively.

In 2020, the Company's financing activities consisted primarily of the repayment of long-term debt of $6,194,804, distribution to parent of $4,794,408, additions to deferred financing costs of $48,523, principal payments on finance lease obligations of $43,083, and other net cash payments of $4,947, partially offset by net proceeds from long-term debt of $8,019,648, proceeds from the sale of a minority interest in Lightpath, net of expenses, of $880,197, and contributions from noncontrolling interests of $12,498.

In 2019, the Company's financing activities consisted primarily of the repayment of long-term debt of $7,637,582, distributions to parent of $2,279,472, additions to deferred financing costs of $23,583, principal payments on finance lease obligations of $8,980, and other net cash payments of $1,500, partially offset by net proceeds from long-term debt of $9,160,229, and proceeds from collateralized indebtedness and related derivatives of $93,000.

In 2018, the Company's financing activities consisted primarily of the repayment of long-term debt of $3,059,013, distribution to parent of $3,058,750, proceeds from collateralized indebtedness and related derivatives of $516,513, additions to deferred financing costs of $28,471, principal payments on finance lease obligations of $10,228, and other net cash payments of $30,000, partially offset by net proceeds from long-term debt of $4,505,268, proceeds from collateralized indebtedness and related derivatives of $516,513, contribution from parent of $50,000, and contributions from noncontrolling interests, net of $5,995.

Contractual Obligations and Off Balance Sheet Commitments

Our contractual obligations as of December 31, 2020, which consist primarily of our debt obligations and the effect such obligations are expected to have on our liquidity and cash flow in future periods, are summarized in the following table:

	Payments Due by Period					
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years	Other
Off balance sheet arrangements:						
Purchase obligations (a)	$ 6,583,268	$ 3,357,292	$ 2,421,140	$ 752,193	$ 52,643	$ —
Guarantees (b)	59,252	59,192	60	—	—	—
Letters of credit (c)	137,920	7,460	1,990	128,470	—	—
	6,780,440	3,423,944	2,423,190	880,663	52,643	—
Contractual obligations reflected on the balance sheet:						
Debt obligations (d)	34,958,080	2,402,015	4,813,532	6,299,784	21,442,749	—
Finance lease obligations (e)	170,378	70,074	96,529	3,775	—	—
Operating lease obligations (e)	385,364	42,832	97,322	73,972	171,238	—
Taxes (f)	1,784	—	—	—	—	1,784
	35,515,606	2,514,921	5,007,383	6,377,531	21,613,987	1,784
Total	$ 42,296,046	$ 5,938,865	$ 7,430,573	$ 7,258,194	$ 21,666,630	$ 1,784

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to our customers and minimum purchase obligations to purchase goods or services, including contracts to acquire handsets and other equipment. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of customers receiving the programming. Amounts reflected above related to programming agreements are based on the number of customers receiving the programming as of December 31, 2020 multiplied by the per customer rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2020. See Note 17 to our consolidated financial statements for a discussion of our program rights obligations.

(b) Includes franchise and performance surety bonds primarily for our cable television systems. Also includes outstanding guarantees primarily by CSC Holdings in favor of certain financial institutions in respect of ongoing interest expense obligations in connection with the monetization of our holdings of shares of Comcast common stock. Payments due by period for these arrangements represent the year in which the commitment expires.

(c) Consists primarily of letters of credit issued by the Company in favor of insurance providers and certain governmental authorities. Payments due by period for these arrangements represent the year in which the commitment expires.

(d) Includes interest and principal payments due on our (i) credit facility debt, (ii) senior guaranteed notes, senior secured notes, and senior notes, (iii) notes payable and supply chain financing and (iv) collateralized indebtedness. See Notes 11 and 12 to our consolidated financial statements for a discussion of our long-term debt.

(e) Reflects the principal amount of operating and finance lease obligations, including related interest. Lease obligations presented in the table above do not include rent related to utility poles used in our operations. The Company's pole rental agreements are for varying terms, and management anticipates renewals as they expire. Rent expense incurred for pole rental attachments for the years ended December 31, 2020, 2019 and 2018 was $36,364, $31,903 and $33,082, respectively. See Note 9 to our consolidated financial statements for a discussion of our operating and finance leases.

(f) Represents tax liabilities, including accrued interest, relating to uncertain tax positions. See Note 14 to our consolidated financial statements for a discussion of our income taxes.

The table above does not include obligations for payments required to be made under multi-year franchise agreements based on a percentage of revenues generated from video services per year. For the years ended December 31, 2020, 2019 and 2018, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $257,405, $254,227 and $257,467, respectively.

Dividends and Distributions

Prior to Altice Europe's announcement of the Distribution, the Board of Directors of Altice USA, acting through its independent directors, approved the payment of a $2.035 per share dividend to all shareholders of record on May 22, 2018. The payment of the dividend, aggregating $1,499,935, was made on June 6, 2018, and was funded with cash at CSC Holdings from financings completed in January 2018, and cash generated from operations.

Share Repurchase Program

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of $2,000,000, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of $5,000,000 that took effect following the completion in August 2019 of the $2,000,000 repurchase program. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors.

In November 2020, the Company's Board of Directors authorized the repurchase of up to an additional $2.0 billion of Altice USA Class A common stock pursuant to a tender offer. On November 23, 2020, the Company commenced a modified "Dutch auction" tender offer (the "Tender Offer") to purchase up to $2,500,000 in value of shares of its Class A Common Stock, at a price not greater than $36.00 per share nor less than $32.25 per share . The Tender Offer expired on December 21, 2020. On December 21, 2020, the Company accepted for purchase 64,613,479 shares of its Class A Common Stock, at a price of $36.00 per share, plus related fees, for an aggregate purchase price of $2,326,949. The aggregate purchase price of these shares (including the fees relating to the Tender Offer), is reflected in stockholders' equity (deficiency) in the consolidated balance sheet of Altice USA as of December 31, 2020.

For the year ended December 31, 2020, 2019 and 2018, Altice USA repurchased an aggregate of 161,216,653, 72,668,712, and 28,028,680 shares, respectively, for a total purchase price of approximately $4,816,895, $1,686,873 and $500,000, respectively. These acquired shares were retired and the cost of these shares was recorded in stockholders' equity (deficiency) in the consolidated balance sheet of Altice USA. As of December 31, 2020, Altice

USA had approximately $1,996,230 of availability remaining under the incremental share repurchase program and had 476,469,575 combined Class A and Class B shares outstanding.

Managing our Interest Rate and Equity Price Risk

Interest Rate Risk

Interest rate risk is primarily a result of exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Our exposure to interest rate risk results from changes in short-term interest rates. Interest rate risk exists primarily with respect to our credit facility debt, which bears interest at variable rates.

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheets, with changes in fair value reflected in the consolidated statements of operations.

See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for a summary of interest rate swap contracts outstanding at December 31, 2020. As of December 31, 2020, our outstanding interest rate swap contracts in a liability position had an aggregate fair value and carrying value of $275,297 reflected in “Liabilities under derivative contracts, long term” on our consolidated balance sheet. These outstanding swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded through the statement of operations. For the year ended December 31, 2020, the Company recorded a loss on interest rate swap contracts of $78,606. As of December 31, 2020, we did not hold and have not issued derivative instruments for trading or speculative purposes.

See discussion above for further details of our credit facility debt and See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" below for a discussion regarding the fair value of our debt.

Equity Price Risk

We have entered into derivative contracts to hedge our equity price risk and monetize the value of our shares of common stock of Comcast. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2020 we did not have an early termination shortfall relating to any of these contracts. The underlying stock and the equity collars are carried at fair value in our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of discounts and the unamortized fair value adjustment for contracts that existed at the date of the Cablevision Acquisition. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" for information on how we participate in changes in the market price of the stocks underlying these derivative contracts.

All of our monetization transactions are obligations of our wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings provides guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). The guarantee exposure approximates the net sum of the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and the equity collar. All of our equity derivative contracts are carried at their current fair value in our consolidated balance sheets with changes in value reflected in our consolidated statements of operations, and all of the counterparties to such transactions currently carry investment grade credit ratings.

Critical Accounting Policies

In preparing its financial statements, the Company is required to make certain estimates, judgments and assumptions that it believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented.

The significant accounting policy, which we believe is the most critical to aid in fully understanding and evaluating our reported financial results, is the following:

Plant and Equipment

Costs incurred in the construction of the Company's cable systems, including line extensions to, and upgrade of, the Company's HFC infrastructure and construction of the parallel FTTH infrastructure, are capitalized. This includes headend facilities and initial placement of the feeder cable to connect a customer that had not been previously connected. These costs consist of materials, subcontractor labor, direct consulting fees, and internal labor and related costs associated with the construction activities. The internal costs that are capitalized consist of salaries and benefits of the Company's employees and the portion of facility costs, including rent, taxes, insurance and utilities, that supports the construction activities. These costs are depreciated over the estimated life of the plant (10 to 25 years) and headend facilities (5 to 25 years). Costs of operating the plant and the technical facilities, including repairs and maintenance, are expensed as incurred.

Costs associated with the initial deployment of new customer premise equipment ("CPE") necessary to provide broadband, video and telephony services are also capitalized. These costs include materials, subcontractor labor, internal labor, and other related costs associated with the connection activities. The departmental activities supporting the connection process are tracked through specific metrics, and the portion of departmental costs that is capitalized is determined through a time weighted activity allocation of costs incurred based on time studies used to estimate the average time spent on each activity. These installation costs are amortized over the estimated useful lives of the CPE necessary to provide broadband, video and telephony services. The portion of departmental costs related to disconnecting services and removing CPE from a customer, costs related to connecting CPE that has been previously connected to the network, and repair and maintenance are expensed as incurred.

Refer to Note 2 to our consolidated financial statements for a discussion of our accounting policies.

Recently Issued But Not Yet Adopted Accounting Pronouncements

See Note 3 to the accompanying consolidated financial statements contained in “Part II. Item 8. Financial Statements and Supplementary Data” for a discussion of recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

All dollar amounts, except per share data, included in the following discussion are presented in thousands.

Equity Price Risk

We are exposed to market risks from changes in certain equity security prices. Our exposure to changes in equity security prices stems primarily from the shares of Comcast common stock we hold. We have entered into equity derivative contracts consisting of a collateralized loan and an equity collar to hedge our equity price risk and to monetize the value of these securities. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing us to retain upside appreciation from the hedge price per share to the relevant cap price. The contracts' actual hedge prices per share vary depending on average stock prices in effect at the time the contracts were executed. The contracts' actual cap prices vary depending on the maturity and terms of each contract, among other factors. If any one of these contracts is terminated prior to its scheduled maturity date due to the occurrence of an event specified in the contract, we would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2020, we did not have an early termination shortfall relating to any of these contracts.

The underlying stock and the equity collars are carried at fair value in our consolidated balance sheets and the collateralized indebtedness is carried at its principal value, net of discounts and the unamortized fair value adjustment for contracts that existed at the date of the Cablevision Acquisition. The fair value adjustment is being amortized over the term of the related indebtedness. The carrying value of our collateralized indebtedness amounted to $1,617,506 at December 31, 2020. At maturity, the contracts provide for the option to deliver cash or shares of Comcast common stock, with a value determined by reference to the applicable stock price at maturity.

As of December 31, 2020, the fair value and the carrying value of our holdings of Comcast common stock aggregated $2,250,854. Assuming a 10% change in price, the potential change in the fair value of these investments would be approximately $225,085. As of December 31, 2020, the net fair value and the carrying value of the equity collar component of the equity derivative contracts entered into to partially hedge the equity price risk of our holdings of Comcast common stock aggregated $247,853, a net liability position. For the year ended December 31, 2020, we recorded a net loss of $178,264 related to our outstanding equity derivative contracts and recorded an unrealized gain of $319,157 related to the Comcast common stock that we held.

Fair Value of Equity Derivative Contracts

Fair value as of December 31, 2019, net liability position	$	(69,588)
Change in fair value, net		(178,265)
Fair value as of December 31, 2020, net liability position	$	(247,853)

The maturity, number of shares deliverable at the relevant maturity, hedge price per share, and the lowest and highest cap prices received for the Comcast common stock monetized via an equity derivative prepaid forward contract are summarized in the following table:

# of Shares Deliverable	Maturity	Hedge Price per Share (a)	Cap Price (b)
42,955,236	2023	$40.95	$ 49.55

(a) Represents the price below which we are provided with downside protection and above which we retain upside appreciation. Also represents the price used in determining the cash proceeds payable to us at inception of the contracts.

(b) Represents the price up to which we receive the benefit of stock price appreciation.

Interest Rate Risk

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheets, with changes in fair values reflected in the consolidated statements of operations.

The following is a summary of interest rate swap contracts outstanding at December 31, 2020:

Trade Date	Maturity Date	Notional Amount		Company Pays	Company Receives
December 2018	January 2025	$	500,000	Fixed rate of 1.53%	Three-month LIBOR
December 2018	January 2022		500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2025		500,000	Fixed rate of 1.625%	Three-month LIBOR
December 2018	December 2026		750,000	Fixed rate of 2.9155%	Three-month LIBOR
December 2018	December 2026		750,000	Fixed rate of 2.9025%	Three-month LIBOR
March 2020	January 2025		500,000	Fixed rate of 1.458%	Three-month LIBOR
March 2020	January 2022		500,000	Three-month LIBOR	Fixed rate of 2.733%
April 2020	April 2021		2,850,000	Six-month LIBOR minus 0.5185%	One-month LIBOR

These swap contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of these interest rate swap contracts are recorded in the consolidated statements of operations. For the year ended December 31, 2020, the Company recorded a loss on interest rate swap contracts of $78,606.

The following represents the location of the assets and liabilities associated with the Company's equity derivative contracts and interest rate swap contracts within the consolidated balance sheets:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at December 31, 2020	
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, short-term	$	5,132
Prepaid forward contracts	Derivative contracts, short-term		45,653
Interest rate swap contracts	Derivative contracts, long-term		4,774
		$	55,559
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities		—
Prepaid forward contracts	Other current liabilities		(45,653)
Prepaid forward contracts	Liabilities under derivative contracts, long-term		(247,853)
Interest rate swap contracts	Liabilities under derivative contracts, long-term		(275,297)
		$	(568,803)

As of December 31, 2020, we did not hold and have not issued derivative instruments for trading or speculative purposes.

Fair Value of Debt

At December 31, 2020, the fair value of our fixed rate debt of $19,460,823 was higher than its carrying value of $18,274,705 by $1,186,118. The fair value of these financial instruments is estimated based on reference to quoted market prices for these or comparable securities. Our floating rate borrowings bear interest in reference to current LIBOR-based market rates and thus their principal values approximate fair value. The effect of a hypothetical 100 basis point decrease in interest rates prevailing at December 31, 2020 would increase the estimated fair value of our fixed rate debt by $677,783 to $20,138,606. This estimate is based on the assumption of an immediate and parallel shift in interest rates across all maturities.

Item 8. Financial Statements and Supplementary Data

For information required by Item 8, refer to the Index to Financial Statements on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of Altice USA's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined under SEC rules). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as of December 31, 2020.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of the Company's external financial statements, including estimates and judgments, in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those internal controls determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

The Company's management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2013 framework). Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020.

Audit Report of the Independent Registered Public Accounting Firm

The effectiveness of the Company's internal control over financial reporting as of December 31, 2020 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their audit report on the Company’s internal control over financial reporting appearing on page F-2.

Changes in Internal Control

During the year ended December 31, 2020, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Information required under Item 10, Directors, Executive Officers and Corporate Governance, Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Item 13, Certain Relationships and Related Transactions, and Director Independence and Item 14, Principal Accountant Fees and Services, is hereby incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders or, if such definitive proxy statement is not filed with the Securities and Exchange Commission within 120 days after the close of the Company’s fiscal year, an amendment to this Annual Report on Form 10-K filed under cover of Form 10-K/A.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

i. The financial statements as indicated in the index set forth on page F-1.

ii. Financial statement schedules have been omitted, since they are either not applicable, not required or the information is included elsewhere herein.

iii. The Index to Exhibits is on page 77.

EXHIBIT INDEX

Exhibit No.	Exhibit Description
3.1	Form of Third Amended and Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.3 of the Company's Registration Statement on Form S-1/A (File No. 333-222475) filed on May 21, 2018)
3.2	Form of Second Amended and Restated Bylaws of the Company (incorporated herein by reference to Exhibit 3.4 of the Company's Registration Statement on Form S-1/A (File No. 333-222475) filed on May 21, 2018)
4.1 +	Specimen Class A Common Stock Certificate
4.2 +	Specimen Class B Common Stock Certificate
4.3	Amended and Restated Stockholders and Registration Rights Agreement, dated June 7, 2018, by and among Altice USA, Inc. and the stockholders party thereto (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 13, 2018)
4.4	Stockholders' Agreement, dated June 7, 2018, by and among Altice USA, Inc., Next Alt S.à.r.l. and A4 S.A. (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 13, 2018)
4.5	Indenture, dated as of April 2, 2010, relating to Cablevision's senior debt securities (incorporated herein by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
4.6	Second Supplemental Indenture, dated as of September 27, 2012, to the Indenture dated as of April 2, 2010, relating to Cablevision's $5^7/8$% Senior Notes due 2022 (incorporated herein by reference to Exhibit 4.6 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
4.7	Indenture, dated as of November 15, 2011, relating to CSC Holdings' $6^3/4$% Senior Notes due 2021 and $6^3/4$% Series B Senior Notes due 2021 (incorporated herein by reference to Exhibit 4.10 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
4.8	Indenture, dated as of May 23, 2014, relating to CSC Holdings' $5^1/4$% Senior Notes due 2024 and $5^1/4$% Series B Senior Notes due 2024 (incorporated herein by reference to Exhibit 4.11 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
4.9	Indenture, dated as of September 23, 2016, relating to CSC Holdings' $5^1/2$% Senior Guaranteed Notes due 2027 (incorporated herein by reference to Exhibit 4.16 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
4.10	Indenture, dated as of January 29, 2018, relating to CSC Holdings, LLC's 5.375% Senior Notes due 2028 (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on February 2, 2018)
4.11	Indenture, dated as of April 5, 2018, relating to Cequel Communications Holdings I, LLC's and Cequel Capital Corporation's 7.500% Senior Notes due 2028 (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on April 6, 2018)
4.12	2028 Supplemental Indenture, dated as of October 17, 2018, between Cequel Communications Holdings I, LLC and Cequel Capital Corporation, as Co-Issuers and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 19, 2018)
4.13	Senior Guaranteed Notes Indenture, dated as of November 27, 2018, between, inter alios, CSC Holdings, LLC, as Issuer and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)
4.14	Senior Notes Indenture, dated as of November 27, 2018, between, *inter alios*, CSC Holdings, LLC, as Issuer and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)
4.15	Supplemental Indenture dated as of November 27, 2018, between, *inter alios*, CSC, as issuer, the guarantors (named therein) and Deutsche Bank Trust Company Americas, as trustee, to the 2016 Senior Guaranteed Notes Indenture (incorporated herein by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)

Exhibit No.	Exhibit Description
4.16	Supplemental Indenture dated as of November 27, 2018, between, *inter alios*, CSC, as issuer, the guarantors (named therein) and Deutsche Bank Trust Company Americas, as trustee, to the 2018 Senior Guaranteed Notes Indenture (incorporated herein by reference to Exhibit 4.5 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)
4.17	Joinder Agreement dated as of November 27, 2018, between, *inter alios* , the additional guarantors (named therein) to the Facility Guaranty (incorporated herein by reference to Exhibit 4.6 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)
4.18	Joinder Agreement dated as of November 27, 2018, between, *inter alios*, the additional pledgors (named therein) to the Pledge Agreement (incorporated herein by reference to Exhibit 4.7 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 28, 2018)
4.19	Indenture, dated as of January 31, 2019 between CSC Holdings, LLC, as Issuer, and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on February 5, 2019)
4.20	Indenture, dated as of July 10, 2019 between CSC Holdings, LLC, as Issuer, and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on July 12, 2019)
4.21	Supplemental Indenture, dated as of November 1, 2019, between, inter alios, CSC Holdings, LLC as successor issuer, Cablevision Systems Corporation as original issuer and U.S. Bank National Association, as Trustee, to the Cablevision 2022 Notes Indenture (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on November 4, 2019)
4.22	Description of common stock registered pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 4.43 of the Company's Annual Report on Form 10-K (File No. 001-38126) filed on February 14, 2020)
4.23	Senior Notes Indenture, dated as of June 16, 2020 between CSC Holdings, LLC as Issuer, and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 16, 2020)
4.24	Senior Guaranteed Notes Indenture, dated as of June 16, 2020 between, inter alios, CSC Holdings, LLC as Issuer, the Guarantors set forth therein and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on June 16, 2020)
4.25	Senior Guaranteed Notes Indenture, dated as of August 17, 2020 between inter alios, CSC Holdings, LLC, as Issuer, the Guarantors set forth therein and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.6 of the Company's Quarterly Report on Form 10-Q (File No. 001- 38126) filed on October 30, 2020.
4.26	Senior Notes Indenture, dated as of September 29, 2020 between Cablevision Lightpath LLC as Issuer, and Deutsche Bank Trust Company Americas, as Trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 1, 2020)
4.27	Senior Secured Notes Indenture, dated as of September 29, 2020 between Cablevision Lightpath LLC, as Issuer, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 1, 2020)
10.1	Credit Agreement, dated as of October 9, 2015, by and among CSC Holdings, LLC (as successor by merger to Neptune Finco Corp.), as borrower, certain lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent and security agent, Barclays Bank plc and BNP Paribas Securities Corp., as co-syndication agents, Credit Agricole Corporate and Investment Bank, Deutsche Bank Securities Inc., Royal Bank of Canada, Societe Generale, TD Securities (USA) LLC and the Bank of Nova Scotia, as co-documentation agents, and J.P. Morgan Securities LLC, Barclays Bank plc, BNP Paribas Securities Corp., Credit Agricole Corporate and Investment Bank, Deutsche Bank Securities Inc., Royal Bank of Canada, Societe Generale, TD Securities (USA) LLC and The Bank of Nova Scotia, as joint bookrunners and lead arrangers (incorporated herein by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.2	First Amendment to Credit Agreement, dated as of June 20, 2016 (incorporated herein by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)

Exhibit No.	Exhibit Description
10.3	Incremental Loan Assumption Agreement, dated as of June 21, 2016 (incorporated herein by reference to Exhibit 10.3 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.4	Incremental Loan Assumption Agreement, dated as of July 21, 2016 (incorporated herein by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.5	Second Amendment to Credit Agreement (Extension Amendment), dated as of September 9, 2016 (incorporated herein by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.6	Third Amendment to Credit Agreement (Extension Amendment, Incremental Loan Assumption Agreement & Assignment and Acceptance), dated as of December 9, 2016 (incorporated herein by reference to Exhibit 10.6 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.7	Fourth Amendment to Credit Agreement (Incremental Loan Assumption Agreement & Refinancing Amendment), dated as of March 15, 2017 (incorporated herein by reference to Exhibit 10.7 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.8	Facility Guaranty, dated as of June 21, 2016, by and among the guarantors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.8 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017)
10.9	Pledge Agreement, dated as of June 21, 2016, by and among CSC Holdings, LLC, certain pledgors party thereto and JPMorgan Chase Bank, N.A. (incorporated herein by reference to Exhibit 10.9 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on May 16, 2017
10.10	Fifth Amendment to Credit Agreement, dated as of January 12, 2018, by and among the Borrower, the Additional Lenders and Lead Arrangers party thereto and JPMorgan Chase Bank, N.A. as Administrative Agent (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on January 16, 2018)
10.11	Sixth Amendment, dated as of October 15, 2018, between, inter alios, CSC Holdings, LLC as Borrower, Goldman Sachs Bank USA as Additional Lender and JPMorgan Chase Bank, N.A. as Administrative Agent (incorporated herein by reference to Exhibit 4.11 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 19, 2018)
10.12	Seventh Amendment to Credit Agreement, dated as of January 24, 2019, by and among the Borrower, each of the other Loan Parties, the Lenders and JPMorgan Chase Bank, N.A. as the Administrative Agent (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on January 30, 2019)
10.13	Eighth Amendment to Credit Agreement, dated as of February 7, 2019, by and among the Borrower, each of the other Loan Parties, the February 2019 Incremental Term Loan Lenders party thereto and JPMorgan Chase Bank, N.A. as the Administrative Agent (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on February 8, 2019)
10.14	Eleventh Amendment to Credit Agreement, dated as of October 3, 2019, by and among the Borrower, each of the other Loan Parties, the Additional Lenders party thereto and JPMorgan Chase Bank, N.A. as the Administrative Agent (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 7, 2019)
10.15	Credit Agreement, dated as of September 29, 2020 between Cablevision Lightpath LLC, as Borrower, the Lenders party thereto, Goldman Sachs Bank USA as administrative agent and Deutsche Bank Trust Company Americas as collateral agent (incorporated herein by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on October 1, 2020)
10.16	Altice USA Short Term Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.21 of the Company's Registration Statement on Form S-1/A (File No. 333-217240) filed on June 12, 2017)
10.17	Altice USA 2017 Long Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 99.1 of the Company's Registration Statement on Form S-8 (File No. 333-228907) filed on December 19, 2018)
10.18	Altice USA 2017 Long Term Incentive Plan, Form of Nonqualified Stock Option Award Agreement (incorporated herein by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K (File No. 001-38126) filed on January 3, 2018)

Exhibit No.	Exhibit Description
10.19	Altice USA 2017 Long Term Incentive Plan, Form of Performance-Based Nonqualified Stock Option Award Agreement (incorporated herein by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K (File No. 001-38126) filed on March 6, 2018)
10.20	Master Separation Agreement, dated as of May 18, 2018, by and between Altice USA, Inc. and Altice N.V.(incorporated herein by reference to Exhibit 10.25 of the Company's Registration Statement on Form S-1/A (File No. 333-222475) filed on May 21, 2018)
10.21	Transition Agreement and Separation Agreement, dated April 8, 2019, by and between Altice USA, Inc. and David Connolly (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (File No. 001-38126) filed on July 31, 2019)
10.22	Separation Agreement, dated October 28, 2019, by and between Altice USA, Inc. and Charles Stewart (incorporated herein by reference to Exhibit 10.21 of the Company's Annual Report on Form 10-K (File No. 001-38126) filed on February 14, 2020)
10.23	Restriction Agreement, dated December 31, 2019, by and between Altice USA, Inc. and Dexter Goei (incorporated herein by reference to Exhibit 10.22 of the Company's Annual Report on Form 10-K (File No. 001-38126) filed on February 14, 2020)
10.24	Altice USA 2017 Long Term Incentive Plan, Form of Nonqualified Stock Option Award Agreement (incorporated herein by reference to Exhibit 99.1 of the Company's Form 10-Q (File No. 001-38126) filed on May 1, 2020)
10.25	Altice USA 2017 Long Term Incentive Plan, Form of Performance-Based Nonqualified Stock Option Award Agreement (incorporated herein by reference to Exhibit 99.2 of the Company's Form 10-Q (File No. 001-38126) filed on May 1, 2020)
10.26	Altice USA 2017 Long Term Incentive Plan, as amended (incorporated herein by reference to Exhibit 99.1 of the Company's Form S-8 (File No. 333-239085) filed on June 10, 2020)
21*	List of subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Section 302 Certification of the CEO.
31.2*	Section 302 Certification of the CFO.
32*	Section 906 Certifications of the CEO and CFO.
101	The following financial statements of Altice USA, Inc.as included in the Altice USA Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission on February 11, 2021, formatted in iXBRL (inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Comprehensive Income (Loss); (iv) the Consolidated Statements of Stockholders' Equity (Deficiency); (v) the Consolidated Statements of Cash Flows; and (vi) the Combined Notes to Consolidated Financial Statements.
104*	The cover page from this annual report on Form 10-K formatted in Inline XBRL

\+ Shares of Class A common stock and Class B common stock of the Company are issued in uncertificated form. Therefore, the Company has not filed specimen Class A common stock or Class B common stock certificates. Reference is made to Exhibits 3.1 and 3.2 hereto.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 11th day of February, 2021.

Altice USA, Inc.

By:	/s/ Michael J. Grau
Name:	Michael J. Grau
Title:	Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Michael J. Grau and Michael E. Olsen, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him in his name, place and stead, in any and all capacities, to sign this report, and file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities and on the dates indicated on behalf of the Registrant.

Signature	**Title**	**Date**
/s/ Dexter Goei	Chief Executive Officer and Director	February 11, 2021
Dexter Goei	(Principal Executive Officer)	
/s/ Michael J. Grau	Chief Financial Officer	February 11, 2021
Michael J. Grau		
/s/ Layth Taki	Senior Vice President and Chief Accounting Officer	February 11, 2021
Layth Taki	(Principal Accounting Officer)	
/s/ Patrick Drahi	Chairman and Director	February 11, 2021
Patrick Drahi		
/s/ Gerrit Jan Bakker	Director	February 11, 2021
Gerrit Jan Bakker		
/s/ Manon Brouillette	Director	February 11, 2021
Manon Brouillette		
/s/ David Drahi	Director	February 11, 2021
David Drahi		
/s/ Mark Mullen	Director	February 11, 2021
Mark Mullen		
/s/ Dennis Okhuijsen	Director	February 11, 2021
Dennis Okhuijsen		
/s/ Charles Stewart	Director	February 11, 2021
Charles Stewart		
/s/ Raymond Svider	Director	February 11, 2021
Raymond Svider		

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Altice USA, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Altice USA, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, based on our audit, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, stockholders' equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 11, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, NY
February 11, 2021

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Altice USA, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Altice USA, Inc. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders' equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 11, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

- As discussed in Note 9 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of residential and SMB revenue

As discussed in Note 2 to the consolidated financial statements, the Company earns revenue from both residential and small and medium-sized business ("SMB") customers. This revenue is derived primarily from monthly charges of its broadband, video, and telephony services. Revenue is recognized as the services are provided to a customer on a monthly basis.

We identified the evaluation of residential and SMB revenue as a critical audit matter. Evaluating the processes and the related internal controls over residential and SMB revenue, including the number of related IT applications, required a high degree of auditor judgment. Specifically, obtaining an understanding of the systems, databases, and processes used in the Company’s recognition of residential and SMB revenue and evaluating the related internal controls required especially challenging auditor judgment and required significant auditor effort, including specialized knowledge related to IT.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company’s residential and SMB revenue recognition processes, including general and application IT controls. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain IT applications that are used by the Company in its recognition of residential and SMB revenue. We evaluated the Company’s residential and SMB revenue recognition policies by examining the Company’s published terms and conditions and by analyzing customer invoices to understand the contractual terms and conditions. We assessed recorded residential and SMB revenue by comparing the total cash received related to residential and SMB revenue transactions during the year to the revenue recorded in the consolidated financial statements. We assessed customer credits, including those issued subsequent to December 31, 2020, and evaluated the impact to revenue recognition.

/s/ KPMG LLP

We have served as the Company’s auditor since 2016.

New York, NY
February 11, 2021

Report of Independent Registered Public Accounting Firm

The Board of Directors
CSC Holdings, LLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CSC Holdings, LLC and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in total member's equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

- As discussed in Note 9 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification Topic 842, Leases.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of residential and SMB revenue

As discussed in Note 2 to the consolidated financial statements, the Company earns revenue from both residential and small and medium-sized business ("SMB") customers. This revenue is derived primarily from monthly charges of its broadband, video, and telephony services. Revenue is recognized as the services are provided to a customer on a monthly basis.

We identified the evaluation of residential and SMB revenue as a critical audit matter. Evaluating the processes and the related internal controls over residential and SMB revenue, including the number of related IT applications, required a high degree of auditor judgment. Specifically, obtaining an understanding of the systems, databases, and processes used in the Company's recognition of residential and SMB revenue and evaluating the related internal controls required especially challenging auditor judgment and required significant auditor effort, including specialized knowledge related to IT.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's residential and SMB revenue recognition processes, including general and application IT controls. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain IT applications that are used by the Company in its recognition of residential and SMB revenue. We evaluated the Company's residential and SMB revenue recognition policies by examining the Company's published terms and conditions and by analyzing customer invoices to understand the contractual terms and conditions. We assessed recorded residential and SMB revenue by comparing the total cash received related to residential and SMB revenue transactions during the year to the revenue recorded in the consolidated financial statements. We assessed customer credits, including those issued subsequent to December 31, 2020, and evaluated the impact to revenue recognition.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

New York, NY
February 11, 2021

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(In thousands)

ASSETS

	December 31, 2020	December 31, 2019
Current Assets:		
Cash and cash equivalents	$ 278,422	$ 701,898
Restricted cash	264	262
Accounts receivable, trade (less allowance for doubtful accounts of $25,198 and $14,683)	442,581	457,118
Prepaid expenses and other current assets	200,252	215,304
Amounts due from affiliates	4,262	6,774
Derivative contracts	50,785	—
Total current assets	976,566	1,381,356
Property, plant and equipment, net of accumulated depreciation of $6,431,843 and $5,276,921	5,805,996	5,753,401
Right-of-use operating lease assets	241,342	280,340
Investment securities pledged as collateral	2,250,854	1,931,697
Derivative contracts	4,774	25,207
Other assets	87,429	92,622
Amortizable intangibles, net of accumulated amortization of $4,409,312 and $3,670,679	2,781,116	3,481,109
Indefinite-lived cable television franchises	13,068,017	13,020,081
Goodwill	8,160,566	8,142,309
Total assets	$ 33,376,660	$ 34,108,122

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2020 and 2019
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)	December 31, 2020	December 31, 2019
Current Liabilities:		
Accounts payable	$ 795,576	$ 799,618
Interest payable	252,060	385,655
Accrued employee related costs	142,116	111,337
Amounts due to affiliates	8,538	7,456
Deferred revenue	109,798	124,777
Debt	1,245,713	170,682
Other current liabilities	544,302	378,954
Total current liabilities	3,098,103	1,978,479
Defined benefit plan obligations	30,700	57,190
Other liabilities	161,863	147,714
Deferred tax liability	5,006,167	4,762,595
Liabilities under derivative contracts	523,150	255,666
Right-of-use operating lease liability	257,424	269,062
Long-term debt, net of current maturities	25,476,629	24,249,603
Total liabilities	34,554,036	31,720,309
Commitments and contingencies (Note 17)		
Redeemable equity	25,763	108,551
Stockholders' Equity (Deficiency):		
Preferred stock, $.01 par value, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Class A common stock: $0.01 par value, 4,000,000,000 shares authorized, 297,203,087 and 290,573,672 issued and outstanding as of December 31, 2020 and 457,207,079 and 446,749,307 shares issued and outstanding as of December 31, 2019	2,972	4,572
Class B common stock: $0.01 par value, 1,000,000,000 shares authorized, 490,086,674 issued, 185,895,903 shares outstanding as of December 31, 2020 and 186,245,832 shares outstanding as of December 31, 2019	1,859	1,862
Class C common stock: $0.01 par value, 4,000,000,000 shares authorized, no shares issued and outstanding	—	—
Paid-in capital	—	2,039,918
Retained earnings (accumulated deficit)	(985,641)	390,766
	(980,810)	2,437,118
Treasury stock, at cost (6,629,415 and 10,457,772 Class A common shares at December 31, 2020 and 2019, respectively)	(163,866)	(163,904)
Accumulated other comprehensive income (loss)	3,646	(3,250)
Total Altice USA stockholders' equity (deficiency)	(1,141,030)	2,269,964
Noncontrolling interests	(62,109)	9,298
Total stockholders' equity (deficiency)	(1,203,139)	2,279,262
Total liabilities and equity	$ 33,376,660	$ 34,108,122

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2020, 2019 and 2018
(In thousands, except per share amounts)

	2020	2019	2018
Revenue (including revenue from affiliates of $14,729, $3,974 and $2,575 respectively) (See Note 16)	$ 9,894,642	$ 9,760,859	$ 9,566,608
Operating expenses:			
Programming and other direct costs (including charges from affiliates of $13,346, $11,580 and $7,261 respectively) (See Note 16)	3,340,442	3,300,528	3,173,076
Other operating expenses (including charges from affiliates of $11,869, $8,355 and $16,307 respectively) (See Note 16)	2,264,473	2,300,398	2,290,266
Restructuring and other expense	91,073	72,978	38,548
Depreciation and amortization (including impairments)	2,083,365	2,263,144	2,382,339
	7,779,353	7,937,048	7,884,229
Operating income	2,115,289	1,823,811	1,682,379
Other income (expense):			
Interest expense (including interest expense to affiliates and related parties of $600 in 2018) (See Note 16)	(1,352,535)	(1,536,559)	(1,556,282)
Interest income	2,194	5,709	10,856
Gain (loss) on investments and sale of affiliate interests, net	320,061	473,406	(250,877)
Gain (loss) on derivative contracts, net	(178,264)	(282,713)	218,848
Loss on interest rate swap contracts	(78,606)	(53,902)	(61,697)
Loss on extinguishment of debt and write-off of deferred financing costs	(250,489)	(243,806)	(48,804)
Other income (expense), net	5,577	1,183	(12,484)
	(1,532,062)	(1,636,682)	(1,700,440)
Income (loss) before income taxes	583,227	187,129	(18,061)
Income tax benefit (expense)	(139,748)	(47,190)	38,655
Net income	443,479	139,939	20,594
Net income attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)
Net income attributable to Altice USA, Inc. stockholders	$ 436,183	$ 138,936	$ 18,833
Income per share:			
Basic income per share	$ 0.75	$ 0.21	$ 0.03
Basic weighted average common shares (in thousands)	581,057	660,384	730,088
Diluted income per share	$ 0.75	$ 0.21	$ 0.03
Diluted weighted average common shares (in thousands)	583,689	662,541	730,088
Cash dividends declared per common share	$ —	$ —	$ 2.035

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	2020	2019	2018
Net income	$ 443,479	$ 139,939	$ 20,594
Other comprehensive income:			
Defined benefit pension plans:			
Unrecognized actuarial gain	11,710	12,074	830
Applicable income taxes	(3,096)	(3,644)	(220)
Unrecognized gain arising during period, net of income taxes	8,614	8,430	610
Amortization of actuarial losses	—	89	—
Applicable income taxes	—	(24)	—
Amortization of actuarial losses included in other expense, net of tax	—	65	—
Settlement loss included in other expense, net	623	1,643	1,268
Applicable income taxes	(174)	(441)	(342)
Settlement loss included in other expense, net, net of income taxes	449	1,202	926
Foreign currency translation adjustment	(2,167)	(1,164)	967
Applicable income taxes	—	—	(261)
Foreign currency translation adjustment, net	(2,167)	(1,164)	706
Other comprehensive income	6,896	8,533	2,242
Comprehensive income	450,375	148,472	22,836
Comprehensive income attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)
Comprehensive income attributable to Altice USA, Inc. stockholders	$ 443,079	$ 147,469	$ 21,075

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Altice USA Stockholders' Equity	Non-controlling Interests	Total Equity
Balance at January 1, 2018	$ 2,470	$ 4,901	$ 4,665,229	$ 840,636	$ (10,022)	$ 5,503,214	$ 1,539	$ 5,504,753
Net income attributable to stockholders	—	—	—	18,833	—	18,833	—	18,833
Net income attributable to noncontrolling interests	—	—	—	—	—	—	1,761	1,761
Contributions from noncontrolling interests	—	—	—	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	—	—	—	1,536	1,536	—	1,536
Foreign currency translation adjustment, net of income taxes	—	—	—	—	706	706	—	706
Share-based compensation expense (equity classified)	—	—	59,812	—	—	59,812	—	59,812
Redeemable equity vested	—	—	169,452	—	—	169,452	—	169,452
Change in redeemable equity	—	—	(68,169)	—	—	(68,169)	—	(68,169)
Dividend payment	—	—	(963,711)	(536,224)	—	(1,499,935)	—	(1,499,935)
Class A shares acquired through share repurchase program and retired	(280)	—	(499,720)	—	—	(500,000)	—	(500,000)
Conversion of Class B to Class A shares, including $2,424 in connection with the Distribution	2,771	(2,771)	—	—	—	—	—	—
Impact of i24 Acquisition	—	—	61,769	(73,578)	(1,840)	(13,649)	—	(13,649)
Other changes to equity	—	—	(859)	—	—	(859)	—	(859)
Adoption of ASU No. 2018-02	—	—	—	2,163	(2,163)	—	—	—
Balance at December 31, 2018	$ 4,961	$ 2,130	$ 3,423,803	$ 251,830	$ (11,783)	$ 3,670,941	$ 9,295	$ 3,680,236

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) (continued)
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Altice USA Stockholders' Equity	Non-controlling Interests	Total Equity
Balance at January 1, 2019	$ 4,961	$ 2,130	$ 3,423,803	$ 251,830	$ —	$ (11,783)	$ 3,670,941	$ 9,295	$ 3,680,236
Net income attributable to stockholders	—	—	—	138,936	—	—	138,936	—	138,936
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	1,003	1,003
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(1,000)	(1,000)
Pension liability adjustments, net of income taxes	—	—	—	—	—	9,697	9,697	—	9,697
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(1,164)	(1,164)	—	(1,164)
Share-based compensation expense (equity classified)	—	—	99,077	—	—	—	99,077	—	99,077
Redeemable equity vested	—	—	187,966	—	—	—	187,966	—	187,966
Change in redeemable equity	—	—	(166,511)	—	—	—	(166,511)	—	(166,511)
Class A shares acquired through share repurchase program and retired	(727)	—	(1,686,146)	—	—	—	(1,686,873)	—	(1,686,873)
Conversion of Class B to Class A shares	268	(268)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	65	—	7,099	—	(42)	—	7,122	—	7,122
Issuance of common shares to acquire partnership interests in Neptune LP	—	—	163,862	—	(163,862)	—	—	—	—
Class A shares issued in connection with acquisition	5	—	10,768	—	—	—	10,773	—	10,773
Balance at December 31, 2019	$ 4,572	$ 1,862	$ 2,039,918	$ 390,766	$ (163,904)	$ (3,250)	$ 2,269,964	$ 9,298	$ 2,279,262

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY) (continued)
Years ended December 31, 2020, 2019 and 2018 (In thousands)

	Class A Common Stock	Class B Common Stock	Paid-in Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Altice USA Stockholders' Equity (Deficiency)	Non-controlling Interests	Total Equity (Deficiency)
Balance at January 1, 2020	$ 4,572	$ 1,862	$ 2,039,918	$ 390,766	$ (163,904)	$ (3,250)	$ 2,269,964	$ 9,298	$ 2,279,262
Net income attributable to stockholders	—	—	—	436,183	—	—	436,183	—	436,183
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	7,296	7,296
Contributions from noncontrolling interests	—	—	—	—		—	—	12,498	12,498
Pension liability adjustments, net of income taxes	—	—	—	—	—	9,063	9,063	—	9,063
Foreign currency translation adjustment, net of income taxes	—	—	—	—	—	(2,167)	(2,167)	—	(2,167)
Share-based compensation expense (equity classified)	—	—	122,811	—	—	—	122,811	—	122,811
Redeemable equity vested			96,918		—		96,918	—	96,918
Change in redeemable equity	—	—	(14,130)	—	—	—	(14,130)	—	(14,130)
Conversion of Class B to Class A shares	3	(3)	—	—	—	—	—	—	—
Issuance of common shares pursuant to employee long term incentive plan	9	—	15,705	—	38	—	15,752	—	15,752
Impact of the Lightpath Transaction (See Note 1)	—	—	741,471	—	—	—	741,471	(91,201)	650,270
Class A shares acquired through share repurchase program and retired	(1,612)	—	(3,002,693)	(1,812,590)	—	—	(4,816,895)	—	(4,816,895)
Balance at December 31, 2020	$ 2,972	$ 1,859	$ —	$ (985,641)	$ (163,866)	$ 3,646	$ (1,141,030)	$ (62,109)	$ (1,203,139)

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 443,479	$ 139,939	$ 20,594
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including impairments)	2,083,365	2,263,144	2,382,339
Loss (gain) on investments and sale of affiliate interests, net	(320,061)	(473,406)	250,877
Loss (gain) on derivative contracts, net	178,264	282,713	(218,848)
Loss on extinguishment of debt and write-off of deferred financing costs	250,489	243,806	48,804
Amortization of deferred financing costs and discounts (premiums) on indebtedness	91,127	106,214	85,121
Share-based compensation expense	125,087	105,538	59,812
Deferred income taxes	75,512	14,931	(67,603)
Decrease in right-of-use asset	45,995	46,581	—
Provision for doubtful accounts	65,965	91,520	71,426
Other	34,079	18,558	12,117
Change in assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable, trade	(50,747)	(91,718)	(144,079)
Prepaid expenses and other assets	8,330	(60,854)	(10,643)
Amounts due from and due to affiliates	3,594	(7,857)	11,049
Accounts payable and accrued liabilities	(118,388)	(144,894)	(118,176)
Deferred revenue	(39,977)	(10,384)	72,426
Liabilities related to interest rate swap contracts	104,051	30,338	53,101
Net cash provided by operating activities	2,980,164	2,554,169	2,508,317
Cash flows from investing activities:			
Capital expenditures	(1,073,955)	(1,355,350)	(1,153,589)
Payment for acquisitions, net of cash acquired	(149,973)	(172,269)	(10,753)
Other, net	3,502	2,150	15,985
Net cash used in investing activities	(1,220,426)	(1,525,469)	(1,148,357)

See accompanying notes to consolidated financial statements.

ALTICE USA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	2020	2019	2018
Cash flows from financing activities:			
Proceeds from long-term debt	8,019,648	9,160,229	5,555,268
Repayment of long-term debt	(6,194,804)	(8,159,914)	(4,882,769)
Proceeds from collateralized indebtedness, net	—	93,000	516,513
Repayment of collateralized indebtedness and related derivative contracts, net	—	—	(516,513)
Principal payments on finance lease obligations	(43,083)	(8,980)	(10,228)
Purchase of shares of Altice USA, Inc. Class A common stock, pursuant to a share repurchase program and Tender Offer	(4,816,379)	(1,686,873)	(500,000)
Dividends to stockholders	—	—	(1,499,935)
Proceeds from the sale of a noncontrolling interest in Lightpath, net of expenses	880,197	—	—
Additions to deferred financing costs	(48,523)	(23,583)	(28,468)
Proceeds from stock option exercises	14,348	3,209	—
Contributions from (distributions to) noncontrolling interests, net	12,498	(1,000)	5,995
Other	(4,947)	(500)	(30,859)
Net cash used in financing activities	(2,181,045)	(624,412)	(1,390,996)
Net increase (decrease) in cash and cash equivalents excluding effect of exchange rate changes	(421,307)	404,288	(31,036)
Effect of exchange rate changes on cash and cash equivalents	(2,167)	(1,166)	(26)
Net increase (decrease) in cash and cash equivalents	(423,474)	403,122	(31,062)
Cash, cash equivalents and restricted cash at beginning of year	702,160	299,038	330,100
Cash, cash equivalents and restricted cash at end of year	$ 278,686	$ 702,160	$ 299,038

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2019
(In thousands)

ASSETS

	December 31, 2020	December 31, 2019
Current Assets:		
Cash and cash equivalents	$ 277,938	$ 697,741
Restricted cash	264	262
Accounts receivable, trade (less allowance for doubtful accounts of $25,198 and $14,683)	442,581	457,118
Prepaid expenses and other current assets	200,252	211,642
Amounts due from affiliates	4,262	6,774
Derivative contracts	50,785	—
Total current assets	976,082	1,373,537
Property, plant and equipment, net of accumulated depreciation of $6,431,843 and $5,276,921	5,805,996	5,753,401
Right-of-use operating lease assets	241,342	280,340
Investment securities pledged as collateral	2,250,854	1,931,697
Derivative contracts	4,774	25,207
Other assets	87,429	92,622
Amortizable intangibles, net of accumulated amortization of $4,409,312 and $3,670,679	2,781,116	3,481,109
Indefinite-lived cable television franchises	13,068,017	13,020,081
Goodwill	8,160,566	8,142,309
Total assets	$ 33,376,176	$ 34,100,303

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (continued)
December 31, 2020 and 2019
(In thousands, except per membership unit amounts)

LIABILITIES AND MEMBER'S EQUITY (DEFICIENCY)	December 31, 2020	December 31, 2019
Current Liabilities:		
Accounts payable	$ 795,576	$ 799,618
Interest payable	252,060	385,655
Accrued employee related costs	142,116	111,337
Amounts due to affiliates	8,538	7,456
Deferred revenue	109,798	124,777
Debt	1,245,713	170,682
Other current liabilities	543,834	378,948
Total current liabilities	3,097,635	1,978,473
Defined benefit plan obligations	30,700	57,190
Other liabilities	161,863	147,714
Deferred tax liability	5,033,980	4,980,599
Liabilities under derivative contracts	523,150	255,666
Right-of-use operating lease liability	257,424	269,062
Long-term debt, net of current maturities	25,476,629	24,249,603
Total liabilities	34,581,381	31,938,307
Commitments and contingencies (Note 17)		
Redeemable equity	25,763	108,551
Member's equity (deficiency) (100 membership units issued and outstanding)	(1,172,505)	2,047,397
Accumulated other comprehensive income (loss)	3,646	(3,250)
Total member's equity (deficiency)	(1,168,859)	2,044,147
Noncontrolling interests	(62,109)	9,298
Total equity (deficiency)	(1,230,968)	2,053,445
Total liabilities and member's equity	$ 33,376,176	$ 34,100,303

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	2020	2019	2018
Revenue (including revenue from affiliates of $14,729, $3,974 and $2,575 respectively) (See Note 16)	$ 9,894,642	$ 9,760,859	$ 9,566,608
Operating expenses:			
Programming and other direct costs (including charges from affiliates of $13,346, $11,580 and $7,261 respectively) (See Note 16)	3,340,442	3,300,528	3,173,076
Other operating expenses (including charges from affiliates of $11,869, $8,355 and $16,307 respectively) (See Note 16)	2,264,473	2,300,398	2,290,266
Restructuring and other expense	91,073	72,978	38,548
Depreciation and amortization (including impairments)	2,083,365	2,263,144	2,382,339
	7,779,353	7,937,048	7,884,229
Operating income	2,115,289	1,823,811	1,682,379
Other income (expense):			
Interest expense (including interest expense to affiliates and related parties of $600 in 2018) (See Note 16)	(1,352,535)	(1,455,302)	(1,253,176)
Interest income (including interest income to affiliates and related parties of $2,429 in 2018) (See Note 16)	2,194	5,709	13,228
Gain (loss) on investments and sale of affiliate interests, net	319,515	473,406	(261,536)
Gain (loss) on derivative contracts, net	(178,264)	(282,713)	218,848
Loss on interest rate swap contracts	(78,606)	(53,902)	(61,697)
Loss on extinguishment of debt and write-off of deferred financing costs	(250,489)	(228,130)	(7,883)
Other income (expense), net	5,577	1,181	(12,274)
	(1,532,608)	(1,539,751)	(1,364,490)
Income before income taxes	582,681	284,060	317,889
Income tax expense	(126,843)	(71,243)	(57,563)
Net income	455,838	212,817	260,326
Net income attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)
Net income attributable to CSC Holdings, LLC sole member	$ 448,542	$ 211,814	$ 258,565

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended December 31, 2020, 2019 and 2018
(In thousands)

	2020	2019	2018
Net income	$ 455,838	$ 212,817	$ 260,326
Other comprehensive income:			
Defined benefit pension plans:			
Unrecognized actuarial gain	11,710	12,074	830
Applicable income taxes	(3,096)	(3,644)	(220)
Unrecognized gain arising during period, net of income taxes	8,614	8,430	610
Amortization of actuarial losses	—	89	—
Applicable income taxes	—	(24)	—
Amortization of actuarial losses included in other expense, net of tax	—	65	—
Settlement loss included in other expense, net	623	1,643	1,268
Applicable income taxes	(174)	(441)	(342)
Settlement loss included in other expense, net, net of income taxes	449	1,202	926
Foreign currency translation adjustment	(2,167)	(1,164)	967
Applicable income taxes	—	—	(261)
Foreign currency translation adjustment, net	(2,167)	(1,164)	706
Other comprehensive income	6,896	8,533	2,242
Comprehensive income	462,734	221,350	262,568
Comprehensive income attributable to noncontrolling interests	(7,296)	(1,003)	(1,761)
Comprehensive income attributable to CSC Holdings, LLC's sole member	$ 455,438	$ 220,347	$ 260,807

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY (DEFICIENCY)
(In thousands)

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2018	$ 9,454,753	$ (10,022)	$ 9,444,731	$ 1,539	$ 9,446,270
Net income attributable to CSC Holdings' sole member	258,565	—	258,565	—	258,565
Net income attributable to interests	—	—	—	1,761	1,761
Contributions from noncontrolling interests	—	—	—	5,995	5,995
Pension liability adjustments, net of income taxes	—	1,536	1,536	—	1,536
Foreign currency translation adjustment, net of income taxes	—	706	706	—	706
Share-based compensation expense (equity classified)	59,812	—	59,812	—	59,812
Redeemable equity vested	169,452	—	169,452	—	169,452
Change in redeemable equity	(68,169)	—	(68,169)	—	(68,169)
Cash distributions to parent	(3,058,747)	—	(3,058,747)	—	(3,058,747)
Cash contributions from parent	50,000	—	50,000	—	50,000
Impact of i24 Acquisition	(11,809)	(1,840)	(13,649)	—	(13,649)
Adoption of ASU No. 2018-02	2,163	(2,163)	—	—	—
Cequel debt exchanged for CSC Holdings debt	(2,854,392)	—	(2,854,392)	—	(2,854,392)
Balance at December 31, 2018	$ 4,001,628	$ (11,783)	$ 3,989,845	$ 9,295	$ 3,999,140

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY (DEFICIENCY) (continued)
(In thousands)

	Member's Equity	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	$ 4,001,628	$ (11,783)	$ 3,989,845	$ 9,295	$ 3,999,140
Net income attributable to CSC Holdings' sole member	211,814	—	211,814	—	211,814
Net income attributable to noncontrolling interests	—	—	—	1,003	1,003
Distributions to noncontrolling interests	—	—	—	(1,000)	(1,000)
Pension liability adjustments, net of income taxes	—	9,697	9,697	—	9,697
Foreign currency translation adjustment, net of income taxes	—	(1,164)	(1,164)	—	(1,164)
Share-based compensation expense (equity classified)	99,077	—	99,077	—	99,077
Redeemable equity vested	187,967	—	187,967	—	187,967
Change in redeemable equity	(166,511)	—	(166,511)	—	(166,511)
Cash distributions to parent	(2,279,472)	—	(2,279,472)	—	(2,279,472)
Non-cash contributions from parent, net	151,455	—	151,455	—	151,455
Impact of Cheddar acquisition	10,773	—	10,773	—	10,773
Assumption of Cablevision debt and acquisition of Cablevision assets	(169,334)	—	(169,334)	—	(169,334)
Balance at December 31, 2019	$ 2,047,397	$ (3,250)	$ 2,044,147	$ 9,298	$ 2,053,445

See accompanying notes to consolidated financial statements.

CSC HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL MEMBER'S EQUITY (DEFICIENCY) (continued)
(In thousands)

	Member's Equity (Deficiency)	Accumulated Other Comprehensive Income (Loss)	Total Member's Equity (Deficiency)	Noncontrolling Interests	Total Equity (Deficiency)
Balance at January 1, 2020	$ 2,047,397	$ (3,250)	$ 2,044,147	$ 9,298	$ 2,053,445
Net income attributable to CSC Holdings' sole member	448,542	—	448,542	—	448,542
Net income attributable to noncontrolling interests	—	—	—	7,296	7,296
Contributions from noncontrolling interests	—	—	—	12,498	12,498
Pension liability adjustments, net of income taxes	—	9,063	9,063	—	9,063
Foreign currency translation adjustment, net of income taxes	—	(2,167)	(2,167)	—	(2,167)
Share-based compensation expense (equity classified)	122,811	—	122,811	—	122,811
Redeemable equity vested	96,918	—	96,918	—	96,918
Change in redeemable equity	(14,130)	—	(14,130)	—	(14,130)
Impact of the Lightpath Transaction (See Note 1)	741,645	—	741,645	(91,201)	650,444
Non-cash contributions from parent, net	178,720	—	178,720	—	178,720
Cash distributions to parent	(4,794,408)	—	(4,794,408)	—	(4,794,408)
Balance at December 31, 2020	$ (1,172,505)	$ 3,646	$ (1,168,859)	$ (62,109)	$ (1,230,968)

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 455,838	$ 212,817	$ 260,326
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including impairments)	2,083,365	2,263,144	2,382,339
Loss (gain) on investments and sale of affiliate interests, net	(319,515)	(473,406)	261,536
Loss (gain) on derivative contracts, net	178,264	282,713	(218,848)
Loss on extinguishment of debt and write-off of deferred financing costs	250,489	228,130	7,883
Amortization of deferred financing costs and discounts (premiums) on indebtedness	91,127	90,706	43,135
Share-based compensation expense	125,087	105,538	59,812
Deferred income taxes	101,217	(238,709)	(251,593)
Decrease in right-of-use asset	45,995	46,581	—
Provision for doubtful accounts	65,965	91,520	71,426
Other	34,079	18,558	12,117
Change in assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable, trade	(50,747)	(91,718)	(144,079)
Prepaid expenses and other assets	8,328	(51,611)	(23,938)
Amounts due from and due to affiliates	180,911	247,917	175,159
Accounts payable and accrued liabilities	(334,055)	(128,392)	5,273
Deferred revenue	(39,977)	(10,384)	72,426
Liabilities related to interest rate swap contracts	104,051	30,338	53,101
Net cash provided by operating activities	2,980,422	2,623,742	2,766,075
Cash flows from investing activities:			
Capital expenditures	(1,073,955)	(1,355,350)	(1,153,589)
Payment for acquisitions, net of cash acquired	(149,973)	(172,269)	(10,753)
Other, net	(706)	2,150	4,158
Net cash used in investing activities	(1,224,634)	(1,525,469)	(1,160,184)

See accompanying notes to consolidated financial statements.

CSC HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
Cash flows from financing activities:			
Proceeds from long-term debt	8,019,648	9,160,229	4,505,268
Repayment of long-term debt	(6,194,804)	(7,637,582)	(3,059,013)
Proceeds from collateralized indebtedness, net	—	93,000	516,513
Repayment of collateralized indebtedness and related derivative contracts, net	—	—	(516,513)
Distributions to parent	(4,794,408)	(2,279,472)	(3,058,750)
Contributions from parent	—	—	50,000
Proceeds from the sale of a noncontrolling interest in Lightpath, net of expenses	880,197	—	—
Principal payments on finance lease obligations	(43,083)	(8,980)	(10,228)
Additions to deferred financing costs	(48,523)	(23,583)	(28,471)
Contributions from (distributions to) noncontrolling interests, net	12,498	(1,000)	5,995
Other	(4,947)	(500)	(30,000)
Net cash used in financing activities	(2,173,422)	(697,888)	(1,625,199)
Net increase (decrease) in cash and cash equivalents excluding effect of exchange rate changes	(417,634)	400,385	(19,308)
Effect of exchange rate changes on cash and cash equivalents	(2,167)	(1,166)	(26)
Net increase (decrease) in cash and cash equivalents	(419,801)	399,219	(19,334)
Cash, cash equivalents and restricted cash at beginning of year	698,003	298,784	318,118
Cash, cash equivalents and restricted cash at end of year	$ 278,202	$ 698,003	$ 298,784

See accompanying notes to consolidated financial statements.

NOTE 1. DESCRIPTION OF BUSINESS AND RELATED MATTERS

The Company and Related Matters

Altice USA, Inc. ("Altice USA") was incorporated in Delaware on September 14, 2015. Through June 8, 2018, Altice USA was majority-owned by Altice Europe N.V. ("Altice Europe"), a public company with limited liability (naamloze vennootshcap) under Dutch law. On June 8, 2018, Altice Europe distributed substantially all of its equity interest in the Company through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the “Distribution”). Altice USA is now majority-owned by Patrick Drahi through Next Alt. S.a.r.l. ("Next Alt").

Altice USA is a holding company that does not conduct any business operations of its own. Altice Europe, through a subsidiary, acquired Cequel Corporation ("Cequel" or "Suddenlink") on December 21, 2015 and Cequel was contributed to Altice USA on June 9, 2016. Altice USA acquired Cablevision Systems Corporation ("Cablevision" or "Optimum") on June 21, 2016.

Altice USA, through CSC Holdings, LLC (a wholly-owned subsidiary of Cablevision) and its consolidated subsidiaries ("CSC Holdings," and collectively with Altice USA, the "Company"), principally provides broadband communications and video services in the United States. It markets its residential services primarily under two brands: Optimum, in the New York metropolitan area, and Suddenlink, principally in markets in the south-central United States. It operates enterprise services under the brands Lightpath and Altice Business. It delivers broadband, video, telephony services, proprietary content and advertising services to residential and business customers. In September 2019, the Company launched Altice Mobile, a full service voice and data offering, to consumers across its footprint. As these brands are managed on a consolidated basis, the Company classifies its operations in one segment.

The accompanying combined consolidated financial statements ("consolidated financial statements") of Altice USA include the accounts of Altice USA and its majority-owned subsidiaries and the accompanying consolidated financial statements of CSC Holdings include the accounts of CSC Holdings and its majority-owned subsidiaries and gives effect to the ATS Acquisition and the i24 Acquisition discussed below. The consolidated balance sheets and statements of operations of Altice USA are essentially identical to the consolidated balance sheets and statements of operations of CSC Holdings, with the following exceptions: Altice USA has additional cash and deferred taxes on its consolidated balance sheet. In addition, CSC Holdings and its subsidiaries have certain intercompany receivables from and payables to Altice USA. Differences between Altice USA's results of operations and those of CSC Holdings primarily include incremental interest expense for periods prior to the assumption of Cablevision senior notes by CSC Holdings in November 2019, interest income, loss on extinguishment of debt, the write-off of deferred financing costs, and income tax benefit (expense).

The combined notes to the consolidated financial statements relate to the Company, which, except as noted, are essentially identical for Altice USA and CSC Holdings. All significant intercompany transactions and balances between Altice USA and CSC Holdings and their respective consolidated subsidiaries are eliminated in both sets of consolidated financial statements. Intercompany transactions between Altice USA and CSC Holdings are not eliminated in the CSC Holdings consolidated financial statements, but are eliminated in the Altice USA consolidated financial statements.

The financial statements of CSC Holdings are included herein as supplemental information as CSC Holdings is not an SEC registrant.

Lightpath Transaction

In December 2020, the Company completed the sale of a 49.99% interest in its Lightpath fiber enterprise business (the "Lightpath Transaction") based on an implied enterprise value of $3,200,000. The Company received total gross cash proceeds of approximately $2,355,000 ($890,000 from the sale and $1,465,000 from the related financing activity, excluding the discount on the term loan of $3,000). The excess of the cash received from the sale, net of related expenses, over the book value of the interest sold of $741,471, net of taxes of $228,489, was recorded in stockholders' equity (deficiency) by Altice USA. The Company retained a 50.01% interest in the Lightpath business and maintained control of Cablevision Lightpath LLC, the entity holding the interest in the Lightpath business. Accordingly, the Company will continue to consolidate the operating results of the Lightpath business. Cablevision Lightpath LLC was financed independently outside of the CSC Holdings restricted group. Proceeds from this transaction were used to fund the Tender Offer (see discussion below). See Note 11 for additional information regarding the debt financing related to the Lightpath Transaction.

Acquisition of Neptune Holding US Limited Partnership

In December 2019, Altice USA entered into an agreement with CVC 3 B.V., an indirect subsidiary of Altice Europe ("CVC 3"), whereby CVC 3 assigned all of its interest (the "Partnership Interest") in Neptune Holding US Limited Partnership (“Neptune LP”) to Altice USA in exchange for 6,290,292 shares of Class A common stock of Altice USA with an aggregate value of $163,862. At the time of the assignment, the Partnership Interest represented 6,290,292 shares of Class A common stock of Altice USA held by Neptune LP. As a result of this transaction, Altice USA obtained control of Neptune LP and accordingly, Neptune LP is consolidated within the Altice USA financial statements. The assets of Neptune LP which consisted solely of shares of class A common stock of Altice USA are presented as treasury stock in the consolidated balance sheets of Altice USA at December 31, 2020 and 2019.

Acquisition of Altice Technical Services US Corp

Altice Technical Services US Corp. ("ATS") was formed to provide network construction and maintenance services and commercial and residential installations, disconnections, and maintenance. During the second quarter of 2017, a portion of the Company's technical workforce became employees of ATS and ATS commenced operations and began to perform services for the Company. Another portion of the Company's technical workforce became employees of ATS in December 2017. Additionally, in the second quarter of 2017, the Company entered into an Independent Contractor Agreement with ATS that governed the terms of the services provided to the Company and entered into a Transition Services Agreement for the use of the Company's resources to provide various overhead functions to ATS, including accounting, legal and human resources and for the use of certain facilities, vehicles and technician tools during a transitional period. The Transition Services Agreement required ATS to reimburse the Company for its cost to provide such services.

In January 2018, the Company acquired 70% of the equity interests in ATS for $1.00 (the "ATS Acquisition") and the Company became the owner of 100% of the equity interests in ATS in March 2018. ATS was previously owned by Altice Europe and a member of ATS's management through a holding company. As the acquisition is a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of ATS for all periods since its formation. In connection with the ATS Acquisition, the Company recorded goodwill of $23,101, representing the amount previously transferred to ATS.

Acquisition of i24NEWS

In April 2018, Altice Europe transferred its ownership of i24 US and i24 Europe ("i24NEWS"), Altice Europe's 24/7 international news and current affairs channels to the Company for minimal consideration (the "i24 Acquisition"). As the acquisition was a combination of businesses under common control, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018. Operating results for periods prior to April 1, 2018 have not been revised to reflect the i24 Acquisition as the impact was deemed immaterial.

Altice Europe Distribution

On June 8, 2018, Altice Europe distributed substantially all of its equity interest in Altice USA through a distribution in kind to holders of Altice Europe's common shares A and common shares B (the "Distribution'). The Distribution took place by way of a special distribution in kind by Altice Europe of its 67.2% interest in Altice USA to Altice Europe shareholders. Each shareholder of Altice Europe on May 23, 2018, the Distribution record date, received 0.4163 shares of Altice USA's common stock for every share held by such shareholder in Altice Europe.

Prior to Altice Europe's announcement of the Distribution, the Board of Directors of Altice USA, acting through its independent directors, approved the payment of a $2.035 per share dividend to all shareholders of record on May 22, 2018. The payment of the dividend, aggregating $1,499,935, was made on June 6, 2018, and was funded with cash at CSC Holdings from financings completed in January 2018, and cash generated from operations. In connection with the payment of the dividend, Altice USA recorded a decrease in retained earnings of $536,224, representing the cumulative earnings through the payment date, and a decrease in paid in capital of $963,711.

Immediately following the Distribution, there were 489,384,523 shares of Altice USA Class A common stock and 247,684,443 shares of Altice USA Class B common stock outstanding.

In connection with the Distribution, the Management Advisory and Consulting Services Agreement with Altice Europe which provided certain consulting, advisory and other services was terminated. See Note 16 for further details.

Share Repurchase Program

In June 2018, the Board of Directors of Altice USA authorized a share repurchase program of $2,000,000, and on July 30, 2019, the Board of Directors authorized a new incremental three-year share repurchase program of $5,000,000 that took effect following the completion in August 2019 of the $2,000,000 repurchase program. Under these repurchase programs, shares of Altice USA Class A common stock may be purchased from time to time in the open market and may include trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. Size and timing of these purchases will be determined based on market conditions and other factors.

In November 2020, the Company's Board of Directors authorized the repurchase of up to an additional $2,000,000 of Altice USA Class A common stock pursuant to a tender offer. On November 23, 2020, the Company commenced a modified "Dutch auction" tender offer (the "Tender Offer") to purchase up to $2,500,000 in value of shares of its Class A Common Stock, at a price not greater than $36.00 per share nor less than $32.25 per share . The Tender Offer expired on December 21, 2020. On December 21, 2020, the Company accepted for purchase 64,613,479 shares of its Class A Common Stock, at a price of $36.00 per share, plus related fees, for an aggregate purchase price of $2,326,949. The aggregate purchase price of these shares (including the fees relating to the Tender Offer), is reflected in stockholders' equity (deficiency) in the consolidated balance sheet of Altice USA as of December 31, 2020.

For the year ended December 31, 2020, 2019 and 2018, Altice USA repurchased an aggregate of 161,216,653, 72,668,712, and 28,028,680 shares, respectively, for a total purchase price of approximately $4,816,895, $1,686,873 and $500,000 respectively. These acquired shares were retired and the cost of these shares was recorded in stockholders' equity (deficiency) in the consolidated balance sheet of Altice USA. As of December 31, 2020, Altice USA had approximately $1,996,230 of availability remaining under the incremental share repurchase program and had 476,469,575 combined Class A and Class B shares outstanding.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies

Revenue Recognition

Residential Services

The Company derives revenue through monthly charges to residential customers of its broadband, video, and telephony services, including installation services. In addition, the Company derives revenue from digital video recorder ("DVR"), video-on-demand ("VOD"), pay-per-view, and home shopping commissions which are reflected in "Residential video" revenues. The Company recognizes broadband, video, and telephony revenues as the services are provided to a customer on a monthly basis. Revenue from the sale of bundled services at a discounted rate is allocated to each product based on the standalone selling price of each performance obligation within the bundled offer. The standalone selling price requires judgment and is typically determined based on the current prices at which the separate services are sold by the Company. Installation revenue for the Company's residential services is deferred and recognized over the benefit period, which is estimated to be less than one year. The estimated benefit period takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

The Company is assessed non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. In instances where the tax is being assessed directly on the Company, amounts paid to the governmental authorities are recorded as programming and other direct costs and amounts received from the customers are recorded as revenue. For the years ended December 31, 2020, 2019 and 2018, the amount of franchise fees and certain other taxes and fees included as a component of revenue aggregated $257,405, $254,227 and $257,467, respectively.

Business and Wholesale Revenue

The Company derives revenue from the sale of products and services to both large enterprise and small and medium-sized business ("SMB") customers, including broadband, telephony, networking, and video services reflected in "Business services and wholesale" revenues. The Company's business services also include Ethernet, data transport, and IP-based virtual private networks. The Company also provides managed services to businesses, including hosted telephony services (cloud based SIP-based private branch exchange), managed WiFi, managed desktop and server backup and managed collaboration services including audio and web conferencing. The Company also offers fiber-to-the-tower services to wireless carriers for cell tower backhaul, which enables wireline communications service providers to connect to customers that their own networks do not reach. The Company recognizes revenues for these services as the services are provided to a customer on a monthly basis.

Substantially all of our SMB customers are billed monthly and large enterprise customers are billed in accordance with the terms of their contracts which is typically also on a monthly basis. Contracts with large enterprise customers typically range from three years to five years. Installation revenue related to our large enterprise customers is deferred and recognized over the average contract term. Installation revenue related to SMB customers is deferred and recognized over the benefit period, which is less than one year. The estimated benefit period for SMB customers takes into account both quantitative and qualitative factors including the significance of average installation fees to total recurring revenue per customer.

News and Advertising Revenue

As part of the agreements under which the Company acquires video programming, the Company typically receives an allocation of scheduled advertising time during such programming into which the Company's cable systems can insert commercials. In several of the markets in which the Company operates, it has entered into agreements commonly referred to as interconnects with other cable operators to jointly sell local advertising. In some of these markets, the Company represents the advertising sales efforts of other cable operators; in other markets, other cable operators represent the Company. The Company also offers customers the opportunity to advertise on digital platforms. Advertising revenues are recognized when the advertising is distributed. For arrangements in which the Company controls the sale of advertising and acts as the principal to the transaction, the Company recognizes revenue earned from the advertising customer on a gross basis and the amount remitted to the distributor as an operating expense. For arrangements in which the Company does not control the sale of advertising and acts as an agent to the transaction, the Company recognizes revenue net of any fee remitted to the distributor. The Company's advanced advertising businesses provide data-driven, audience-based advertising solutions using advanced analytics tools that provide granular measurement of consumer groups, accurate hyper-local ratings and other insights into target audience behavior not available through traditional sample-based measurement services. Revenue earned from the Company's advanced advertising businesses is recognized when services are provided.

Affiliation fee revenue derived by our news business is recognized as the programming services are provided.

Mobile Revenue

In September 2019, the Company commercially launched Altice Mobile, a mobile service providing data, talk and text to consumers in or near our service areas. Customers can purchase or finance a variety of mobile devices. Revenue is recognized from the sale of equipment upon delivery and acceptance by the customer. Customers are billed monthly, in advance, for access to and usage of our mobile services. The Company recognizes mobile service revenue as the services are provided to the customers.

Other Revenue

Revenues derived from other sources are recognized when services are provided or events occur.

(Dollars in thousands, except share and per share amounts)

Customer Contract Costs

Incremental costs incurred in obtaining a contract with a customer are deferred and recorded as a contract asset if the period of benefit is expected to be greater than one year. Sales commissions for enterprise customers are deferred and amortized over the average contract term. For sales commission expenses related to residential and SMB customers with a term of one year or less, the Company is utilizing the practical expedient and is recognizing the costs when incurred. The costs of fulfilling a contract with a customer are deferred and recorded as a contract asset if they generate or enhance resources of the Company that will be used in satisfying future performance obligations and are expected to be recovered. Installation costs related to residential and SMB customers that are not capitalized as part of the initial deployment of new customer premise equipment are expensed as incurred pursuant to industry-specific guidance.

Deferred enterprise commission costs are included in other noncurrent assets in the consolidated balance sheet and totaled $19,959 and $30,758 as of December 31, 2020 and 2019, respectively.

A significant portion of our revenue is derived from residential and SMB customer contracts which are month-to month. As such, the amount of revenue related to unsatisfied performance obligations is not necessarily indicative of the future revenue to be recognized from our existing customer base. Contracts with enterprise customers generally range from three years to five years, and services may only be terminated in accordance with the contractual terms.

The following table presents the composition of revenue:

	Years Ended December 31,		
	2020	**2019**	**2018**
Residential:			
Broadband	$ 3,689,159	$ 3,222,605	$ 2,887,455
Video	3,670,859	3,997,873	4,156,428
Telephony	468,777	598,694	652,895
Business services and wholesale	1,454,532	1,428,532	1,362,758
News and advertising	519,205	475,904	487,264
Mobile	78,127	21,264	—
Other	13,983	15,987	19,808
Total revenue	$ 9,894,642	$ 9,760,859	$ 9,566,608

Multiple-Element Transactions

In the normal course of business, the Company may enter into multiple-element transactions where it is simultaneously both a customer and a vendor with the same counterparty or in which it purchases multiple products and/or services, or settles outstanding items contemporaneously with the purchase of a product or service, from a single counterparty. The Company's policy for accounting for each transaction negotiated contemporaneously is to record each deliverable of the transaction based on its best estimate of selling price in a manner consistent with that used to determine the price to sell each deliverable on a standalone basis. In determining the fair value of the respective deliverable, the Company utilizes historical transactions, quoted market prices (as available), or comparable transactions.

Technical and Operating Expenses

Costs of revenue related to sales of services and goods are classified as "programming and other direct costs" in the accompanying consolidated statements of operations.

Programming Costs

Programming expenses related to the Company's video service represent fees paid to programming distributors to license the programming distributed to customers. This programming is acquired generally under multi-year distribution agreements, with rates usually based on the number of customers that receive the programming. If there are periods when an existing distribution agreement has expired and the parties have not finalized negotiations of either a renewal of that agreement or a new agreement for certain periods of time, the Company continues to carry and pay for these services until execution of definitive replacement agreements or renewals. The amount of programming expense recorded during the interim period is based on the Company's estimates of the ultimate contractual agreement expected to be reached, which is based on several factors, including previous contractual rates, customary rate increases and the current status of negotiations. Such estimates are adjusted as negotiations progress until new programming terms are finalized.

In addition, the Company has received, or may receive, incentives from programming distributors for carriage of the distributors' programming. The Company generally recognizes these incentives as a reduction of programming costs in "programming and other direct costs", generally over the term of the distribution agreement.

Advertising Expenses

Advertising costs are charged to expense when incurred and are reflected in "other operating expenses" in the accompanying consolidated statements of operations. Advertising costs amounted to $213,474, $233,326 and $240,273 for the years ended December 31, 2020, 2019 and 2018, respectively.

Share-Based Compensation

Share-based compensation expense which primarily relates to awards of units in a carried unit plan, stock options, and performance stock units is based on the fair value of share-based payment awards at the date of grant. The Company recognizes share-based compensation expense over the requisite service period or when it is probable any related performance condition will be met. For awards with graded vesting, compensation cost is recognized on an accelerated method under the graded vesting method over the requisite service period. Share-based compensation expense related to awards that vest entirely at the end of the vesting period are expensed on a straight-line basis.

See Note 15 to the consolidated financial statements for additional information about our share-based compensation.

Income Taxes

The Company's provision for income taxes is based on current period income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets are subject to an ongoing assessment of realizability.

Cash and Cash Equivalents

The Company's cash investments are placed with money market funds and financial institutions that are investment grade as rated by S&P Global Ratings and Moody's Investors Service. The Company selects money market funds that predominantly invest in marketable, direct obligations issued or guaranteed by the United States government or its agencies, commercial paper, fully collateralized repurchase agreements, certificates of deposit, and time deposits.

The Company considers the balance of its investment in funds that substantially hold securities that mature within three months or less from the date the fund purchases these securities to be cash equivalents. The carrying amount of cash and cash equivalents either approximates fair value due to the short-term maturity of these instruments or are at fair value.

Accounts Receivable

Accounts receivable are recorded at net realizable value. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

Investment Securities

Investment securities and investment securities pledged as collateral are carried at fair value with realized and unrealized holding gains and losses included in the consolidated statements of operations.

Long-Lived Assets and Amortizable Intangible Assets

Property, plant and equipment, including construction materials, are carried at cost, and include all direct costs and certain indirect costs associated with the construction of cable systems, and the costs of new equipment installations. Equipment under finance leases is recorded at the present value of the total minimum lease payments. Depreciation on equipment is calculated on the straight-line basis over the estimated useful lives of the assets or, with respect to equipment under finance lease obligations and leasehold improvements, amortized over the lease term or the assets' useful lives and reported in depreciation and amortization (including impairments) in the consolidated statements of operations.

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software. Capitalized software costs are amortized over the estimated useful life of the software and reported in depreciation and amortization.

Customer relationships, trade names and other intangibles established in connection with acquisitions that are finite-lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

The Company reviews its long-lived assets (property, plant and equipment, and intangible assets subject to amortization that arose from acquisitions) for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill and the value of franchises acquired in purchase business combinations which have indefinite useful lives are not amortized. Rather, such assets are tested for impairment annually or upon the occurrence of a triggering event.

The Company assesses the recoverability of its goodwill annually, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of its reporting units may exceed their fair value. The Company firsts considers qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more-likely- than-not that the fair value of a reporting unit is less than its carrying amount. If, after this qualitative assessment, the Company determines that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount then no further testing is performed. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value, in which case an impairment charge is recorded to the extent the reporting unit's carrying value exceeds its fair value.

The Company assesses qualitative factors to determine whether it is necessary to perform the one-step quantitative identifiable indefinite-lived intangible assets impairment test. This quantitative test is required only if the Company concludes that it is more likely than not that a unit of accounting's fair value is less than its carrying amount. When the qualitative assessment is not used, or if the qualitative assessment is not conclusive, the impairment test for other intangible assets not subject to amortization requires a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Deferred Financing Costs

Deferred financing costs, which are presented as a reduction of debt, are amortized to interest expense using the effective interest method over the terms of the related debt.

Derivative Financial Instruments

The Company accounts for derivative financial instruments as either assets or liabilities measured at fair value. The Company uses derivative instruments to manage its exposure to market risks from changes in certain equity prices and interest rates and does not hold or issue derivative instruments for speculative or trading purposes. These derivative instruments are not designated as hedges, and changes in the fair values of these derivatives are recognized in the consolidated statements of operations as gain (loss) on derivative contracts or gain (loss) on interest rate swap contracts.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when the Company believes it is probable that a liability has been incurred and the amount of the contingency can be reasonably estimated.

(Dollars in thousands, except share and per share amounts)

Foreign Currency

Certain of the Company's i24NEWS subsidiaries are located outside the United States. The functional currency for these subsidiaries is determined based on the primary economic environment in which the subsidiary operates. Revenues and expenses for these subsidiaries are translated into U.S. dollars using rates that approximate those in effect during the period while the assets and liabilities are translated into U.S. dollars using exchange rates in effect at the end of each period. The resulting gains and losses from these translations are recognized in cumulative translation adjustment included in accumulated other comprehensive income (loss) in stockholders'/member's equity (deficiency) on the consolidated balance sheets.

Common Stock of Altice USA

Each holder of Class A common stock has one vote per share while holders of Class B common stock have twenty-five votes per share. Class B shares can be converted to Class A common stock at anytime with a conversion ratio of one Class A common share for one Class B common share.

The following table provides details of Altice USA's shares of common stock outstanding:

	Shares of Common Stock Outstanding	
	Class A Common Stock	Class B Common Stock
Balance at December 31, 2017	246,982,292	490,086,674
Altice Europe Distribution on June 8, 2018 (see Note 1)	242,402,231	(242,402,231)
Conversion of Class B common stock to Class A common stock	34,708,184	(34,708,184)
Retirement of Class A common shares in connection with the Company's stock repurchase plan (see Note 1)	(28,028,680)	—
Balance at December 31, 2018	496,064,027	212,976,259
Conversion of Class B common stock to Class A common stock	26,730,427	(26,730,427)
Issuance of common shares	6,897,190	—
Option exercises	184,147	—
Repurchase and retirement of Class A common shares in connection with the Company's stock repurchase plan (see Note 1)	(72,668,712)	—
Treasury shares acquired (a)	(10,457,772)	—
Balance at December 31, 2019	446,749,307	186,245,832
Conversion of Class B common stock to Class A common stock	349,929	(349,929)
Issuance of common shares	40,000	—
Option exercises	822,732	—
Repurchase and retirement of Class A common shares in connection with the Company's stock repurchase plan (see Note 1)	(161,216,653)	—
Treasury shares reissued	3,828,357	—
Balance at December 31, 2020	290,573,672	185,895,903

(a) Primarily represent Altice USA shares held by Neptune LP which are presented as treasury stock in the consolidated balance sheets of Altice USA as of December 31, 2019.

CSC Holdings Membership Interests

As of December 31, 2020 and 2019, CSC Holdings had 100 membership units issued and outstanding, which are all indirectly owned by Altice USA.

Dividends and Distributions

Altice USA

Altice USA may pay dividends on its capital stock only from net profits and surplus as determined under Delaware law. If dividends are paid on the Altice USA common stock, holders of the Altice USA Class A common stock and

Altice USA Class B common stock are entitled to receive dividends, and other distributions in cash, stock or property, equally on a per share basis, except that stock dividends with respect to Altice USA Class A common stock may be paid only with shares of Altice USA Class A common stock and stock dividends with respect to Altice USA Class B common stock may be paid only with shares of Altice USA Class B common stock.

The Company's indentures restrict the amount of dividends and distributions in respect of any equity interest that can be made.

During 2020 and 2019, there were no dividends paid to shareholders by Altice USA. In 2018, Altice USA paid dividends of $1,499,935 (see discussion in Note 1).

CSC Holdings

CSC Holdings may make distributions on its membership interests only if sufficient funds exist as determined under Delaware law.

CSC Holdings made cash equity distribution payments to its parent aggregating $4,794,408, $2,279,472, and $3,058,747, respectively, during the years ended December 31, 2020, 2019, and 2018.

Concentrations of Credit Risk

Financial instruments that may potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents and trade account receivables. The Company monitors the financial institutions and money market funds where it invests its cash and cash equivalents with diversification among counterparties to mitigate exposure to any single financial institution. The Company's emphasis is primarily on safety of principal and liquidity and secondarily on maximizing the yield on its investments. Management believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents because of its assessment of the creditworthiness and financial viability of the respective financial institutions.

The Company did not have a single customer that represented 10% or more of its consolidated revenues for the years ended December 31, 2020, 2019 and 2018 or 10% or more of its consolidated net trade receivables at December 31, 2020, and 2019, respectively.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. See Note 13 for a discussion of fair value estimates.

Reclassifications

Certain reclassifications have been made to the 2019 and 2018 financial statements to conform to the 2020 presentation.

NOTE 3. ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

ASU No. 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04")

In March 2020, the Financial Accounting Standards Board ("FASB") issued new accounting guidance related to the effects of reference rate reform on financial reporting. The guidance, effective for reporting periods through December 31, 2022, provides accounting relief for contract modifications that replace an interest rate impacted by reference rate reform (e.g., LIBOR) with a new alternative reference rate. The Company adopted the guidance as of

March 31, 2020. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

ASU No. 2019-12, Simplifying the Accounting for Income Taxes ("ASU 2019-12")

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740). ASU 2019-12 simplifies the accounting for income taxes by eliminating certain exceptions for investments, intraperiod allocations and interim calculations. The new guidance also simplifies aspects of the accounting for franchise taxes, enacted changes in tax laws or rates, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The amendments did not create new accounting requirements. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

ASU No. 2018-15, Customer's Accounting for Implementation Costs in a Cloud Computing Arrangement That Is a Service Contract ("ASU 2018-15")

In August 2018, the FASB issued ASU 2018-15 which requires upfront implementation costs incurred in a cloud computing arrangement (or hosting arrangement) that is a service contract to be amortized to hosting expense over the term of the arrangement, beginning when the module or component of the hosting arrangement is ready for its intended use. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

ASU No. 2018-14, Changes to the Disclosure Requirements for Defined Benefit Plans ("ASU 2018-14")

In August 2018, the FASB issued ASU 2018-14 which amends ASC 715 to clarify certain disclosure requirements related to defined benefit pension and other postretirement plans. See Note 18 for additional disclosures provided in connection with the adoption of the standard.

ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350) ("ASU 2017-04")

In January 2017, the FASB issued ASU 2017-04 which simplifies the subsequent measurement of goodwill by removing the second step of the two-step impairment test. The amendment requires an entity to perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The Company adopted the standard as of January 1, 2020. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13")

In June 2016, the FASB issued ASU 2016-13 which requires a financial asset (or a group of financial assets) measured at amortized cost to be assessed for impairment under the current expected credit loss model rather than an incurred loss model. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 became effective for the Company on January 1, 2020 and the adoption of this standard did not have a significant impact on the Company's consolidated financial statements. The Company will continue to actively monitor the impact of the recent coronavirus (COVID-19) pandemic on expected credit losses.

NOTE 4. NET INCOME (LOSS) PER SHARE

Basic net income (loss) per common share attributable to Altice USA stockholders is computed by dividing net income (loss) attributable to Altice USA stockholders by the weighted average number of common shares outstanding during the period. Diluted income per common share attributable to Altice USA stockholders reflects the dilutive effects of stock options and restricted stock. For such awards that are performance based, the diluted effect is reflected upon the achievement of the performance criteria. Diluted net loss per common share attributable to Altice USA stockholders excludes the effects of common stock equivalents as they are anti-dilutive.

The following table presents a reconciliation of weighted average shares used in the calculations of the basic and diluted net income per share attributable to Altice USA stockholders:

	Years Ended December 31,		
	2020	2019	2018
		(in thousands)	
Basic weighted average shares outstanding	581,057	660,384	730,088
Effect of dilution:			
Stock options	2,617	1,348	—
Restricted stock	15	809	—
Diluted weighted average shares outstanding	583,689	662,541	730,088
Weighted average shares excluded from diluted weighted average shares outstanding:			
Anti-dilutive shares	25,768	4,245	6,292
Performance stock units and restricted stock whose performance metrics have not been achieved.	8,308	—	74

Net income (loss) per membership unit for CSC Holdings is not presented since CSC Holdings is a limited liability company and a wholly-owned subsidiary of Altice USA.

NOTE 5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Activity related to the Company's allowance for doubtful accounts is presented below:

	Balance at Beginning of Period	Provision for Bad Debt	Deductions/ Write-Offs and Other Charges	Balance at End of Period
Year Ended December 31, 2020				
Allowance for doubtful accounts	$ 14,683	$ 65,965	$ (55,450)	$ 25,198
Year Ended December 31, 2019				
Allowance for doubtful accounts	$ 13,520	$ 91,520	$ (90,357)	$ 14,683
Year Ended December 31, 2018				
Allowance for doubtful accounts	$ 13,420	$ 71,426	$ (71,326)	$ 13,520

(Dollars in thousands, except share and per share amounts)

NOTE 6. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's non-cash investing and financing activities and other supplemental data were as follows:

	Years Ended December 31,		
	2020	2019	2018
Non-Cash Investing and Financing Activities:			
Altice USA and CSC Holdings:			
Property and equipment accrued but unpaid	$ 206,680	$ 188,067	$ 213,936
Notes payable issued to vendor for the purchase of equipment and other assets	106,925	35,124	95,394
Right-of-use assets acquired in exchange for finance lease obligations	133,300	54,532	13,548
Other non-cash investing and financing transactions	3,973	1,563	7,550
Altice USA:			
Receivable related to the sale of an investment	—	—	4,015
CSC Holdings:			
Assumption of Cablevision debt, net of the acquisition of Cablevision assets	—	169,334	—
Contributions from parent	178,720	151,455	—
Supplemental Data:			
Altice USA:			
Cash interest paid	1,406,825	1,436,332	1,481,468
Income taxes paid, net	80,415	10,263	13,667
CSC Holdings:			
Cash interest paid	1,406,825	1,350,756	1,163,942
Income taxes paid, net	80,415	10,263	13,667

NOTE 7. RESTRUCTURING AND OTHER EXPENSE

Beginning in the first quarter of 2016, the Company commenced restructuring initiatives that were intended to simplify the Company's organizational structure ("2016 Restructuring Plan").

The following table summarizes the activity for the 2016 Restructuring Plan:

	Severance and Other Employee Related Costs	Facility Realignment and Other Costs	Total
Accrual balance at December 31, 2017	$ 113,474	$ 9,626	$ 123,100
Restructuring charges	15,580	15,447	31,027
Payments and other	(107,600)	(11,458)	(119,058)
Accrual balance at December 31, 2018	21,454	13,615	35,069
Restructuring charges	6,606	6,317	12,923
Payments and other	(26,384)	(3,751)	(30,135)
Impact of the adoption of ASC 842 (a)	—	(13,849)	(13,849)
Accrual balance at December 31, 2019	1,676	2,332	4,008
Restructuring charges	—	3,399	3,399
Payments and other	(1,676)	(3,366)	(5,042)
Accrual balance at December 31, 2020	$ —	$ 2,365	$ 2,365

(Dollars in thousands, except share and per share amounts)

(a) Certain accrued restructuring liabilities were netted against right-of-use operating assets on the Company's consolidated balance sheet as of January 1, 2019 in connection with the Company's adoption of ASC 842 (see Note 9).

Cumulative costs to date relating to the 2016 Restructuring Plan amounted to $436,008.

In May 2019, the Company commenced another restructuring initiative to further simplify the Company's organization structure ("2019 Restructuring Plan").

The following table summarizes the activity for the 2019 Restructuring Plan:

		Severance and Other Employee Related Costs
Restructuring charges	$	42,715
Payments and other		(4,769)
Accrual balance at December 31, 2019		37,946
Restructuring charges		3,221
Payments and other		(34,459)
Accrual balance at December 31, 2020	$	6,708

Cumulative costs to date relating to the 2019 Restructuring Plan amounted to $45,936.

In addition, for the years ended December 31, 2020 and 2019, the Company recorded restructuring charges of $30,429 and $12,160, respectively, related primarily to the impairment of right-of-use operating lease assets, included in the Company's restructuring initiatives. The Company also recorded restructuring charges of $4,068 related to the facility realignment costs of which $3,689 is outstanding as of December 31, 2020 and is reflected in other current and other long-term liabilities in our consolidated balance sheet.

Restructuring and other expense for the year ended December 31, 2020 also includes $47,631 related to contractual payments for terminated employees. As of December 31, 2020, the outstanding amount due to terminated employees amounted to $14,366 and is reflected in other current and other long-term liabilities in our consolidated balance sheet.

For the years ended December 31, 2020 and December 31, 2019, the Company incurred transaction costs of $2,325 and $5,180, respectively, primarily related to certain transactions not related to the Company's operations. For the year ended December 31, 2018, the Company incurred transaction costs of $7,521 relating to the Distribution discussed in Note 1.

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Costs incurred in the construction of the Company's cable systems, including line extensions to, and upgrade of, the Company's hybrid fiber/coaxial infrastructure and construction of the parallel fiber to the home ("FTTH") infrastructure, are capitalized. This includes headend facilities and initial placement of the feeder cable to connect a customer that had not been previously connected. These costs consist of materials, subcontractor labor, direct consulting fees, and internal labor and related costs associated with the construction activities. The internal costs that are capitalized consist of salaries and benefits of the Company's employees and the portion of facility costs, including rent, taxes, insurance and utilities, that supports the construction activities. These costs are depreciated over the estimated life of the plant (10 to 25 years) and headend facilities (5 to 25 years). Costs of operating the plant and the technical facilities, including repairs and maintenance, are expensed as incurred.

Costs associated with the initial deployment of new customer premise equipment ("CPE") necessary to provide broadband, video and telephony services are also capitalized. These costs include materials, subcontractor labor, internal labor, and other related costs associated with the connection activities. The departmental activities supporting the connection process are tracked through specific metrics, and the portion of departmental costs that is capitalized is determined through a time weighted activity allocation of costs incurred based on time studies used to estimate the average time spent on each activity. These installation costs are amortized over the estimated useful lives of the CPE necessary to provide broadband, video and telephony services. The portion of departmental costs related to disconnecting services and removing CPE from a customer, costs related to connecting CPE that has been previously connected to the network, and repair and maintenance are expensed as incurred.

(Dollars in thousands, except share and per share amounts)

The estimated useful lives assigned to our property, plant and equipment are reviewed on an annual basis or more frequently if circumstances warrant and such lives are revised to the extent necessary due to changing facts and circumstances. Any changes in estimated useful lives are reflected prospectively.

Property, plant and equipment (including equipment under finance leases) consist of the following assets, which are depreciated or amortized on a straight-line basis over the estimated useful lives shown below:

	December 31, 2020	December 31, 2019	Estimated Useful Lives
Customer premise equipment	$ 1,845,830	$ 1,563,729	3 to 5 years
Headends and related equipment	2,158,704	2,023,684	5 to 25 years
Infrastructure	5,964,419	5,314,322	5 to 25 years
Equipment and software	1,237,057	1,111,577	3 to 10 years
Construction in progress (including materials and supplies)	174,610	192,571	
Furniture and fixtures	65,724	63,478	5 to 8 years
Transportation equipment	150,974	151,627	5 to 10 years
Buildings and building improvements	481,693	457,174	10 to 40 years
Leasehold improvements	110,037	103,734	Term of lease
Land	48,791	48,426	
	12,237,839	11,030,322	
Less accumulated depreciation and amortization	(6,431,843)	(5,276,921)	
	$ 5,805,996	$ 5,753,401	

For the years ended December 31, 2020, 2019 and 2018, the Company capitalized certain costs aggregating $134,857, $132,966 and $134,265, respectively, related to the acquisition and development of internal use software, which are included in the table above.

Depreciation expense on property, plant and equipment (including finance leases) for the years ended December 31, 2020, 2019 and 2018 amounted to $1,344,732, $1,475,251 and $1,508,125, respectively.

NOTE 9. LEASES

On January 1, 2019, the Company adopted ASC 842 which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance requires the recognition of the right-of-use ("ROU") assets and related operating and finance lease liabilities on the balance sheet. The Company adopted the new guidance using the modified retrospective approach with a cumulative-effect adjustment recorded on January 1, 2019.

The adoption of ASC 842 resulted in the recognition of ROU assets of $274,292 and lease liabilities for operating leases of $299,900 on the Company's consolidated balance sheet as of January 1, 2019, with no material impact to its consolidated statements of operations. The difference between the ROU assets and the operating lease liability represents the reclassification of (i) deferred rent balances, resulting from the historical operating leases, and (ii) certain accrued restructuring liabilities (See Note 7). The Company's accounting for finance leases remained substantially unchanged from its accounting for capital leases in prior periods.

The Company elected the package of practical expedients permitted within the standard, which allow an entity to forgo reassessing (i) whether a contract contains a lease, (ii) classification of leases, and (iii) whether capitalized costs associated with a lease meet the definition of initial direct costs. Also, the Company elected the expedient allowing an entity to use hindsight to determine the lease term and impairment of ROU assets and the expedient related to land easements which allows the Company not to retrospectively treat land easements as leases; however, the Company must apply lease accounting prospectively to land easements if they meet the definition of a lease.

For contracts entered into on or after the effective date, at the inception of a contract the Company will assess whether the contract is, or contains, a lease. The Company's assessment is based on: (i) whether the contract involves the use of a distinct identified asset, (ii) whether the Company obtained the right to substantially all the economic benefit from the use of the asset throughout the period, and (iii) whether the Company has the right to direct the use of the asset. Leases entered into prior to January 1, 2019, are accounted for under ASC 840 and were not reassessed for classification.

(Dollars in thousands, except share and per share amounts)

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases, and is subsequently measured at amortized cost using the effective interest method. The Company generally uses its incremental borrowing rate as the discount rate for leases, unless an interest rate is implicitly stated in the lease. The lease term for all of the Company's leases includes the noncancellable period of the lease plus any additional periods covered by either a Company option to extend the lease that the Company is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. All ROU assets are reviewed for impairment.

Lease expense for operating leases consists of the lease payments plus any initial direct costs and is recognized on a straight-line basis over the lease term. Lease expense for finance leases consists of the amortization of the asset on a straight-line basis over the earlier of the lease term or its useful life and interest expense determined on an amortized cost basis. The lease payments are allocated between a reduction of the lease liability and interest expense.

The Company's operating leases are comprised primarily of facility leases and finance leases are comprised primarily of vehicle and equipment leases.

Balance sheet information related to our leases is presented below:

	Balance Sheet location	December 31, 2020	December 31, 2019
Operating leases:			
Right-of-use lease assets	Right-of-use operating lease assets	$ 241,342	$ 280,340
Right-of-use lease liability, current	Other current liabilities	38,296	38,836
Right-of-use lease liability, long-term	Right-of-use operating lease liability	257,424	269,062
Finance leases:			
Right-of-use lease assets	Property, plant and equipment	170,155	70,339
Right-of-use lease liability, current	Current portion of long-term debt	63,454	22,017
Right-of-use lease liability, long-term	Long-term debt	96,183	47,403

The following provides details of the Company's lease expense:

	Years Ended December 31,	
	2020	2019
Operating lease expense, net	$ 58,923	$ 60,364
Finance lease expense:		
Amortization of assets	30,123	9,347
Interest on lease liabilities	6,324	2,106
Total finance lease expense	36,447	11,453
	$ 95,370	$ 71,817

(Dollars in thousands, except share and per share amounts)

Other information related to leases is presented below:

	As of December 31,	
	2020	2019
Right-of-use assets acquired in exchange for operating lease obligations	$ 35,383	$ 61,244
Cash Paid For Amounts Included In Measurement of Liabilities:		
Operating cash flows from finance leases	6,324	2,106
Operating cash flows from operating leases	64,391	65,352
Weighted Average Remaining Lease Term:		
Operating leases	9.0 years	9.4 years
Finance leases	2.5 years	3.4 years
Weighted Average Discount Rate:		
Operating leases	5.66 %	5.96 %
Finance leases	5.38 %	5.49 %

The minimum future annual payments under non-cancellable leases during the next five years and thereafter, at rates now in force, are as follows:

	Finance leases	Operating leases
2021	$ 70,074	$ 42,832
2022	65,828	52,508
2023	30,701	44,814
2024	3,456	40,986
2025	319	32,986
Thereafter	—	171,238
Total future minimum lease payments, undiscounted	170,378	385,364
Less: Imputed interest	(10,741)	(89,644)
Present value of future minimum lease payments	$ 159,637	$ 295,720

NOTE 10. INTANGIBLE ASSETS

The following table summarizes information relating to the Company's acquired amortizable intangible assets:

	As of December 31, 2020			As of December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Estimated Useful Lives
Customer relationships	$ 6,052,598	$ (3,478,742)	$ 2,573,856	$ 6,017,524	$ (2,843,561)	$ 3,173,963	3 to 18 years
Trade names	1,081,083	(894,189)	186,894	1,081,083	(798,484)	282,599	2 to 5 years
Other amortizable intangibles	56,747	(36,381)	20,366	53,181	(28,634)	24,547	1 to 15 years
	$ 7,190,428	$ (4,409,312)	$ 2,781,116	$ 7,151,788	$ (3,670,679)	$ 3,481,109	

Amortization expense for the years ended December 31, 2020, 2019 and 2018 aggregated $738,633, $787,893, and $874,214, respectively.

(Dollars in thousands, except share and per share amounts)

The following table sets forth the estimated amortization expense on intangible assets for the periods presented:

Estimated amortization expense		
Year Ending December 31, 2021	$	629,513
Year Ending December 31, 2022		545,826
Year Ending December 31, 2023		380,300
Year Ending December 31, 2024		301,035
Year Ending December 31, 2025		255,439

The carrying amount of indefinite-lived cable television franchises and goodwill is presented below:

	Indefinite-lived Cable Television Franchises	Goodwill
Balance as of December 31, 2018	$ 13,020,081	$ 8,012,416
Goodwill recorded in connection with an acquisition of Cheddar Inc. ("Cheddar")	—	130,039
Adjustments to purchase accounting relating to business acquired	—	(146)
Balance as of December 31, 2019	13,020,081	$ 8,142,309
Indefinite-lived cable television franchises and goodwill recorded in connection with an acquisition (see discussion below)	47,936	18,257
Balance as of December 31, 2020	$ 13,068,017	$ 8,160,566

On July 14, 2020, the Company completed its acquisition of certain cable assets in New Jersey for approximately $150,000. The acquisition was accounted for as a business combination in accordance with ASC Topic 805. In connection with the acquisition, the Company recorded indefinite-lived cable television franchise rights of approximately $47,936, customer relationships of approximately $35,074 and goodwill of approximately $18,257 based on an allocation of the purchase price. In addition, the Company recorded property, plant and equipment of approximately $52,362.

In June 2019, the Company completed the acquisition of Cheddar, a digital-first news company, for approximately $198,754 in cash and stock. The acquisition was accounted for as a business combination in accordance with ASC Topic 805. The purchase price was allocated to the identifiable tangible and intangible assets and liabilities of Cheddar based on their fair values. The Company recorded goodwill of $130,039, customer relationships of $46,640, trade names of $14,000 and other amortizable intangible assets of $11,780.

(Dollars in thousands, except share and per share amounts)

NOTE 11. DEBT

The following table provides details of the Company's outstanding debt:

Date Issued	Maturity Date	Interest Rate		December 31, 2020 Principal Amount	December 31, 2020 Carrying Amount (a)	December 31, 2019 Principal Amount	December 31, 2019 Carrying Amount (a)
CSC Holdings Senior Notes:							
November 15, 2011	November 15, 2021	6.750 %		$ 1,000,000	$ 989,917	$ 1,000,000	$ 979,178
September 27, 2012	September 15, 2022	5.875 %		649,024	617,333	649,024	600,849
May 23, 2014	June 1, 2024	5.250 %		750,000	697,041	750,000	683,940
October 18, 2018	July 15, 2025	7.750 %	(e)	—	—	1,740	1,695
October 9, 2015	October 15, 2025	10.875 %	(f)	—	—	1,684,221	1,665,237
October 18, 2018	April 1, 2028	7.500 %		4,118	4,112	4,118	4,112
November 27, 2018	July 15, 2025	7.750 %	(e)	—	—	617,881	605,583
November 27, 2018	April 1, 2028	7.500 %		1,045,882	1,044,424	1,045,882	1,044,278
July 10 and October 7, 2019	January 15, 2030	5.750 %		2,250,000	2,286,097	2,250,000	2,289,168
June 16, 2020	December 1, 2030	4.625 %		2,325,000	2,370,502	—	—
				8,024,024	8,009,426	8,002,866	7,874,040
CSC Holdings Senior Guaranteed Notes:							
October 9, 2015	October 15, 2025	6.625 %	(f)	—	—	1,000,000	989,483
September 23, 2016	April 15, 2027	5.500 %		1,310,000	1,305,955	1,310,000	1,305,430
January 29, 2018	February 1, 2028	5.375 %		1,000,000	993,490	1,000,000	992,757
November 27, 2018	July 15, 2023	5.375 %	(e)	—	—	1,095,825	1,081,879
November 27, 2018	May 15, 2026	5.500 %		1,498,806	1,487,644	1,498,806	1,485,911
January 24, 2019	February 1, 2029	6.500 %		1,750,000	1,747,245	1,750,000	1,746,996
June 16, 2020	December 1, 2030	4.125 %		1,100,000	1,095,283	—	—
August 17, 2020	February 15, 2031	3.375 %		1,000,000	996,692	—	—
				7,658,806	7,626,309	7,654,631	7,602,456
CSC Holdings Restricted Group Credit Facility:							
Revolving Credit Facility	(c)	2.479%	(b)	625,000	616,027	—	—
Term Loan B	July 17, 2025	2.409%		2,895,000	2,884,065	2,925,000	2,911,729
Incremental Term Loan B-3	January 15, 2026	2.409%		1,252,688	1,248,293	1,265,438	1,260,200
Incremental Term Loan B-5	April 15, 2027	2.659%		2,977,500	2,956,807	3,000,000	2,976,358
				7,750,188	7,705,192	7,190,438	7,148,287
Lightpath Senior Notes:							
September 29, 2020	September 15, 2028	5.625 %		415,000	406,176	—	—
Lightpath Senior Secured Notes:							
September 29, 2020	September 15, 2027	3.875 %		450,000	440,487	—	—
Lightpath Term Loan	November 30, 2027	3.750 %		600,000	582,808	—	—
Lightpath Revolving Credit Facility		(g)		—	—	—	—
				1,465,000	1,429,471	—	—
Collateralized indebtedness (see Note 12)				1,699,566	1,617,506	1,699,566	1,585,088
Finance lease obligations (see Note 9)				159,637	159,637	69,420	69,420
Notes payable and supply chain financing (d)				183,690	174,801	156,519	140,994
				26,940,911	26,722,342	24,773,440	24,420,285
Less: current portion of credit facility debt				(78,750)	(78,750)	(65,250)	(65,250)
Less: current portion of senior notes				(1,000,000)	(989,917)	—	—

(Dollars in thousands, except share and per share amounts)

Less: current portion of finance lease obligations	(63,454)	(63,454)	(22,017)	(22,017)
Less: current portion of notes payable and supply chain financing	(113,592)	(113,592)	(83,415)	(83,415)
	(1,255,796)	(1,245,713)	(170,682)	(170,682)
Long-term debt	$ 25,685,115	$ 25,476,629	$ 24,602,758	$ 24,249,603

(a) The carrying amount is net of the unamortized deferred financing costs and/or discounts/premiums and with respect to certain notes, a fair value adjustment resulting from the Cequel and Cablevision acquisitions.

(b) At December 31, 2020, $137,920 of the revolving credit facility was restricted for certain letters of credit issued on behalf of the Company and $1,712,080 of the facility was undrawn and available, subject to covenant limitations.

(c) The revolving credit facility of an aggregate principal amount of $2,275,000 matures in January 2024 and priced at LIBOR plus 2.25%. The remaining revolving credit facility of an aggregate principal amount of $200,000 matures in November 2021 and is priced at LIBOR plus 3.25%.

(d) Includes $99,941 related to supply chain financing agreements that is required to be repaid within one year from the date of the respective agreement. The principal amounts include $59,451 of notes payable that will be reclassified to collateralized indebtedness upon the maturity, in January 2021, of a monetization contract related to the synthetic monetization closeout transaction in November 2019. See Note 12.

(e) These notes were repaid in July 2020 with proceeds from the issuance of new notes in June 2020. See discussion below.

(f) These notes were repaid in August 2020 with proceeds from the issuance of new notes. See discussion below.

(g) There were no borrowings outstanding under the Lightpath Revolving Credit Facility which provides for commitments in an aggregate principal amount of $100,000. See discussion below.

In October 2018, the Company combined its Suddenlink and Optimum businesses under a single credit silo (the "Combination"). The integration of the Suddenlink and Optimum businesses was aimed at aligning Altice USA’s debt capital structure and to simplify Altice USA’s financing strategy and financial reporting requirements. The Combination was effected mainly by the following transactions:

- In October 2018, Altice US Finance, Cequel Capital Corporation and Cequel Communications Holdings I, LLC ("CCHI") commenced an offer to exchange (the "Exchange Offer") any and all outstanding senior notes and senior secured notes issued by them (the "Original Cequel Notes") for up to $5,520,000 aggregate principal amount of new notes (the "New Cequel Notes") and, in the case of the 5.375% senior secured notes due 2023 and 5.500% senior secured notes due 2026, and cash of $6,500. Approximately $5,500,050 of the outstanding notes subject to the Exchange Offer were exchanged into corresponding series of New Cequel Notes.
- In October 2018, CSC Holdings entered into a Sixth Amendment to the CSC Credit Facilities Agreement (the "Combination Incremental Term Loan Agreement"). The Combination Incremental Term Loan Agreement provided for, among other things, new incremental term loan commitments in an aggregate principal amount of $1,275,000.

On or following the Combination Date the following transactions were completed:

- The Company redeemed $5,206 principal amount of the Original Cequel Notes that were outstanding after the consummation of the Exchange Offer.
- New Cequel Notes with an aggregate principal balance of $5,500,050 were converted into $5,499,156 principal amount of CSC Holdings senior note (see detail below).
- Pursuant to the Combination Incremental Term Loan Agreement, on the Combination Date, CSC Holdings entered into a $1,275,000 ($1,252,688 outstanding at December 31, 2020) incremental term loan facility (the "Incremental Term Loan B-3") under its existing credit facilities agreement. The proceeds from the Incremental Term Loan B-3 were used to repay the entire principal amount of loans under Cequel’s then existing term loan facility and other transaction costs related to the Combination. The Incremental Term Loan B-3 is comprised of eurodollar borrowings or alternative base rate borrowings, and bear interest at a rate per annum equal to the Adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.25% per annum and (ii) with respect to any eurodollar loan, 2.25% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or $3,188) of the principal amount of the Incremental Term Loan B-3, beginning with the fiscal quarter ended June 30, 2019, with the remaining balance scheduled to be paid on January 15, 2026.

(Dollars in thousands, except share and per share amounts)

- The Combination was implemented by a series of corporate transactions, including: (i) CCHI merging into Cablevision, with Cablevision as the surviving entity (the "Holdco Merger"), and (ii) Cequel Communications Holdings II, LLC (the direct parent of Cequel) merging into CSC Holdings, with CSC Holdings as the surviving entity. In connection with the Holdco Merger, Cablevision assumed all of the obligations of CCHI that remained outstanding after giving effect to the Exchange Offer under the indentures governing the outstanding Original Cequel Notes. In July 2019, the Company redeemed in full the aggregate principal amount of the outstanding 5.125% senior notes due 2021 that were not exchanged in connection with the Exchange Offer. Pursuant to the Assumption of Cablevision Senior Notes in November 2019, as described below, the remaining original Cequel Notes that were assumed by Cablevision under the Combination became obligations of CSC Holdings.

The following is a summary of the results of the Exchange Offer:

	Original Cequel Notes	Remaining Original Cequel Notes	Notes Redeemed in Cash	Principal of New CSC Holdings Notes
5.375% Senior Secured Notes due 2023	$ 1,100,000	$ —	$ 4,157	$ 1,095,825
5.5% Senior Secured Notes due 2026	1,500,000	—	1,049	1,498,806
5.125% Senior Notes due 2021	1,250,000	8,886	—	1,240,762
7.75% Senior Notes due 2025	620,000	1,740	—	617,881
7.5% Senior Notes due 2028	1,050,000	4,118	—	1,045,882
	$ 5,520,000	$ 14,744	$ 5,206	$ 5,499,156

CSC Holdings Credit Facilities

For financing purposes, the Company is structured as a restricted group (the “Restricted Group”) and an unrestricted group, which includes certain designated subsidiaries and investments (the “Unrestricted Group”). The Restricted Group is comprised of CSC Holdings and substantially all of its wholly-owned operating subsidiaries. These subsidiaries are subject to the covenants and restrictions of the credit facility and indentures governing the notes issued by CSC Holdings. Cablevision Lightpath LLC became an unrestricted subsidiary prior to the issuance of its senior notes and senior secured notes in September 2020. See discussion below regarding the Lightpath debt financing.

In October 2015, a wholly-owned subsidiary of Altice USA, which merged with and into CSC Holdings on June 21, 2016, entered into a senior secured credit facility, which currently provides U.S. dollar term loans currently in an aggregate principal amount of $3,000,000 ($2,895,000 outstanding at December 31, 2020) (the "CSC Term Loan Facility", and the term loans extended under the CSC Term Loan Facility, the "CSC Term Loans") and U.S. dollar revolving loan commitments in an aggregate principal amount of $2,475,000 ($625,000 outstanding at December 31, 2020) (the "CSC Revolving Credit Facility" and, together with the CSC Term Loan Facility, the "CSC Credit Facilities"), which are governed by a credit facilities agreement entered into by, inter alios, CSC Holdings certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent (as amended, restated, supplemented or otherwise modified on June 20, 2016, June 21, 2016, July 21, 2016, September 9, 2016, December 9, 2016, March 15, 2017, January 12, 2018, October 15, 2018, January 24, 2019, February 7, 2019, May 14, 2019 and October 3, 2019, respectively, and as further amended, restated, supplemented or otherwise modified from time to time, the "CSC Credit Facilities Agreement").

The Term Loan B is comprised of eurodollar borrowings or alternate base rate borrowings, and bears interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.25% per annum and (ii) with respect to any eurodollar loan, 2.25% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or $7,500) of the principal amount of the Term Loan B, beginning with the fiscal quarter ended September 30, 2017, with the remaining balance scheduled to be paid on July 17, 2025.

In January 2018, CSC Holdings entered into a $1,500,000 incremental term loan facility (the "Incremental Term Loan B-2") under its existing credit facilities agreement. The Incremental Term Loan B-2 was priced at 99.5% and was due to mature on January 25, 2026. The Incremental Term Loan B-2 was comprised of eurodollar borrowings or alternate base rate borrowings, and bore interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin was (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Company was required to make scheduled quarterly payments equal to 0.25% (or $3,750) of the principal amount of the Incremental Term Loan B-2, beginning with the fiscal quarter ended September 30, 2018, with the remaining balance scheduled to be paid on January 25, 2026. The Incremental Term Loan B-2 was repaid in full in October 2019 with proceeds from the Incremental Term Loan B-5 discussed below.

In February 2019, CSC Holdings entered into a $1,000,000 incremental term loan facility ("Incremental Term Loan B-4") under its existing credit facilities agreement. The proceeds from the Incremental Term Loan B-4 were used to redeem $894,700 in aggregate principal amount of CSC Holdings' 10.125% senior notes due 2023, representing the entire aggregate principal amount outstanding, and paying related fees, costs and expenses. The Incremental Term Loan B-4 was due to mature on April 15, 2027 and was issued with an original issue discount of 1.0%. The Incremental Term Loan B-4 was comprised of eurodollar borrowings or alternative base rate borrowings and bore interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin was (i) with respect to any alternate base rate loan, 2.00% per annum and (ii) with respect to any eurodollar loan, 3.0%. The Incremental Term Loan B-4 was repaid in full in October 2019 with proceeds from the Incremental Term Loan B-5 discussed below.

In October 2019, CSC Holdings entered into a $3,000,000 ($2,977,500 outstanding at December 31, 2020), incremental term loan facility ("Incremental Term Loan B-5") under its existing credit facilities agreement, out of which $500,000 was available on a delayed draw basis. The Incremental Term Loan B-5 matures on April 15, 2027 and was issued at par. The Incremental Term Loan B-5 may be comprised of eurodollar borrowings or alternative base rate borrowings, and will bear interest at a rate per annum equal to the Adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 1.50% per annum and (ii) with respect to any eurodollar loan, 2.50% per annum. The Company is required to make scheduled quarterly payments equal to 0.25% (or $7,500) of the principal amount of the Incremental Term Loan B-5, beginning with the fiscal quarter ended June 30, 2020.

The initial proceeds of the Incremental Term Loan B-5 were used to repay approximately $2,500,000 of the outstanding term loans (Incremental Term Loan B-2 and Incremental Term Loan B-4) under the credit agreement, and the proceeds of the delayed draw tranche of the Incremental Term Loan B-5 were used to distribute $500,000 in cash to Cablevision, the proceeds of which were used to redeem Cablevision's 8.00% senior notes due 2020, representing the entire aggregate principal amount outstanding, and in each case, paying related fees, costs and expenses in connection with such transactions, with the remainder being used to fund cash on the balance sheet. In connection with the repayment of approximately $2,500,000 of the outstanding term loans, a portion of the unamortized discount and unamortized deferred financing costs was written-off and recorded as a loss on extinguishment of debt in the fourth quarter of 2019 (see table below).

During the year ended December 31, 2020, CSC Holdings borrowed $2,075,000 under its revolving credit facility and repaid $1,450,000 of amounts outstanding under the revolving credit facility.

The CSC Credit Facilities Agreement requires the prepayment of outstanding CSC Term Loans, subject to certain exceptions and deductions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions; and (ii) on a pari ratable share (based on the outstanding principal amount of the Term Loans divided by the sum of the outstanding principal amount of all pari passu indebtedness and the Term Loans) of 50% of annual excess cash flow, which will be reduced to 0% if the consolidated net senior secured leverage ratio of CSC Holdings is less than or equal to 4.5 to 1.

The obligations under the CSC Credit Facilities are guaranteed by each restricted subsidiary of CSC Holdings (other than CSC TKR, LLC and its subsidiaries and certain excluded subsidiaries) (the "Initial Guarantors") and, subject to certain limitations, will be guaranteed by each future material wholly-owned restricted subsidiary of CSC Holdings. The obligations under the CSC Credit Facilities (including any guarantees thereof) are secured on a first priority basis, subject to any liens permitted by the Credit Facilities, by capital stock held by CSC Holdings or any guarantor in certain subsidiaries of CSC Holdings, subject to certain exclusions and limitations.

The CSC Credit Facilities Agreement includes certain negative covenants which, among other things and subject to certain significant exceptions and qualifications, limit CSC Holdings' ability and the ability of its restricted subsidiaries to: (i) incur or guarantee additional indebtedness, (ii) make investments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (viii) engage in mergers or consolidations. In addition, the CSC Revolving Credit Facility includes a financial maintenance covenant solely for the benefit of the lenders under the CSC Revolving Credit Facility consisting of a maximum consolidated net senior secured leverage ratio of CSC Holdings and its restricted subsidiaries of 5.0 to 1.0. The financial covenant will be tested on the last day of any fiscal quarter, but only if on such day there are outstanding borrowings under the CSC Revolving Credit Facility (including swingline loans but excluding any cash collateralized letters of credit and undrawn letters of credit not to exceed the letter of credit sublimit).

The CSC Credit Facilities Agreement also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under the CSC Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the CSC Credit Facilities and all actions permitted to be taken by a secured creditor.

CSC Holdings was in compliance with all of its financial covenants under the CSC Credit Facilities as of December 31, 2020.

Cequel Credit Facilities

In October 2018, in connection with the Combination described above, amounts outstanding pursuant to Cequel's term loan facility aggregating $1,249,188 were repaid from the proceeds of the Incremental Term Loan B-3 described above and all commitments pursuant to the Cequel credit facilities were cancelled. Term loans comprising each eurodollar borrowing or alternate base rate borrowing, as applicable, bore interest at a rate per annum equal to the adjusted LIBOR or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin was 1.25% per annum with respect to any alternate base rate loans and 2.25% per annum with respect to any eurodollar loan.

Senior Guaranteed Notes, Senior Secured Notes, and Senior Notes

In January 2018, CSC Holdings issued $1,000,000 aggregate principal amount of 5.375% senior guaranteed notes due February 1, 2028 (the "2028 Guaranteed Notes"). The 2028 Guaranteed Notes are senior unsecured obligations and rank pari passu in right of payment with all of the existing and future senior indebtedness, including the existing senior notes and the CSC Credit Facilities and rank senior in right of payment to all of existing and future subordinated indebtedness.

The proceeds from the 2028 Guaranteed Notes, together with proceeds from the Incremental Term Loan B-2 (discussed above), borrowings under the CSC revolving credit facility and cash on hand, were used in February 2018 to repay $300,000 principal amount of CSC Holdings' senior notes due in February 2018 and $750,000 principal amount of Cablevision senior notes due in April 2018 and a portion was used to fund the dividend of $1,499,935 to the Company's stockholders immediately prior to and in connection with the Distribution discussed in Note 1. In connection with the redemption of Cablevision senior notes, the Company paid a call premium of approximately $7,019, which was recorded as a loss on extinguishment of debt and also recorded a write-off of the unamortized premium of $2,314.

In April 2018, CCHI and Cequel Capital Corporation each an indirect, wholly owned subsidiary of the Company, issued $1,050,000 aggregate principal amount of 7.50% senior notes due April 1, 2028 (the "2028 Senior Notes"). The proceeds of these notes were used in April 2018 to redeem the $1,050,000 aggregate principal amount 6.375% senior notes due September 15, 2020. In connection with the redemption of these notes, the Company paid a call premium of approximately $16,737, which was recorded as a loss on extinguishment of debt and also recorded a write-off of deferred financing costs aggregating $20,173. See discussion above regarding the exchange of these notes as a result of the Combination.

In January 2019, CSC Holdings issued $1,500,000 in aggregate principal amount of senior guaranteed notes due 2029 ("CSC Holdings 2029 Guaranteed Notes"). The notes bear interest at a rate of 6.50% and will mature on February 1, 2029. The net proceeds from the sale of the notes were used to repay certain indebtedness, including to repay at maturity $526,000 aggregate principal amount of CSC Holdings' 8.625% senior notes due February 2019 plus accrued interest, redeem approximately $905,300 of the aggregate outstanding amount of CSC Holdings' 10.125% senior notes due 2023 at a redemption price of 107.594% plus accrued interest, and paid fees and expenses associated with the transactions.

In February 2019, CSC Holdings issued an additional $250,000 CSC Holdings 2029 Guaranteed Notes at a price of 101.75% of the principal amount, plus accrued interest from January 31, 2019. The proceeds of these notes were used to repay the outstanding balance under the CSC Revolving Credit Facility.

In July 2019, CSC Holdings issued $1,000,000 in aggregate principal amount of senior notes which bear interest at a rate of 5.75% and will mature on January 15, 2030 ("2030 Senior Notes"). The net proceeds from the sale of the notes were used to repay outstanding borrowings under the CSC Revolving Credit Facility of approximately $622,857, along with accrued interest and pay fees associated with the transactions. The remaining proceeds were used for general corporate purposes.

In October 2019, CSC Holdings issued an additional $1,250,000 aggregate principal amount of its 2030 Senior Notes at a price of 104.00% of the principal amount plus accrued interest from July 10, 2019 until October 7, 2019. The proceeds of these notes were used to redeem $1,240,762 aggregate outstanding principal amount of CSC Holdings 5.125% senior notes due 2021 in full and to pay accrued interest, fees, costs and expenses associated with these transactions. In connection with the redemption, the Company recorded a loss on extinguishment of debt of $65,151, representing the unamortized discount and deferred financing costs as of the redemption date.

In June 2020, CSC Holdings issued $1,100,000 in aggregate principal amount of senior guaranteed notes that bear interest at a rate of 4.125% and mature on December 1, 2030 and $625,000 in aggregate principal amount of senior notes that bear interest at a rate of 4.625% and mature on December 1, 2030. The net proceeds from the sale of the these notes was used in July 2020 to early redeem the $1,095,825 aggregate principal amount of CSC Holdings' 5.375% senior secured notes due July 15, 2023, the $617,881 and the $1,740 aggregate principal amount of CSC Holdings' 7.750% senior notes due July 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company recognized a loss on the extinguishment of debt aggregating $62,096, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

In August 2020, CSC Holdings issued $1,000,000 in aggregate principal amount of new senior guaranteed notes that bear interest at a rate of 3.375% and mature on February 15, 2031 and an additional $1,700,000 in aggregate principal amount of its 4.625% senior notes that mature on December 1, 2030 at a price of 103.25% of the aggregate principal amount. The net proceeds from the sale of the notes was used to early redeem the $1,684,221 aggregate principal amount of CSC Holdings' 10.875% senior notes due October 15, 2025, the $1,000,000 aggregate principal amount of CSC Holdings' 6.625% senior guaranteed notes due October 15, 2025, plus pay accrued interest and the associated premiums related to the early redemption of these notes. In connection with the early redemptions, the Company recognized a loss on the extinguishment of debt aggregating $188,393, reflecting the early redemption premiums and the write-off of outstanding deferred financing costs on these notes.

The indentures under which the Senior Guaranteed Notes and Senior Notes were issued contain certain customary covenants and agreements, including limitations on the ability of CSC Holdings and its restricted subsidiaries to (i) incur or guarantee additional indebtedness, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances, and (viii) engage in mergers or consolidations, in each case subject to certain exceptions. The indentures also contain certain customary events of default. If an event of default occurs, the obligations under the notes may be accelerated.

Subject to customary conditions, the Company may redeem some or all of the notes at the redemption price set forth in the relevant indenture, plus accrued and unpaid interest, plus a specified "make-whole" premium (in the event the notes are redeemed prior to a certain specified time set forth in the indentures).

The Company was in compliance with all of its financial covenants under these indentures as of December 31, 2020.

Lightpath Debt Financing

On September 29, 2020, in connection with the Lightpath Transaction, Cablevision Lightpath LLC ("Lightpath") issued $450,000 in aggregate principal amount of senior secured notes that bear interest at a rate of 3.875% and mature on September 15, 2027 and $415,000 in aggregate principal amount of senior notes that bear interest at a rate of 5.625% and mature on September 15, 2028. Prior to the issuance of these notes, Lightpath became an unrestricted subsidiary under the terms of CSC Holdings' debt.

(Dollars in thousands, except share and per share amounts)

In addition, on September 29, 2020, Lightpath entered into a credit agreement between, inter alios, certain lenders party thereto and Goldman Sachs Bank USA, as administrative agent, and Deutsche Bank Trust Company Americas, as collateral agent, (the "Lightpath Credit Agreement") which provides for, among other things, (i) a term loan in an aggregate principal amount of $600,000 (the “Lightpath Term Loan Facility”) at a price of 99.5% of the aggregate principal amount, which was drawn on November 30, 2020, and (ii) revolving loan commitments in an aggregate principal amount of $100,000 (the “Lightpath Revolving Credit Facility"). As of December 31, 2020, there were no borrowings outstanding under the Lightpath Revolving Credit Facility. The Company is required to make scheduled quarterly payments equal to 0.25% (or $1,500) of the principal amount of the Lightpath Term Loan Facility, beginning with the fiscal quarter ended March 31, 2021.

The loans made pursuant to the Lightpath Credit Agreement are comprised of eurodollar borrowings or alternative base rate borrowings, and bear interest at a rate per annum equal to the adjusted LIBOR rate or the alternate base rate, as applicable, plus the applicable margin, where the applicable margin is (i) with respect to any alternate base rate loan, 2.25% per annum and (ii) with respect to any eurodollar loan, 3.25% per annum. The maturity date of the (i) Lightpath Term Loan Facility is November 30, 2027 and (ii) Lightpath Revolving Credit Facility is November 30, 2025.

Lightpath was in compliance with all of its financial covenants under the Lightpath Credit Facility and notes indentures as of December 31, 2020.

Assumption of Cablevision Senior Notes

In November 2019, pursuant to an asset contribution agreement (the "Asset Contribution"), Cablevision contributed to CSC Holdings substantially all of its assets and CSC Holdings assumed all of Cablevision’s liabilities, including Cablevision’s 5.875% senior notes due September 2022 with an aggregate outstanding principal amount of $649,024, Cablevision’s 7.750% senior notes due July 2025 with an aggregate outstanding principal amount of $1,740, and Cablevision's 7.500% senior notes due April 2028 with an aggregate outstanding principal amount of $4,118 (the "Assumption of Cablevision Senior Notes").

Loss on Extinguishment of Debt and the Write-off of Deferred Financing Costs

The following table provides a summary of the loss (gain) on extinguishment of debt and the write-off of deferred financing costs recorded by the Company upon the redemption of senior notes and the refinancing of credit facilities:

For the Year Ended December 31, 2020:		
CSC Holdings 5.375% Senior Guaranteed Notes due 2023	$	26,721
CSC Holdings 7.75% Senior Notes due 2025		35,375
CSC Holdings 10.875% Senior Notes due 2025		136,249
CSC Holdings 6.625% Senior Guaranteed Notes due 2025		52,144
	$	250,489
For the Year Ended December 31, 2019:		
CSC Holdings 5.125% Senior Notes due 2021	$	65,151
CSC Holdings 10.125% Senior Notes due 2023		154,666
Refinancing and subsequent amendment to CSC Holdings credit facility		8,313
Subtotal - CSC Holdings		228,130
Cablevision 5.125% Senior Notes due 2021		500
Cablevision 8.000% Senior Notes due 2020		15,176
	$	243,806

(Dollars in thousands, except share and per share amounts)

For the Year Ended December 31, 2018:	
Cequel Credit Facility	$ 7,733
Cequel senior and senior secured notes pursuant to the Exchange Offer discussed above	150
Subtotal - CSC Holdings	7,883
Cequel 6.375% Senior Notes due 2020	36,910
Cequel senior and senior secured notes pursuant to the Exchange Offer discussed above	(695)
Cablevision 7.75% Senior Notes due 2018	4,706
	$ 48,804

Summary of Debt Maturities

The future maturities of debt payable by the Company under its various debt obligations outstanding as of December 31, 2020, including notes payable and collateralized indebtedness (see Note 12), but excluding finance lease obligations (see Note 9), are as follows:

Years Ending December 31,	
2021	$ 1,192,342
2022	734,667
2023	1,841,383
2024	1,453,889
2025	2,823,750
Thereafter	18,735,243

NOTE 12. DERIVATIVE CONTRACTS AND COLLATERALIZED INDEBTEDNESS

Prepaid Forward Contracts

The Company has entered into various transactions to limit the exposure against equity price risk on its shares of Comcast Corporation ("Comcast") common stock. The Company has monetized all of its stock holdings in Comcast through the execution of prepaid forward contracts, collateralized by an equivalent amount of the respective underlying stock. At maturity, the contracts provide for the option to deliver cash or shares of Comcast stock with a value determined by reference to the applicable stock price at maturity. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing the Company to retain upside appreciation from the hedge price per share to the relevant cap price.

The Company received cash proceeds upon execution of the prepaid forward contracts discussed above which has been reflected as collateralized indebtedness in the accompanying consolidated balance sheets. In addition, the Company separately accounts for the equity derivative component of the prepaid forward contracts. These equity derivatives have not been designated as hedges for accounting purposes. Therefore, the net fair values of the equity derivatives have been reflected in the accompanying consolidated balance sheets as an asset or liability and the net increases or decreases in the fair value of the equity derivative component of the prepaid forward contracts are included in gain (loss) on derivative contracts in the accompanying consolidated statements of operations.

All of the Company's monetization transactions are obligations of its wholly-owned subsidiaries that are not part of the Restricted Group; however, CSC Holdings has provided guarantees of the subsidiaries' ongoing contract payment expense obligations and potential payments that could be due as a result of an early termination event (as defined in the agreements). If any one of these contracts was terminated prior to its scheduled maturity date, the Company would be obligated to repay the fair value of the collateralized indebtedness less the sum of the fair values of the underlying stock and equity collar, calculated at the termination date. As of December 31, 2020, the Company did not have an early termination shortfall relating to any of these contracts.

The Company monitors the financial institutions that are counterparties to its equity derivative contracts. All of the counterparties to such transactions carry investment grade credit ratings as of December 31, 2020.

(Dollars in thousands, except share and per share amounts)

Interest Rate Swap Contracts

To manage interest rate risk, we have from time to time entered into interest rate swap contracts to adjust the proportion of total debt that is subject to variable and fixed interest rates. Such contracts effectively fix the borrowing rates on floating rate debt to provide an economic hedge against the risk of rising rates and/or effectively convert fixed rate borrowings to variable rates to permit the Company to realize lower interest expense in a declining interest rate environment. We monitor the financial institutions that are counterparties to our interest rate swap contracts and we only enter into interest rate swap contracts with financial institutions that are rated investment grade. All such contracts are carried at their fair market values on our consolidated balance sheets, with changes in fair value reflected in the consolidated statements of operations. As of December 31, 2020, the Company did not hold and has not issued derivative instruments for trading or speculative purposes.

The following represents the location of the assets and liabilities associated with the Company's derivative instruments within the consolidated balance sheets:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Location	Fair Value at December 31, 2020	Fair Value at December 31, 2019
Asset Derivatives:			
Interest rate swap contracts	Derivative contracts, short-term	$ 5,132	$ —
Prepaid forward contracts	Derivative contracts, short-term	45,653	—
Interest rate swap contracts	Derivative contracts, long-term	4,774	—
Prepaid forward contracts	Derivative contracts, long-term	—	25,207
		55,559	25,207
Liability Derivatives:			
Interest rate swap contracts	Other current liabilities	—	(469)
Prepaid forward contracts	Other current liabilities	(45,653)	—
Prepaid forward contracts	Liabilities under derivative contracts, long-term	(247,853)	(94,795)
Interest rate swap contracts	Liabilities under derivative contracts, long-term	(275,297)	(160,871)
		$ (568,803)	$ (256,135)

The following table presents certain consolidated statement of operations data related to our derivative contracts and the underlying common stock:

	Years Ended December 31, 2020	2019	2018
Gain (loss) on derivative contracts related to change in the value of equity derivative contracts related to Comcast common stock	$ (178,264)	$ (282,713)	$ 218,848
Change in fair value of Comcast common stock included in gain (loss) on investments	319,157	469,071	(261,993)
Loss on interest rate swap contracts, net of a gain of $74,835 recorded in 2020 in connection with the early termination of the swap agreements discussed below	(78,606)	(53,902)	(61,697)

In March 2020, the Company terminated two swap agreements whereby the Company was paying a floating rate of interest and receiving a fixed rate of interest on an aggregate notional value of $1,500,000. These contracts were due to mature in May 2026. In connection with the early termination, the Company received cash of $74,835 which has been recorded in gain (loss) on interest swap contracts, net in our consolidated statement of operations and presented in operating activities in our consolidated statement of cash flows.

In addition, in March 2020, the Company executed amendments to two interest swap contracts that reduced the fixed rate of interest that the Company was paying on an aggregate notional value of $1,000,000 and extended the maturity date of the contracts to January 15, 2025 from January 15, 2022.

During the year ended December 31, 2020, the Company entered into new interest rate swap contracts on an aggregate notional value of $3,850,000. See table below.

(Dollars in thousands, except share and per share amounts)

The following is a summary of interest rate swap contracts outstanding at December 31, 2020:

Trade Date	Maturity Date	Notional Amount	Company Pays	Company Receives
December 2018	January 2025	$ 500,000	Fixed rate of 1.53%	Three-month LIBOR
December 2018	January 2022	500,000	Fixed rate of 2.733%	Three-month LIBOR
December 2018	January 2025	500,000	Fixed rate of 1.625%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9155%	Three-month LIBOR
December 2018	December 2026	750,000	Fixed rate of 2.9025%	Three-month LIBOR
March 2020	January 2025	500,000	Fixed rate of 1.458%	Three-month LIBOR
March 2020	January 2022	500,000	Three-month LIBOR	Fixed rate of 2.733%
April 2020	April 2021	2,850,000	Six-month LIBOR minus 0.5185%	One-month LIBOR

In November 2019, the Company entered into a new monetization contract related to 5,337,750 shares of Comcast common stock held by us, which synthetically reversed the existing contract related to these shares. In addition, the Company entered into amendments to monetization contracts related to 37,617,486 shares of Comcast common stock held by us. The new and amended monetization contracts extended the maturity date to April 28, 2023 and provide the Company with downside protection below the hedge price of $40.95 per share and upside benefit of stock price appreciation up to $49.55 per share. In connection with the execution of these contracts, the Company received cash of $93,000 and recorded (i) an increase in the fair value of the equity derivative contracts of $103,781, ii) an increase in notes payable, net of discount, of $36,587, and (iii) an increase in collateralized debt, net of discount of $160,194.

The cash to settle the collateralized indebtedness was obtained from the proceeds of new monetization contracts covering an equivalent number of Comcast shares. The terms of the new contracts allow the Company to retain upside participation in Comcast shares up to each respective contract's upside appreciation limit with downside exposure limited to the respective hedge price.

NOTE 13. FAIR VALUE MEASUREMENT

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level I - Quoted prices for identical instruments in active markets.
- Level II - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level III - Instruments whose significant value drivers are unobservable.

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis and their classification under the fair value hierarchy:

	Fair Value Hierarchy	December 31, 2020	December 31, 2019
Assets:			
Money market funds	Level I	$ 50,236	$ 563,704
Investment securities pledged as collateral	Level I	2,250,854	1,931,697
Prepaid forward contracts	Level II	45,653	25,207
Interest rate swap contracts	Level II	9,906	—
Liabilities:			
Prepaid forward contracts	Level II	293,506	94,795
Interest rate swap contracts	Level II	275,297	161,340
Contingent consideration related to 2017 and 2018 acquisitions	Level III	—	7,250

(Dollars in thousands, except share and per share amounts)

The Company's money market funds which are classified as cash equivalents and investment securities pledged as collateral are classified within Level I of the fair value hierarchy because they are valued using quoted market prices.

The Company's derivative contracts and liabilities under derivative contracts on the Company's consolidated balance sheets are valued using market-based inputs to valuation models. These valuation models require a variety of inputs, including contractual terms, market prices, yield curves, and measures of volatility. When appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads and credit risk considerations. Such adjustments are generally based on available market evidence. Since model inputs can generally be verified and do not involve significant management judgment, the Company has concluded that these instruments should be classified within Level II of the fair value hierarchy.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is practicable to estimate:

Credit Facility Debt, Collateralized Indebtedness, Senior Notes, Senior Guaranteed Notes, Senior Secured Notes, Notes Payable and Supply Chain Financing

The fair values of each of the Company's debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for instruments of the same remaining maturities. The fair value of notes payable is based primarily on the present value of the remaining payments discounted at the borrowing cost. The carrying value of outstanding amounts related to supply chain financing agreements approximates the fair value due to their short-term maturity (less than one year).

The carrying values, estimated fair values, and classification under the fair value hierarchy of the Company's financial instruments, excluding those that are carried at fair value in the accompanying consolidated balance sheets, are summarized below:

		December 31, 2020		December 31, 2019	
	Fair Value Hierarchy	Carrying Amount (a)	Estimated Fair Value	Carrying Amount (a)	Estimated Fair Value
Credit facility debt	Level II	$ 8,288,000	$ 8,350,188	$ 7,148,287	$ 7,190,438
Collateralized indebtedness	Level II	1,617,506	1,692,724	1,585,088	1,611,095
Senior guaranteed and senior secured notes	Level II	8,066,796	8,567,858	7,602,456	8,220,518
Senior notes	Level II	8,415,602	9,024,990	7,874,040	8,728,870
Notes payable and supply chain financing	Level II	174,801	175,251	140,994	141,713
		$ 26,562,705	$ 27,811,011	$ 24,350,865	$ 25,892,634

(a) Amounts are net of unamortized deferred financing costs and discounts/premiums.

The fair value estimates related to the Company's debt instruments presented above are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgments and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(Dollars in thousands, except share and per share amounts)

NOTE 14. INCOME TAXES

Altice USA files a federal consolidated and certain state combined income tax returns with its 80% or more owned subsidiaries. CSC Holdings and its subsidiaries are included in the consolidated federal income tax returns of Altice USA. The income tax provision for CSC Holdings is determined on a stand-alone basis for all periods presented as if CSC Holdings filed separate consolidated income tax returns. In accordance with a tax sharing agreement between CSC Holdings and Altice USA, CSC Holdings has an obligation to Altice USA for its stand-alone current tax liability as if it filed separate income tax returns.

Income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018 consist of the following components:

	Altice USA			CSC Holdings		
	Years Ended December 31,			Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Current expense (benefit):						
Federal	$ —	$ —	$ (1,865)	$ (55,044)	$ 240,229	$ 186,035
State	65,804	33,103	32,347	82,238	70,567	124,106
	65,804	33,103	30,482	27,194	310,796	310,141
Deferred expense (benefit):						
Federal	113,871	43,105	26,141	156,338	(176,591)	(102,872)
State	(38,359)	(28,174)	(93,744)	(55,121)	(62,118)	(148,721)
	75,512	14,931	(67,603)	101,217	(238,709)	(251,593)
	141,316	48,034	(37,121)	128,411	72,087	58,548
Tax benefit relating to uncertain tax positions	(1,568)	(844)	(1,534)	(1,568)	(844)	(985)
Income tax expense (benefit)	$ 139,748	$ 47,190	$ (38,655)	$ 126,843	$ 71,243	$ 57,563

The income tax expense (benefit) attributable to Altice USA's operations differs from the amount derived by applying the statutory federal rate to pretax loss principally due to the effect of the following items:

	Altice USA			CSC Holdings		
	Years Ended December 31,			Years Ended December 31,		
	2020	2019	2018	2020	2019	2018
Federal tax expense (benefit) at statutory rate	$ 122,478	$ 39,297	$ (3,793)	$ 122,363	$ 59,653	$ 66,757
State income taxes, net of federal impact	59,383	(6,256)	(8,103)	58,802	(9,060)	33,249
Changes in the valuation allowance	10,333	4,079	15,987	10,598	4,307	—
Changes in the state rates used to measure deferred taxes, net of federal impact	(46,768)	(1,046)	(52,915)	(46,768)	6,532	(53,493)
Tax benefit relating to uncertain tax positions	(1,568)	(847)	(514)	(1,568)	(847)	(514)
Tax credits	(17,205)	—	—	(17,205)	—	—
Non-deductible share-based compensation related to the carried unit plan	2,108	15,642	8,677	2,108	15,642	8,677
Non-deductible officers compensation	6,715	—	—	6,715	—	—
Other non-deductible expenses	(883)	1,334	2,200	(886)	1,334	2,011
Other, net	5,155	(5,013)	(194)	(7,316)	(6,318)	876
Income tax expense (benefit)	$ 139,748	$ 47,190	$ (38,655)	$ 126,843	$ 71,243	$ 57,563

(Dollars in thousands, except share and per share amounts)

In March, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law. Included in the CARES Act, was a revision to IRC Sec 163(j) increasing the ATI (adjusted taxable income) limit of deductible interest from 30% to 50% for tax years 2019 and 2020. The additional deductible interest on the 2019 federal return was $176,539, tax-effected; as a result, the previously reported federal net operating loss carryforwards ("NOLs") were increased by $176,539, resulting in a net zero tax impact for CSC Holdings and Altice USA.

In 2020, Altice USA and CSC Holdings recorded a net deferred tax benefit of $46,768 based on a remeasurement of the net deferred tax liability for the year ended December 31, 2020 as a result of a decrease in the blended state tax rate utilized to tax-effect the gross temporary differences. In addition, the Company recorded a $17,205 benefit resulting from research and development tax credits for the years 2016-2019 that will be fully utilized in 2020 after the full utilization of the federal NOLs.

During 2018, the Company determined that it met the definition of a Qualified Technology Company for New York State tax purposes and thereby was eligible for a reduced tax rate. Additionally, during 2018, the state of New Jersey enacted significant tax law changes imposing a 2.5% surtax for tax years beginning January 1, 2018 and mandating combined return filing requirements for unitary corporations for tax years beginning January 1, 2019. Accordingly, Altice USA and CSC Holdings recorded a net deferred tax benefit of $52,915 and $53,493, respectively, based on a remeasurement of the net deferred tax liability for the year ended December 31, 2018.

The tax effects of temporary differences which give rise to significant portions of deferred tax assets or liabilities and the corresponding valuation allowance are as follows:

	Altice USA		CSC Holdings	
	December 31,		December 31,	
	2020	2019	2020	2019
Noncurrent				
NOLs and tax credit carry forwards	$ 75,912	$ 309,924	$ 30,745	$ 74,300
Compensation and benefit plans	29,159	25,227	29,159	25,227
Partnership investments	(118,150)	49,956	(118,150)	49,956
Restructuring liability	7,169	11,280	7,169	11,280
Other liabilities	49,363	42,339	49,363	42,339
Liabilities under derivative contracts	510,519	432,415	510,519	432,415
Interest deferred for tax purposes	—	333,856	—	333,856
Operating lease liability	70,648	82,393	70,648	82,393
Other	28,238	12,428	28,237	12,428
Deferred tax assets	652,858	1,299,818	607,690	1,064,194
Less: Valuation allowance	(39,812)	(29,479)	(22,457)	(11,859)
Net deferred tax assets, noncurrent	613,046	1,270,339	585,233	1,052,335
Deferred tax liabilities:				
Fixed assets and intangibles	(4,941,232)	(5,384,320)	(4,941,232)	(5,384,320)
Operating lease asset	(56,363)	(75,019)	(56,363)	(75,019)
Investments	(587,184)	(505,942)	(587,184)	(505,942)
Prepaid expenses	(12,755)	(10,978)	(12,755)	(10,978)
Fair value adjustments related to debt and deferred financing costs	(21,679)	(56,675)	(21,679)	(56,675)
Deferred tax liability, noncurrent	(5,619,213)	(6,032,934)	(5,619,213)	(6,032,934)
Total net deferred tax liabilities	$ (5,006,167)	$ (4,762,595)	$ (5,033,980)	$ (4,980,599)

The tax impact on the Lightpath Transaction discussed in Note 1 of $228,489 is reflected in stockholders' equity (deficiency) of Altice USA. Due to the taxable gain resulting from the Lightpath Transaction, the Company will utilize its federal NOLs, capital loss carryover, research and development tax credits, and general business credits in 2020. In addition, as of December 31, 2020, the Company has a receivable of $48,645 relating to a refund request for prior year AMT credits, including $12,161 claimed in 2020 due to the CARES Act acceleration of credits, which is expected to be collected in 2021.

Deferred tax assets have resulted primarily from the Company's future deductible temporary differences and NOLs. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, management takes into account various factors, including the expected level of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences. If such estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the Company's consolidated statements of operations. Management evaluates the realizability of the deferred tax assets and the need for additional valuation allowances quarterly. Pursuant to the Cablevision Acquisition and Cequel Acquisition, deferred tax liabilities resulting from the book fair value adjustment increased significantly and future taxable income that will result from the reversal of existing taxable temporary differences for which deferred tax liabilities are recognized is sufficient to conclude it is more likely than not that the Company will realize all of its gross deferred tax assets, except those deferred tax assets against which a valuation allowance has been recorded which relate to certain state NOLs and the foreign NOLs in i24NEWS.

In the normal course of business, the Company engages in transactions in which the income tax consequences may be uncertain. The Company's income tax returns are filed based on interpretation of tax laws and regulations. Such income tax returns are subject to examination by taxing authorities. For financial statement purposes, the Company only recognizes tax positions that it believes are more likely than not of being sustained. There is considerable judgment involved in determining whether positions taken or expected to be taken on the tax return are more likely than not of being sustained. Changes in the liabilities for uncertain tax positions are recognized in the interim period in which the positions are effectively settled or there is a change in factual circumstances.

As of December 31, 2020, if all uncertain tax positions were sustained at the amounts reported or expected to be reported in the Company's tax returns, the elimination of the Company's unrecognized tax benefits, net of the deferred tax impact, would decrease income tax expense by $1,784.

The most significant jurisdictions in which the Company is required to file income tax returns include the states of New York, New Jersey, Connecticut, and the City of New York. The State and City of New York are presently auditing income tax returns for tax years 2012 through 2016 and 2015 and 2016 respectively. The States of New Jersey and Connecticut are presently auditing income tax returns for tax years 2014 through 2017 and 2016 and 2017, respectively. Management does not believe that the resolution of these ongoing income tax examinations will have a material adverse impact on the financial position of the Company.

NOTE 15. SHARE-BASED COMPENSATION

Carry Unit Plan

Certain employees of the Company and its affiliates received awards of units in a carry unit plan of Neptune Management LP, an entity which has an ownership interest in Neptune LP. The awards generally vested as follows: 50% on the second anniversary of June 21, 2016 or December 21, 2015 ("Base Date"), 25% on the third anniversary of the Base Date, and 25% on the fourth anniversary of the Base Date. Neptune Holding US GP LLC, the general partner of Neptune Management LP, has the right to repurchase (or to assign to an affiliate, including the Company, the right to repurchase) vested awards held by employees for sixty days following their termination. For performance-based awards under the plan, vesting occurs upon achievement or satisfaction of a specified performance condition. The Company considered the probability of achieving the established performance targets in determining the share-based compensation with respect to these awards at the end of each reporting period.

Beginning on the fourth anniversary of the Base Date, the holders of carry units have an annual opportunity (a sixty days period determined by the administrator of the plan) to sell their units back to Neptune Holding US GP LLC (or affiliate, including the Company, designated by Neptune Holding US GP LLC). Accordingly, the carry units are presented as temporary equity on the consolidated balance sheets at fair value. Adjustments to fair value at each reporting period are recorded in stockholders' equity (deficiency).

The right of Neptune Holding US GP LLC to assign to an affiliate, including the Company, the right to repurchase an employee’s vested units during the sixty-day period following termination, or to satisfy its obligation to repurchase an employee’s vested units during annual 60 day periods following the fourth anniversary of the Base Date, may be exercised by Neptune Holding US GP LLC in its discretion at the time a repurchase right or obligation arises. The carry unit plan requires the purchase price payable to the employee or former employee, as the case may be, to be paid in cash, a promissory note (with a term of not more than 3 years and bearing interest at the long-term applicable federal rate under Section 1274(d) of the Internal Revenue Code) or combination thereof, in each case as determined by Neptune Holding US GP LLC in its discretion at the time of the repurchase. Neptune Holding US GP LLC expects that vested units will be redeemed for shares of the Altice USA Class A common stock upon vesting.

(Dollars in thousands, except share and per share amounts)

The Company measures the cost of employee services received in exchange for carry units based on the fair value of the award at grant date. In addition, these units are presented as temporary equity in our consolidated balance sheet at fair value. For carry unit awards granted in 2016, an option pricing model was used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carry units outstanding. The time to liquidity event assumption was based on management’s judgment. The equity volatility assumption was estimated using the historical weekly volatility of publicly traded comparable companies. The risk-free rate assumed was based on the U.S. Constant Maturity Treasury Rates for a period matching the expected time to liquidity event. The discount for lack of marketability was based on Finnerty's (2012) average-strike put option model. For carry unit awards granted in the first and second quarter of 2017, the Company estimated the grant date fair value based on the value established in Altice USA's IPO.

The following table summarizes activity relating to these carry units:

	Number of Time Vesting Awards	Number of Performance Based Vesting Awards	Weighted Average Grant Date Fair Value
Balance, December 31, 2017	168,550,001	10,000,000	$0.71
Vested	(68,037,500)	—	0.37
Forfeited	(16,937,501)	—	0.62
Balance, December 31, 2018	83,575,000	10,000,000	1.14
Vested	(42,618,750)	—	0.83
Converted to restricted shares	—	(10,000,000)	0.37
Forfeited	(3,437,500)	—	0.84
Balance, December 31, 2019	37,518,750	—	2.35
Vested	(30,431,250)	—	2.20
Forfeited	(212,500)	—	0.56
Balance, December 31, 2020	6,875,000	—	3.41

The weighted average fair value per unit was $3.89, $3.25, and $1.95 as of December 31, 2020, 2019 and 2018, respectively. For the years ended December 31, 2020, 2019 and 2018 the Company recognized share-based compensation expense of $10,036, $54,614 and $41,321, respectively, related to the carry unit plan. As of December 31, 2020, there was $804 of total unrecognized compensation cost related to the carry unit plan which is expected to be recognized by April 2021.

Long Term Incentive Plan

In connection with Altice USA's IPO, the Company adopted the Altice USA 2017 Long Term Incentive Plan (the "2017 LTIP"). Under the 2017 LTIP, the Company may grant awards of options, restricted shares, restricted share units, stock appreciation rights, performance stock, performance stock units and other awards. Under the 2017 LTIP, awards may be granted to officers, employees and consultants of the Company or any of its affiliates. The 2017 LTIP is administered by Altice USA's Board of Directors (the "Board"), subject to the provision of the stockholders' agreement. The Board has delegated its authority to the Company's Compensation Committee. The Compensation Committee has the full power and authority to, among other things, select eligible participants, to grant awards in accordance with the 2017 LTIP, to determine the number of shares subject to each award or the cash amount payable in connection with an award and determine the terms and conditions of each award.

In November 2018, the Board and the Company's stockholders holding a majority of the voting power of its capital stock approved an amendment to the 2017 LTIP, which increased the maximum aggregate number of shares that may be issued for all purposes under the Plan to 19,879,291. In June 2020, stockholders of the Company approved an increase to the number of shares authorized for issuance under the LTIP by 35,000,000 shares to 54,879,291 and approved the extension of the term to June 10, 2030. The Board has the authority to amend, suspend, or terminate the 2017 LTIP. No amendment, suspension or termination will be effective without the approval of the Company's stockholders if such approval is required under applicable laws, rules and regulations.

(Dollars in thousands, except share and per share amounts)

Stock Option Awards

Options outstanding under the 2017 LTIP Plan either cliff vest on the third anniversary of the date of grant or vest over 4 years, where 50% vest on the second anniversary, 25% on the third anniversary and 25% on the fourth anniversary of the date of grant. The option awards generally are subject to continued employment with the Company, and expire 10 years from the date of grant. Performance based option awards vest upon achievement of performance criteria.

The following table summarizes activity related to stock options granted to Company employees:

	Shares Under Option				
	Time Vesting	Performance Based Vesting	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a)
Balance at December 31, 2017	5,110,747	—	$ 17.45	9.97	$ 8,331
Granted	6,753,659	95,953	17.58		
Forfeited	(634,238)	(22,314)	17.92		
Balance at December 31, 2018	11,230,168	73,639	17.50	9.47	—
Granted	3,677,076	—	23.88		
Exercised	(184,147)	—	17.43		
Forfeited	(639,356)	(73,639)	18.42		
Balance at December 31, 2019	14,083,741	—	19.12	8.74	112,915
Granted	26,569,892	—	28.41		
Exercised	(824,227)	—	17.46		
Forfeited	(2,767,260)	—	23.05		
Balance at December 31, 2020	37,062,146	—	25.52	8.69	457,608
Options exercisable at December 31, 2020	3,206,272	—	17.54	7.06	65,197

(a) The aggregate intrinsic value is calculated as the difference between the exercise price and the closing price of Altice USA's Class A common stock at the respective date.

The Company recognized share-based compensation expense related to employee stock options for the years ended December 31, 2020, 2019 and 2018 of $98,380, $44,464 and $18,491. As of December 31, 2020, there was $146,231 of total unrecognized compensation cost related to stock options which is expected to be recognized over a weighted-average period of approximately 2.75 years.

The Company calculated the fair value of each option award on the date of grant using the Black-Scholes valuation model. The Company's computation of expected life was determined based on the simplified method (the average of the vesting period and option term) due to the Company's lack of recent historical data for similar awards. The interest rate for periods within the contractual life of the stock option was based on interest yields for U.S. Treasury instruments in effect at the time of grant. The Company's computation of expected volatility was based on historical volatility of its common stock and the expected volatility of comparable publicly-traded companies who granted options that had similar expected lives.

The following weighted-average assumptions were used to calculate the fair values of stock option awards granted during the years ended December 31, 2020, 2019 and 2018:

(Dollars in thousands, except share and per share amounts)

	Year Ended December 31,		
	2020	2019	2018
Risk-free interest rate	1.43%	2.05%	2.74%
Expected life (in years)	6.38	6.47	6.49
Dividend yield	—%	—%	—%
Volatility	28.53%	28.22%	35.72%
Grant date fair value	$7.82	$7.93	$6.91

Performance Stock Unit Awards

In January 2020, certain employees of the Company were granted performance stock units ("PSUs"). Each PSU gives the employee the right to receive one share of Altice USA class A common stock, upon achievement of a specified stock price hurdle. The PSUs will be forfeited if the applicable performance measure is not achieved prior to January 29, 2026 or if the employee does not continue to provide services to the Company through the achievement date of the applicable performance measure.

As of December 31, 2020, the Company had 7,315,360 PSUs outstanding. The PSUs have a weighted average grant date fair value of $10.65 per unit. For the year ended December 31, 2020, the Company recognized share based compensation expense of $14,395 related to these PSUs. As of December 31, 2020 there was $63,499 of total unrecognized compensation cost related to outstanding PSUs which is expected to be recognized over a weighted-average period of approximately 5.1 years.

The following assumptions were used to calculate the fair values of the PSUs granted during the year ended December 31, 2020:

Risk-free interest rate	1.46%
Expected life (in years)	4 and 6
Dividend yield	—%
Volatility	34.22%

Restricted Awards

In June 2019, the Company granted restricted awards to certain employees pursuant to the 2017 LTIP. The majority of these awards vest over 4 years, where 50% vest on the second anniversary, 25% on the third anniversary and 25% on the fourth anniversary of the date of grant. The remaining awards vest monthly over a four year period. The grant date fair value of these awards aggregated $27,013. For the year ended December 31, 2020, the Company recorded share based compensation expense of $2,277 related to these awards. As of December 31, 2020, there was $855 of total unrecognized compensation cost related to these outstanding restricted awards.

NOTE 16. AFFILIATE AND RELATED PARTY TRANSACTIONS

Affiliate and Related Party Transactions

Altice USA is controlled by Patrick Drahi who is also the controlling stockholder of Altice Europe and its subsidiaries and other entities.

As the transactions discussed below were conducted between entities under common control by Mr. Drahi, amounts charged for certain services may not have represented amounts that might have been received or incurred if the transactions were based upon arm's length negotiations.

The following table summarizes the revenue and expenses related to services provided to or received from affiliates and related parties:

(Dollars in thousands, except share and per share amounts)

	Years Ended December 31,		
	2020	2019	2018
Revenue	$ 14,729	$ 3,974	$ 2,575
Operating expenses:			
Programming and other direct costs	$ (13,346)	$ (11,580)	$ (7,261)
Other operating expenses, net	(11,869)	(8,355)	(16,307)
Operating expenses, net	(25,215)	(19,935)	(23,568)
Interest expense	—	—	(600)
Interest income	—	—	2,429
Net charges - CSC Holdings	(10,486)	(15,961)	(19,164)
Interest expense	—	—	(2,429)
Other income, net	—	—	149
Net charges - Altice USA	$ (10,486)	$ (15,961)	$ (21,444)
Capital Expenditures	$ 17,216	$ 12,167	$ 14,951

Revenue

The Company recognized revenue primarily from the sale of advertising to a subsidiary of Altice Europe and a foundation controlled by Patrick Drahi.

Programming and other direct costs

Programming and other direct costs include costs incurred by the Company for advertising services provided by a subsidiary of Altice Europe.

Other operating expenses, net

Other operating expenses primarily include charges for services provided by certain subsidiaries of Altice Europe and other related parties. The expense in 2018 includes $13,250 related to certain executive services, as well as consulting, advisory and other services provided by Altice Europe pursuant to an agreement that was terminated upon the completion of the Distribution discussed in Note 1.

Capital Expenditures

Capital expenditures primarily include costs for equipment purchased and software development services provided by subsidiaries of Altice Europe.

Aggregate amounts that were due from and due to affiliates and related parties are summarized below:

	December 31,	
	2020	2019
Due from:		
Altice Europe	$ —	$ 4,076
Other affiliates and related parties	4,262	2,698
	$ 4,262	$ 6,774
Due to:		
Altice Europe	$ 7,938	$ 7,456
Other affiliates and related parties	600	—
	$ 8,538	$ 7,456

Amounts due from affiliates in the table above represent amounts paid by the Company on behalf of or for services provided to the respective related party. Amounts due to affiliates relate to the purchase of equipment and advertising services, as well as reimbursement for payments made on our behalf.

(Dollars in thousands, except share and per share amounts)

In June 2020, pursuant to the Company's share repurchase program, the Company purchased 3,582,525 Altice USA Class A common stock held by Altice Europe for a total consideration of $84,906. See further information regarding the Company's share repurchase program in Note 1.

Pursuant to our share repurchase program, Altice USA purchased 14,948,869 Altice USA Class A shares for total consideration of approximately $350,000 during the year ended December 31, 2019 from Suddenvision S.A.R.L., an entity controlled by BC Partners LLP.

In addition, see Note 1 for a discussion of the acquisition of Neptune LP, the acquisition of Altice Technical Services US Corp, and the acquisition of i24NEWS.

Cequel Communications Holdings II, LLC Merger into CSC Holdings

In November 2018, in connection with the credit silo combination described in Note 11, Cequel Communications Holdings II, LLC ("CCHII") merged into CSC Holdings, with CSC Holdings as the surviving entity (the "CCHII Merger"). As these entities were under common control, the balance sheet and operating results of CCHII have been combined with the balance sheet and operating results of CSC Holdings for all periods presented.

Equity Method Investments

The Company's equity in the net loss of i24NEWS prior to April 1, 2018 of $1,130 was recorded using the equity method and reflected in other expense, net in the Company's consolidated statements of operations. As discussed in Note 1, the Company combined the results of operations and related assets and liabilities of i24NEWS as of April 1, 2018.

In April 2018, the Company redeemed a 24% interest in Newsday LLC ("Newsday") and recognized a gain of $13,298, reflected in gain (loss) on investments and sale of affiliate interests, net in the Company's consolidated statement of operations. For the year ended December 31, 2018, the Company recorded equity in the net loss of Newsday of $9,719, reflected in other expense, net in the Company's consolidated statement of operations. From July 7, 2016 through April 2018, the Company held a 25% ownership interest in Newsday and prior to July 7, 2016, Newsday was a wholly-owned subsidiary of Cablevision.

CSC Holdings

CSC Holdings made cash equity distribution payments to its parent aggregating $4,794,408, $2,279,472, and $3,058,747 during the years ended December 31, 2020, 2019, and 2018, respectively. CSC Holdings recorded net non-cash equity contributions of $178,720 and $151,455 during the years ended December 31, 2020 and 2019, respectively, which represent the non-cash settlement of intercompany balances with Altice USA and recorded $50,000 of cash contributions for the year ended December 31, 2018. These balances primarily include amounts due to/due from Altice USA pursuant to a tax sharing agreement between the entities.

NOTE 17. COMMITMENTS AND CONTINGENCIES

Commitments

Future cash payments and commitments required under arrangements pursuant to contracts entered into by the Company in the normal course of business as of December 31, 2020 are as follows:

	Payments Due by Period				
	Total	Year 1	Years 2-3	Years 4-5	More than 5 years
Off balance sheet arrangements:					
Purchase obligations (a)	$ 6,583,268	$ 3,357,292	$ 2,421,140	$ 752,193	$ 52,643
Guarantees (b)	59,252	59,192	60	—	—
Letters of credit (c)	137,920	7,460	1,990	128,470	—
Total	$ 6,780,440	$ 3,423,944	$ 2,423,190	$ 880,663	$ 52,643

(a) Purchase obligations primarily include contractual commitments with various programming vendors to provide video services to customers and minimum purchase obligations to purchase goods or services, including contracts to acquire handsets and other equipment. Future fees payable under contracts with programming vendors are based on numerous factors, including the number of customers receiving the programming. Amounts reflected above related to programming agreements are based on the number of customers receiving the programming as of December 31, 2020 multiplied by the per customer rates or the stated annual fee, as applicable, contained in the executed agreements in effect as of December 31, 2020.

(b) Includes franchise and performance surety bonds primarily for the Company's cable television systems.

(c) Represent letters of credit guaranteeing performance to municipalities and public utilities and payment of insurance premiums. Payments due by period for these arrangements represent the year in which the commitment expires although payments under these arrangements are required only in the event of nonperformance.

The table above does not include obligations for payments required to be made under multi-year franchise agreements based on a percentage of revenues generated from video service per year.

Many of the Company's franchise agreements and utility pole leases require the Company to remove its cable wires and other equipment upon termination of the respective agreements. The Company has concluded that the fair value of these asset retirement obligations cannot be reasonably estimated since the range of potential settlement dates is not determinable.

The table above does not include obligations for rent related to utility poles used in our operations. The Company's pole rental agreements are for varying terms, and management anticipates renewals as they expire. Rent expense incurred for pole rental attachments for the years ended December 31, 2020, 2019 and 2018 was $36,364, $31,903, and $33,082, respectively.

Legal Matters

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Company common stock in Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, Altice Europe, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934 ("34 Act"), Rule 10b-5 promulgated thereunder, and Section 20 of the 34 Act against Altice USA, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA’s stock. In June of 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which the Company moved to dismiss in July of 2019. The Company moved to dismiss the complaint in the Eastern District of New York in October 2019. On June 26, 2020, the state Court granted the Company’s motion to dismiss. Plaintiffs in the New York State action filed a notice of appeal on July 21, 2020 and moved for leave to file an amended complaint on September 4, 2020. On September 23, 2020, the federal district court granted the Company’s motion to dismiss with leave for plaintiff to refile. On October 7, 2020, plaintiffs filed a second amended complaint in the Eastern District of New York.

On June 23, 2020, a purported stockholder of the Company filed a complaint in the Court of Chancery of the State of Delaware, derivatively on behalf of the Company, against Patrick Drahi, Next Alt S.A.R.L., and those directors of the Company who are members of the Compensation Committee (collectively, the “Director Defendants”). The Company is also named as a nominal defendant in the complaint. The complaint alleges that the Director Defendants breached their fiduciary duties to the Company’s stockholders, and wasted corporate assets, by approving certain equity grants for Patrick Drahi. The complaint seeks rescission of the equity awards, monetary damages, and costs and disbursements for the plaintiff. On October 15, 2020, the Director Defendants answered the complaint and the Company filed a general denial of liability.

The Company intends to vigorously defend these lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of these matters on the Company’s results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

On November 6, 2018, Sprint Communications Company L.P ("Sprint") filed a complaint in the U.S. District Court for the District of Delaware alleging that the Company infringes Sprint’s patents purportedly by providing Voice over

Internet Protocol ("VoIP") services. On December 3, 2018, Sprint filed a second complaint alleging that the Company infringes Sprint's patents purportedly by providing certain VOD related services. The lawsuits are part of a pattern of litigation that was initiated as far back as 2005 by Sprint against numerous broadband and telecommunications providers, which has resulted in judgments and settlements of significant value for Sprint. The Company intends to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due, but it could be material to the Company's consolidated results of operations or cash flows for any one period.

The Company receives notices from third parties and, in some cases, is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of the Company's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases the Company expects that any potential liability would be the responsibility of the Company's equipment vendors pursuant to applicable contractual indemnification provisions.

In the event that the Company is found to infringe on any patent rights, the Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as enter into royalty or license agreements with respect to the patents at issue. The Company believes that the claims are without merit, but is unable to predict the outcome of these matters or reasonably estimate a range of possible loss.

In addition to the matters discussed above, the Company is party to various lawsuits, disputes and investigations, some of which may involve claims for substantial damages, fines or penalties. Although the outcome of these other matters cannot be predicted and the impact of the final resolution of these other matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not believe that the resolution of these other lawsuits will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

NOTE 18. BENEFIT PLANS

Qualified and Non-qualified Defined Benefit Plans

Retirement Plans (collectively, the "Defined Benefit Plans")

The Company sponsors a non-contributory qualified defined benefit cash balance retirement plan (the "Pension Plan") for the benefit of certain non-union employees, as well as certain employees covered by a collective bargaining agreement in Brooklyn.

The Company maintains an unfunded non-contributory non-qualified defined benefit excess cash balance plan ("Excess Cash Balance Plan") covering certain current and former employees who participate in the Pension Plan.

Cablevision's Pension Plan and the Excess Cash Balance Plan are frozen and no employee who was not already a participant could participate in the plans and no further annual pay credits (a certain percentage of employees' eligible pay) are made. Existing account balances under the plans continue to be credited with monthly interest in accordance with the terms of the plans.

Plan Results for Defined Benefit Plans

Summarized below is the funded status and the amounts recorded on the Company's consolidated balance sheets for all of the Company's Defined Benefit Plans at December 31, 2020 and 2019:

(Dollars in thousands, except share and per share amounts)

	December 31,	
	2020	2019
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 247,762	$ 264,515
Interest cost	6,214	9,227
Actuarial loss (gain) (a)	2,654	(743)
Settlements/curtailments	2,341	1,875
Benefits paid	(25,970)	(27,112)
Projected benefit obligation at end of year	233,001	247,762
Change in plan assets:		
Fair value of plan assets at beginning of year	190,397	167,510
Actual gain (loss) on plan assets, net	22,529	15,892
Employer contributions	15,266	34,107
Benefits paid	(25,970)	(27,112)
Fair value of plan assets at end of year	202,222	190,397
Unfunded status at end of year	$ (30,779)	$ (57,365)

(a) The actuarial loss for the year ended December 31, 2020 was primarily due to a decline in the discount rate, partially offset by a decline in the interest crediting rate and favorable demographic experience. The actuarial gain for the year ended December 31, 2019 was primarily due to favorable demographic experience and a decline in the interest crediting rate, partially offset by a decline in the discount rate.

The accumulated benefit obligation for the Company's Defined Benefit Plans with accumulated benefit obligations in excess of plan assets were $233,001 and $247,762 as of December 31, 2020 and 2019, respectively.

The Company's net funded status relating to its Defined Benefit Plans at December 31, 2020 and 2019, is as follows:

	December 31,	
	2020	2019
Defined Benefit Plans	$ (30,779)	$ (57,365)
Less: Current portion related to nonqualified plans	79	175
Long-term defined benefit plan obligations	$ (30,700)	$ (57,190)

Components of the benefit costs, recorded in other income (expense), net, for the Defined Benefit Plans for the years ended December 31, 2020, 2019 and 2018, are as follows:

	Years Ended December 31,		
	2020	2019	2018
Interest cost	$ 6,214	$ 9,227	$ 9,248
Expected return on plan assets, net	(5,957)	(2,685)	(987)
Curtailment loss	132	—	—
Amortization of actuarial loss (reclassified from accumulated other comprehensive loss)	—	89	—
Settlement loss (reclassified from accumulated other comprehensive loss) (a)	623	1,643	1,268
Non-operating pension costs	$ 1,012	$ 8,274	$ 9,529

(a) As a result of benefit payments to terminated or retired individuals exceeding the service and interest costs for the Pension Plan and the Excess Cash Balance Pension Plan during the years ended December 31, 2020, December 31, 2019 and 2018, the Company recognized non-cash settlement losses that represent the acceleration of the recognition of a portion of the previously unrecognized actuarial losses recorded in accumulated other comprehensive loss on the Company's consolidated balance sheets relating to these plans.

(Dollars in thousands, except share and per share amounts)

Plan Assumptions for Defined Benefit Plans

Weighted-average assumptions used to determine pension costs (made at the beginning of the year) and benefit obligations (made at the end of the year) for the Defined Benefit Plans are as follows:

	Benefit Costs			Benefit Obligations at December 31,	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2018	2020	2019
Discount rate (a)	2.76 %	3.70 %	3.87 %	2.40 %	3.10 %
Weighted-average interest crediting rate (b)	2.21 %	3.28 %	2.82 %	N/A	N/A
Rate of increase in future compensation levels	— %	— %	— %	— %	— %
Expected rate of return on plan assets (Pension Plan only)	4.91 %	3.97 %	3.67 %	N/A	N/A

(a) The discount rates of 2.76%, 3.70% and 3.87% for the years ended December 31, 2020, 2019 and 2018, represent the average of the quarterly discount rates used to remeasure the Company's projected benefit obligation and benefit costs in connection with the recognition of settlement losses discussed above.

(b) This weighted-average interest crediting rate is the average of the daily yields on 30-year Treasury Securities as determined and published by the Internal Revenue Service for the months of September, October, and November.

The discount rate used by the Company in calculating the benefit costs for the Cash Balance Plan and the Excess Cash Balance Plan was determined based on the expected future benefit payments for the plans and from the Willis Towers Watson U.S. Rate Link: 40-90 Discount Rate Model. The model was developed by examining the yields on selected highly rated corporate bonds.

The Company's expected long-term return on Pension Plan assets is based on a periodic review and modeling of the plan's asset allocation structure over a long-term horizon. Expectations of returns and risk for each asset class are the most important of the assumptions used in the review and modeling and are based on comprehensive reviews of historical data, forward looking economic outlook, and economic/financial market theory. The expected long-term rate of return was chosen as a best estimate and was determined by (a) historical real returns, net of inflation, for the asset classes covered by the investment policy, and (b) projections of inflation over the long-term period during which benefits are payable to plan participants.

Pension Plan Assets and Investment Policy

The weighted average asset allocations of the Pension Plan at December 31, 2020 and 2019 were as follows:

	Plan Assets at December 31,	
	2020	2019
Asset Class:		
Mutual funds- fixed income	— %	28 %
Common collective trust- fixed income	57	—
Common collective trust- equities	41	27
Fixed income securities	—	44
Cash equivalents and other	2	1
	100 %	100 %

The Pension Plan's investment objectives include an allocation to stocks and bonds. This allocation allows for the Pension Plan to invest in asset classes that are expected to provide a rate of return throughout economic cycles, commensurate with the investment risk and cash flow needs of the Pension Plan. The investments held in the Pension Plan are readily marketable and can be sold to fund benefit payment obligations of the plan as they become payable.

Investment allocation decisions are formally made by the Company's Benefit Committee, which takes into account investment advice provided by its external investment consultant. The investment consultant takes into account expected long-term risk, return, correlation, and other prudent investment assumptions when recommending asset classes and investment managers to the Company's Benefit Committee. The major categories of the Pension Plan assets are bonds and equity funds which are marked-to-market on a daily basis. Due to the Pension Plan's holdings in intermediate term government and non-government fixed income securities, the Pension Plan's assets are subjected to interest rate risk; specifically, during a rising interest rate environment the prices of bond holdings will decline. An increase in interest rates may cause a decrease to the overall liability of the Pension Plan thus creating a partial hedge against rising interest rates. In addition, a portion of the Pension Plan's equity and bond portfolio are invested in foreign equity and debt securities in developed and emerging markets where there could be foreign currency risks associated with them; non-government debt securities may be subject to credit risk of the bond issuer defaulting on interest and/or principal payments as well.

(Dollars in thousands, except share and per share amounts)

Investments at Estimated Fair Value

The fair values of the assets of the Pension Plan at December 31, 2020 by asset class are as follows:

Asset Class	Level I	Level II	Level III	Total
Common collective trust- fixed income	$ —	$ 114,824	$ —	$ 114,824
Common collective trust- equities	—	83,564	—	83,564
Cash equivalents (a)	3,834	—	—	3,834
Total	$ 3,834	$ 198,388	$ —	$ 202,222

(a) Represents an investment in a short-term investment fund that invests primarily in securities of high quality and low risk.

The fair values of the assets of the Pension Plan at December 31, 2019 by asset class are as follows:

Asset Class	Level I	Level II	Level III	Total
Mutual funds- fixed income	$ 52,976	$ —	$ —	$ 52,976
Common collective trust- equities	—	52,214	—	52,214
Fixed income securities held in a portfolio:				
Foreign issued corporate debt	—	7,472	—	7,472
U.S. corporate debt	—	30,267	—	30,267
Government debt	—	2,836	—	2,836
U.S. Treasury securities	—	32,902	—	32,902
Asset-backed securities	—	9,375	—	9,375
Other	—	840	—	840
Cash equivalents (a)	2,188	3,278	—	5,466
Total (b)	$ 55,164	$ 139,184	$ —	$ 194,348

(a) A significant portion represents an investment in a short-term investment fund that invests primarily in securities of high quality and low risk.
(b) Excludes cash and net payables relating to the purchase of securities that were not settled as of December 31, 2019.

The fair values of mutual funds and cash equivalents were derived from quoted market prices that the Pension Plan administrator has the ability to access.

The fair values of corporate and government debt, treasury securities and asset-back securities were derived from bids received from a vendor or broker not available in an active market that the Pension Plan administrator has the ability to access.

(Dollars in thousands, except share and per share amounts)

Benefit Payments and Contributions for Defined Benefit Plans

The following benefit payments are expected to be paid during the periods indicated:

2021	$ 16,196
2022	14,789
2023	16,350
2024	15,140
2025	16,730
2026-2030	75,489

The Company currently expects to contribute approximately $8,800 to the Pension Plan in 2021.

Defined Contribution Plans

The Company maintains the Altice USA 401(k) Savings Plan, a contributory qualified defined contribution plan for the benefit of certain non-union employees. Participants can contribute a percentage of eligible annual compensation and the Company will make a matching cash contribution or discretionary contribution, as defined in the plan. In addition, the Company maintains an unfunded non-qualified Excess Savings Plan which was frozen on January 1, 2017 for which the Company provided a matching contribution similar to the Altice USA 401(k) Savings Plan. Certain employees of the Company are also eligible for an enhanced employer matching contribution to the Cablevision 401(k) Savings Plan.

The cost associated with these plans, was $25,276, $28,540 and $28,232 for the years ended December 31, 2020, 2019 and 2018, respectively.

NOTE 19. INTERIM FINANCIAL INFORMATION (Unaudited)

The following tables present Altice USA's selected quarterly financial data:

	Three Months Ended				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	Total 2020
Residential:					
Broadband	$ 885,529	$ 920,363	$ 941,237	$ 942,030	$ 3,689,159
Video	947,061	952,526	867,021	904,251	3,670,859
Telephony	125,030	117,322	115,995	110,430	468,777
Business services and wholesale	364,530	365,564	362,215	362,223	1,454,532
News and advertising	105,540	96,631	124,177	192,857	519,205
Mobile	18,356	19,866	19,722	20,183	78,127
Other	4,210	2,707	3,619	3,447	13,983
Revenue	2,450,256	2,474,979	2,433,986	2,535,421	9,894,642
Operating expenses	(2,001,686)	(1,966,272)	(1,884,693)	(1,926,702)	(7,779,353)
Operating income	$ 448,570	$ 508,707	$ 549,293	$ 608,719	$ 2,115,289
Net income (loss)	$ (1,538)	$ 111,477	$ (2,729)	$ 336,269	$ 443,479
Net loss (income) attributable to noncontrolling interests	680	(213)	(1,966)	(5,797)	(7,296)
Net income (loss) attributable to Altice USA Inc.'s stockholders	$ (858)	$ 111,264	$ (4,695)	$ 330,472	$ 436,183
Basic net income (loss) per share attributable to Altice USA Inc.'s stockholders	$ —	$ 0.19	$ (0.01)	$ 0.61	$ 0.75
Diluted net income (loss) per share attributable to Altice USA Inc.'s stockholders	$ —	$ 0.19	$ (0.01)	$ 0.60	$ 0.75

(Dollars in thousands, except share and per share amounts)

	Three Months Ended				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	Total 2019
Residential:					
Broadband	$ 775,573	$ 806,250	$ 814,328	$ 826,454	$ 3,222,605
Video	1,017,330	1,018,426	993,158	968,959	3,997,873
Telephony	154,464	150,232	148,231	145,767	598,694
Business services and wholesale	350,689	357,806	357,628	362,409	1,428,532
News and advertising	94,738	114,450	118,067	148,649	475,904
Mobile	—	—	3,174	18,090	21,264
Other	3,773	3,917	4,076	4,221	15,987
Revenue	2,396,567	2,451,081	2,438,662	2,474,549	9,760,859
Operating expenses	(1,954,089)	(1,968,538)	(1,967,147)	(2,047,274)	(7,937,048)
Operating income	$ 442,478	$ 482,543	$ 471,515	$ 427,275	$ 1,823,811
Net income (loss)	$ (25,198)	$ 86,410	$ 77,396	$ 1,331	$ 139,939
Net loss (income) attributable to noncontrolling interests	199	(43)	(157)	(1,002)	(1,003)
Net income (loss) attributable to Altice USA, Inc. stockholders	$ (24,999)	$ 86,367	$ 77,239	$ 329	$ 138,936
Basic and diluted net income (loss) per share attributable to Altice USA Inc.'s stockholders	$ (0.04)	$ 0.13	$ 0.12	$ —	$ 0.21

Exhibit 21

LIST OF SUBSIDIARIES OF ALTICE USA, INC.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
1111 Stewart Corporation	Delaware
4Connections LLC	New Jersey
a4 Media, LLC	Delaware
A R H, LTD.	Colorado
A-R Cable Services — NY, Inc.	New York
Altice Care Holdings Corp.	Delaware
Altice/Charter Maser Cable Advertising, LLC	Delaware
Altice News, Inc	Delaware
Altice Real Estate Corporation	New York
Altice USA Employee Disaster Relief Fund	Delaware
Altice USA, Inc.	Delaware
Altice USA News, Inc.	Delaware
Altice USA Wireless, Inc.	Delaware
ATS Home Security Installers, Inc.	Delaware
ATS US Holdings Corp.	Delaware
ATS US, LLC	Delaware
Audience Partners Canada, Inc.	Canada
Audience Partners Worldwide LLC	Delaware
Cable Systems, Inc.	Kansas
Cablevision Lightpath CT LLC	Delaware
Cablevision Lightpath Holdings LLC	Delaware
Cablevision Lightpath NJ LLC	Delaware
Cablevision Lightpath, LLC	Delaware
Cablevision NYI L.L.C.	Delaware
Cablevision Of Brookhaven, Inc.	Delaware
Cablevision Of Hudson County, LLC	Delaware
Cablevision Of Litchfield, Inc.	Delaware
Cablevision Of Monmouth, LLC	Delaware
Cablevision Of New Jersey, LLC	Delaware
Cablevision Of Newark	New York
Cablevision Of Oakland, LLC	Delaware
Cablevision of Ossining Limited Partnership	Massachusetts
Cablevision Of Paterson, LLC	Delaware
Cablevision of Rockland/Ramapo, LLC	Delaware
Cablevision Of Southern Westchester, Inc.	New York
Cablevision Of Wappingers Falls, Inc.	Delaware
Cablevision Of Warwick, LLC	Delaware
Cablevision Systems Brookline Corporation	Delaware
Cablevision Systems Corporation	Delaware
Cablevision Systems Dutchess Corporation	New York
Cablevision Systems East Hampton Corporation	New York
Cablevision Systems Great Neck Corporation	New York
Cablevision Systems Huntington Corporation	New York
Cablevision Systems Islip Corporation	New York
Cablevision Systems Long Island Corporation	New York
Cablevision Systems New York City Corporation	Delaware
Cablevision Systems Suffolk Corporation	New York
Cablevision Systems Westchester Corporation	New York
Cebridge Acquisition, L.P.	Delaware
Cebridge Acquisition, LLC	Delaware

Cebridge Connections Finance Corp.	Delaware
Cebridge Connections, Inc.	Delaware
Cebridge Corporation	Delaware
Cebridge General, LLC	Delaware
Cebridge Limited, LLC	Delaware
Cebridge Telecom CA, LLC	Delaware
Cebridge Telecom General, LLC	Delaware
Cebridge Telecom ID, LLC	Delaware
Cebridge Telecom IN, LLC	Delaware
Cebridge Telecom KS, LLC	Delaware
Cebridge Telecom KY, LLC	Delaware
Cebridge Telecom LA, LLC	Delaware
Cebridge Telecom Limited, LLC	Delaware
Cebridge Telecom MO, LLC	Delaware
Cebridge Telecom MS, LLC	Delaware
Cebridge Telecom NC, LLC	Delaware
Cebridge Telecom NM, LLC	Delaware
Cebridge Telecom OH, LLC	Delaware
Cebridge Telecom OK, LLC	Oklahoma
Cebridge Telecom TX, L.P.	Delaware
Cebridge Telecom VA, LLC	Delaware
Cebridge Telecom WV, LLC	Delaware
Cequel Capital Corporation	Delaware
Cequel Communications Access Services, LLC	Delaware
Cequel Communications Holdco, LLC	Delaware
Cequel Communications, LLC	Delaware
Cequel Communications II, LLC	Delaware
Cequel Communications III, LLC	Delaware
Cequel III Communications I, LLC	Delaware
Cequel III Communications II, LLC	Delaware
Cequel Wireless, LLC	Delaware
Classic Cable of Louisiana, L.L.C.	Louisiana
Classic Cable of Oklahoma, Inc.	Delaware
Classic Cable, Inc.	Delaware
Classic Communications, Inc.	Delaware
Coram Route 112 Corporation	Delaware
CSC Acquisition Corporation	Delaware
CSC Acquisition-MA, Inc.	Delaware
CSC Acquisition-NY, Inc.	New York
CSC Gateway, LLC	Delaware
CSC Holdings, LLC	Delaware
CSC Investments LLC	Delaware
CSC MVDDS LLC	Delaware
CSC NASSAU II, LLC	Delaware
CSC Optimum Holdings, LLC	Delaware
CSC T Holdings I, INC.	Delaware
CSC T Holdings II, INC.	Delaware
CSC T Holdings III, INC.	Delaware
CSC T Holdings IV, INC.	Delaware
CSC Technology, LLC	Delaware
CSC TKR, LLC	Delaware
CSC Transport II, Inc.	Delaware

CSC Transport III, Inc.	Delaware
CSC Transport, Inc.	Delaware
CSC VT, Inc.	Vermont
CSC Wireless, LLC	Delaware
CSC Wireless NY, LLC	Delaware
DTV Norwich LLC	Delaware
Friendship Cable Of Arkansas, Inc.	Texas
Friendship Cable Of Texas, Inc.	Texas
Frowein Road Corporation	Delaware
Hornell Television Services, Inc.	New York
i24 News France	France
i24 News S.a.r.l.	Luxenberg
i24 US Corp	Delaware
I24 US, LLC	Delaware
Intelcia Jamaica Limited	Jamaica
Intelcia USA LLC	Delaware
Kingwood Holdings, LLC	Delaware
Kingwood Security Services, LLC	Delaware
Lightpath Holdco 1, Inc.	Delaware
Lightpath Holdco 2, Inc	Delaware
Lightpath Holdings LLC	Delaware
Lightpath VOIP, LLC	Delaware
Mercury Voice and Data, LLC	Delaware
Middle East News	Luxenberg
MSGVN LLC	Delaware
N12N LLC	Delaware
News 12 Company	New York
News 12 Connecticut LLC	Delaware
News 12 Networks LLC	Delaware
News 12 New Jersey Holding LLC	Delaware
News 12 New Jersey II Holding LLC	Delaware
News 12 New Jersey L.L.C.	Delaware
News 12 The Bronx Holding LLC	Delaware
News 12 The Bronx, L.L.C.	Delaware
News 12 Traffic and Weather LLC	Delaware
News 12 Varsity Network LLC	Delaware
News 12 Westchester LLC	Delaware
Newsday Holdings LLC	Delaware
Newsday LLC	Delaware
NMG Holdings, INC.	Delaware
NPG Cable, LLC	Delaware
NPG Digital Phone, LLC	Delaware
NY Interconnect, LLC	Delaware
NY OV LLC	Delaware
ORBIS1, L.L.C.	Louisiana
OV LLC	Delaware
Petra Cablevision Corp.	New York
Princeton Video Image Israel, Ltd.	Israel
Samson Cablevision Corp.	New York
SL3TV, LLC	Delaware
Suffolk Cable Corporation	New York
Suffolk Cable Of Shelter Island, Inc.	New York
Suffolk Cable Of Smithtown, Inc.	New York
TCA Communications, L.L.C.	Texas

Telerama, Inc.	Ohio
The New York Interconnect L.L.C.	Delaware
Tristate Digital Group LLC	Delaware
Universal Cable Holdings, Inc.	Delaware
W.K. Communications, Inc.	Kansas

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Altice USA, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-228907 and No. 333-222170) on Form S-8 of Altice USA, Inc. of our reports dated February 11, 2021, with respect to the consolidated balance sheets of Altice USA, Inc. as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, stockholders' equity (deficiency), and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of Altice USA, Inc.

Our report on the consolidated financial statements of the Company contains an emphasis of matter paragraph that states that as discussed in Note 9 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification Topic 842, Leases.

/s/ KPMG LLP

New York, New York

February 11, 2021

Exhibit 31.1

CERTIFICATION

I, Dexter Goei, Chief Executive Officer and Director of Altice USA, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Altice USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

   (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	February 11, 2021	By:	/s/ Dexter Goei
			Dexter Goei
			Chief Executive Officer and Director

Exhibit 31.2

CERTIFICATION

I, Michael J. Grau, Chief Financial Officer of Altice USA, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Altice USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and

   (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	February 11, 2021	By:	/s/ Michael J. Grau
			Michael J. Grau
			Chief Financial Officer

Exhibit 32

Certifications

Pursuant to 18 U.S.C. § 1350, each of the undersigned officers of Altice USA, Inc. ("Altice USA") hereby certifies, to such officer's knowledge, that Altice USA's Annual Report on Form 10-K for the year ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Altice USA.

Date:	February 11, 2021	By:	/s/ Dexter Goei
			Dexter Goei Chief Executive Officer and Director
Date:	February 11, 2021	By:	/s/ Michael J. Grau
			Michael J. Grau Chief Financial Officer