2013.05.21 08:55:52
Kansas Corporation Commission
/S/ Patrice Petersen-Klein

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

MAY 17 2013

by
State Corporation Commission
of Kansas

In the Matter of the Application of:

CEBRIDGE TELECOM KS, LLC

for a Certificate of Convenience and Authority to Provide Local Exchange and Exchange Access Service Within the State of Kansas

Docket No. 13-CKST-708-COC

APPLICATION FOR CERTIFICATE OF AUTHORITY
To Serve as a Telecommunications Services Provider in Kansas

K.S.A. 66-2005(w) sets out the requirements for certification as follows: An applicant "… must receive a certificate of convenience based upon a demonstration of technical, managerial and financial viability and the ability to meet quality of service standards established by the commission. Any telecommunications carrier or other entity seeking such certificate shall file a statement, which shall be subject to the commission's approval, specifying with particularity the areas in which it will offer service, the manner in which it will provide service in such areas and whether it will serve both business and residential customers in such areas."

Comes now Mark P. Johnson, representing Cebridge Telecom KS, LLC ("Cebridge Telecom" or "Applicant"), a limited liability company representing its intention to engage in the business of a Competitive Local Exchange service provider in the State of Kansas under the business name of Cebridge Telecom KS, LLC in the territory described specifically below, and making claim that public convenience will be thereby promoted. In conjunction with this application, Applicant is also filing an application for authority to operate as Competitive Local Exchange Service provider in Kansas. Applicant, for purposes of verification and in evidence of fitness to operate, offers the following information in support of this application:

1. Full, correct name (including d/b/a) of company, firm association or corporation making this filing:

   Cebridge Telecom KS, LLC

2. Federal Identification Number:20-5880050

3. Type of Certification requested by applicant:

   Competitive Local Exchange Service

4. Address and telephone number(s) for the principal office of the company and its local office (if any), including 800 customer service number:

   Cebridge Telecom KS, LLC
   12444 Powerscourt Drive
   St. Louis, MO63131
   Phone: (314) 315-9358
   Fax: (314) 315-9322
   Customer Service: 800-972-5757
   Email: www.suddenlink.com

5. If individually owned, name of individual doing business under above name:

   Applicant is not individually owned.

6. Requesting service territory:

   Applicant seeks to provide service to all areas in Kansas.

7. Name, title, address, telephone number and email address (if available) of person preparing this application.

   Mark P. Johnson
   Dentons US LLP
   4520 Main Street
   Kansas City, MO
   Telephone: (816) 460-2424
   Fax: (816) 531-7545
   Email: mark.johnson@dentons.com
   KS Bar # 22289

   And

   K.C. Halm
   Jennifer Toland Frewer
   Davis Wright Tremaine LLP
   1919 Pennsylvania Avenue, N.W., Suite 800
   Washington, D.C. 20006
   Telephone: (202) 973-4200
   Email: kchalm@dwt.com
   Email: jenniferfrewer@dwt.com

8. Name, title, address, telephone number and email address (if available) of Commission/Industry Relations contact:

   Dennis Moffit
   Senior Counsel

12444 Powerscourt Drive
St. Louis, MO63131
Phone: (314) 315-9358
Fax: (314) 315-9322
Email: dennis.moffit@suddenlink.com

9. Organizational information

In the table below, give name and address of each officer:

OFFICERS

Line No.	Title (a)	Name (b)	Address (c)
1	Jerald L. Kent	Chairman and CEO	12444 Powerscourt Drive St. Louis, MO 63131
2	Thomas P. McMillin	Executive Vice President and COO	12444 Powerscourt Drive St. Louis, MO 63131
3	Mary E. Meduski	Executive Vice President and CFO	12444 Powerscourt Drive St. Louis, MO 63131
4	Terry M. Cordova	Senior Vice President and CTO	12444 Powerscourt Drive St. Louis, MO 63131
5	Jerry Dow	Chief Marketing and Sales Officer	12444 Powerscourt Drive St. Louis, MO 63131
6	James B. Fox	Senior Vice President and Chief Accounting Officer	12444 Powerscourt Drive St. Louis, MO 63131
7	Patricia L. McCaskill	Senior Vice President and Chief Programming Officer	12444 Powerscourt Drive St. Louis, MO 63131
8	Robert L. Putnam	Senior Vice President and Chief Information Officer	12444 Powerscourt Drive St. Louis, MO 63131
9	Kevin Stevens,	President Commercial and Advertising Operations	12444 Powerscourt Drive St. Louis, MO 63131
10	Tim Thompson	Vice President, Telephony	12444 Powerscourt Drive St. Louis, MO 63131

10. Description of Applicant's Operations (provide as exhibits):

A. Applicant's short run and long run growth plans for providing intrastate telecommunication service in Kansas.

See Exhibit A.

B. Estimated number of company service personnel assigned to telephone service who will be located in Kansas during the time periods mentioned above.

Applicant and its affiliates will have eleven persons assigned to supporting the company's voice and wholesale service offerings in Kansas.

C. What telecommunications equipment will be deployed in the state and where will it be deployed over the period of time mentioned above?

See Exhibit B.

D. Has any state or federal entity denied certification to your company or taken any enforcement action against your company's service operations (such as a fine or a Cease and Desist action)?

No. No state or federal entity has denied certification to Applicant, or taken any enforcement action against the company's service operations.

E. Provide a list of enforcement proceedings or criminal charges involving applicant or its principals in connection with the provision of telecommunications services within the last five (5) years anywhere in the United States.

There are no criminal charges involving Applicant or its principals.

A single enforcement action is pending before the California PUC in conjunction with Cebridge Telecom's affiliate in California. In 2012 the Applicant's parent company completed a transaction that resulted in a change of control. Although the transaction did not involve any changes to the company's ongoing operations, the parent company and affiliates in various states obtained regulatory consents to the change of control. Specifically, the FCC, and state commissions in Texas, Louisiana and West Virginia all approved the change of control before the transaction was consummated.

The California PUC formally consented to the transaction, but did so after consummation. Cebridge Telecom's affiliate in California filed its application for approval 127 days (more than 4 months) before the anticipated closing date of the transaction. Although the FCC and other states were able to timely approve the transaction prior to consummation, the California PUC acted 13 days after consummation. The California PUC is now considering whether consummation of the transaction within that timeframe should result in penalties against Cebridge Telecom's affiliate in California (which had fewer than 15 customers at the time). That proceeding is currently docketed before the California PUC in Application 12-07-021.

11. Applicant's Managerial Qualifications (provide as Exhibits):

A. Description of applicant's actual experience in the telecommunications business, specifically that represented in this application.

See Exhibit C.

B. Managerial qualification of your company's key personnel (copies of resumes are appropriate).

See Exhibit D.

12. Applicant's Technical Qualification:

A. Will the company follow the Quality of Service Standards and reporting requirements as ordered by the Commission in Docket No. 191,206-U?

Yes, Cebridge Telecom KS, LLC agrees to follow the Quality of Service standards and reporting requirements to the extent they apply to Cebridge Telecom's services.

B. Does your company anticipate any problems meeting or reporting on the Commission's Quality of Service Standards? In the company's opinion, does it have the management expertise to deploy the necessary resources to meet the quality of service standards as established by the Commission?

Cebridge Telecom does not anticipate any problems meeting or reporting on the Commission's Quality of Service Standards. Cebridge Telecom has the management expertise to deploy the necessary resources to meet the KCC's quality of service standards, as evidenced by Exhibits C and D.

C. Will the Company follow the Commission's Billing Practice Standards as ordered in Docket No. 120,408-U?

Yes, Cebridge Telecomwill follow the Commission's billing practice standards to the extent they apply to Cebridge Telecom's service.

D. Does your company anticipate any problems meeting the Commission's Billing Practices Standards? In the company's opinion, does it have the management expertise to deploy the necessary resources to meet the Billing Practice Standards as established by the Commission?

Cebridge Telecom does not anticipate any problems meeting the Commission's billing practice standards. Cebridge Telecom does have the management expertise to deploy the necessary resources to meet these standards, as evidenced by Exhibits C and D.

E. Is your company currently providing telecommunications service in any other state? If so, in an Exhibit, please name the state(s), provide a description of your company's operations therein and list the approximate number of customers in each state.

See Exhibit E.

13. Financial information:

A. Stock

The Applicant is a limited liability company that is not publicly traded.

B. List information concerning the stockholders holding the highest number of shares of stock.

Applicant is a wholly-owned subsidiary of Cequel Corp., which indirectly owns and controls 100% of the issued and outstanding equity ownership of Cebridge Telecom. Cequel Corp. is a U.S. entity duly formed under the laws of Delaware as a corporation. Cequel Corp., through its operating subsidiaries, operates a multi-service communications business that provides services such as cable television, broadband Internet access and VoIP to residential and commercial subscribers in sixteen states. An organization chart illustrating the relationship of the Applicant to its parent and affiliates is attached hereto as Exhibit F.

C. Sole proprietorships and/or partnerships or any other business organizations including, but not limited to limited liability companies, limited partnerships, and LLPs must add an Exhibit to show the organizational structure and share interests in assets, liabilities, and profits.

See Exhibit F.

14. Applicant's Financial Qualifications (provide as Exhibits):

Cebridge Telecom is financially qualified to provide the telecommunications services for which it seeks the authority requested in this Application. Attached as Exhibit G is a copy of the 2010, 2011, and 2012 audited financial statements (including balance sheet and earnings statement) of Cequel Communications Holdings I, LLC ("Cequel Holdings"), of which Cebridge Telecom is a wholly-owned subsidiary. Cebridge Telecom will rely upon the financial strengths and capabilities of Cequel Holdings to support its telecommunications operations in Kansas. As illustrated by the organizational chart set forth in Exhibit F, Cebridge Telecom and Cequel Holdings are both wholly-owned subsidiaries of Cequel Corp.

Additional information about Cequel Holdings' financial strength is available in the company's annual report, located at the Investor Relations link of the company's website at www.suddenlink.com.

A. Comparative Income Statements for the immediately preceding three (3) year period (audited positive statements preferred). **See Exhibit G.**

B. Balance Sheets for the immediately preceding three (3) year period (audited positive statements preferred). **See Exhibit G.**

C. A forward-looking management narrative discussing <u>any significant activity</u> that may impact either the Income Statement or Balance Sheet provided. **See Exhibit H.**

15. As an attachment, please provide state of incorporation and proof of incorporation in the state.

Applicant is organized in Delaware as a limited liability company. See Exhibit I.

16. As an attachment, please provide proof of registration with the Kansas Secretary of State (must maintain registry and remain in good standing).

    See Exhibit J.

17. As an attachment, please provide a sample copy or exhibit of the customer bill.

    See Exhibit K.

18. Name and telephone number of the contact person for customer service.

    Repair, maintenance and all customer-affecting issues are usually directed to Suddenlink Customer Service, which operates 24 hours a day, 7 days a week. Customer Service employees then dispatch the appropriate Kansas technicians, as necessary and appropriate. The Customer Service telephone number is 1-888-822-5151.

    Tim Thompson is the Vice President of Telephony responsible for Telephony Operations. His office phone is (314) 315-9317.

19. Competitive Local Exchange applicants need provide an interconnection or resale agreement with the incumbent local exchange carrier(s) for the service territory designated above, if consummated.

    Cebridge Telecom has initiated discussions with United Telephone of Eastern Kansas d/b/a CenturyLink.

20. As an attachment, please provide a copy of the Company's proposed tariff.

    The Applicant will file a proposed tariff soon after certification is granted. The Applicant acknowledges that it may not provide service until the Commission has approved its tariff..

21. Complete, sign and attach the KCC Telecommunications Carrier Code of Conduct form as part of this application.

    See Exhibit L.

Wherefore, Cebridge Telecom KS, LLC respectfully requests that the Commission grant it certification to provide Local Exchange and Exchange Access Services on a statewide basis in Kansas.

Respectfully submitted,

Mark P. Johnson # 22289
Dentons US LLP
4520 Main Street
Suite 1100
Kansas City, MO 64111
816/460-2400
816/531-7545 (fax)
mark.johnson@dentons.com

Attorneys for Cebridge Telecom KS, LLC

OATH

State of Missouri

ss.

County of Jackson

Mark P. Johnson, being duly sworn, deposes and says that he is the attorney for Cebridge Telecom KS, LLC, and that the facts set forth in the foregoing application have been prepared under his direction, from the original books, papers and records of said company, that he examined same, and declares same to be true and correct to the best of his knowledge and belief. Further, that applicant has full knowledge of the Kansas Corporation Commission's jurisdiction affecting local service providers and will comply with the applicable requirements of this Commission.

Subscribed and sworn to before me on this 16th Day of May, 2013.

Erin E. Miller

Notary Public

My Commission expires:

ERIN E. MILLER
Notary Public, Notary Seal
State of Missouri
Jackson County
Commission # 11450622
My Commission Expires June 29, 2015

Exhibit A

Applicant's short run and long run growth plans for providing intrastate telecommunication service in Kansas.

Applicant intends to offer facilities-based and resold local exchange, exchange access, interexchange and related retail and wholesale telecommunications services to prospective customers throughout the state of Kansas. Cebridge Telecom's proposed telecommunications services will also include access to telephone numbers, transport, termination, interconnection with the public switched telephone network, and associated service arrangements, such as access to emergency services, operator services, directory assistance, interexchange service and other ancillary features that Cebridge Telecom must provide pursuant to applicable statutes and regulations. Applicant intends to rely upon facilities and network equipment deployed by its cable affiliates, as may be necessary and appropriate.

Cebridge Telecom's proposed wholesale service arrangement, known as Local Interconnection Service ("LIS"), enables two-way interconnection and voice traffic exchange between customers of the Applicant's affiliated VoIP service provider and the public switched telephone network. This service will be offered on a wholesale basis to facilities-based providers of interconnected VoIP services and will allow the service provider to, among other things, transport and terminate voice calls within a local calling area. LIS will also allow the service provider to access domestic and international toll services, operator services, telephone number resources, 911 calling, and related services and features. This service arrangement will be used by facilities-based interconnected VoIP service providers to offer retail interconnected VoIP service to residential and small business customers in Kansas.

Applicant also proposes to offer a full range of interexchange services, as well as other access and private line services. To the extent that Applicant provides traditional local exchange services, Applicant will use the existing local exchange boundaries and established local calling scopes of the ILECs in Kansas.

Exhibit B

What telecommunications equipment will be deployed in the state and where will it be deployed over the period of time mentioned above?

Applicant does not intend to deploy new facilities at this time. Applicant intends to rely upon existing facilities and network equipment already deployed by its cable affiliates as may be necessary and appropriate.

Exhibit C

Description of applicant's actual experience in the telecommunications business, specifically that represented in this application

The senior management of Cebridge Telecom KS, LLC has extensive experience in the provision of telecommunications service. This experience is demonstrated by the detailed summaries submitted with **Exhibit D**.

Exhibit D

Managerial qualification of your company's key personnel (copies of resumes are appropriate).

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Jerald L. Kent

Chairman and Chief Executive Officer

Jerry Kent is a recognized entrepreneur and trailblazer in the telecommunications industry with an outstanding track record of delivering superior returns for investors. Suddenlink Communications is the latest testament to his legacy. Through a series of acquisitions as Chairman and CEO, he has helped build Suddenlink into the seventh largest U.S. cable company with industry-leading operating results.

Mr. Kent also serves as CEO of Cequel III, which he co-founded in January 2002. Cequel III is a telecommunications management company currently involved in the cable, data center, and tower services and construction businesses. Previously, Cequel III built AAT Communications into the largest privately owned cell tower company in the United States before successfully selling that enterprise in 2006.

Mr. Kent began his career as a CPA with Arthur Andersen in 1979, and in 1983 left to head up acquisitions and finance for an upstart cable company, Cencom Cable Associates, Inc. He later became CFO of Cencom, which grew by acquisition and eventually served 550,000 customers in the U.S. before it was sold in 1991.

After serving a year with Cencom's acquirer, Mr. Kent left and co-founded Charter Communications, Inc., in January 1993. He led Charter to become one of the 10 largest cable operators in the U.S., serving 1.3 million customers. In 1998, Microsoft co-founder Paul Allen acquired Charter, providing substantial rewards for Charter's private investors. Mr. Kent continued as President and CEO, growing Charter to serve more than 7 million customers and making it the nation's fourth largest cable company at the time. The company went public in November 1999, in what was then the third-largest IPO in U.S. history. Charter consistently led the industry in superior operating results and from the IPO date until September 2001, the month Mr. Kent left, Charter's was the best performing public cable stock.

Industry publication Multichannel News named Mr. Kent its Executive of the Year in 2011, citing Suddenlink's performance and his "stellar reputation in the cable community."

A native of the St. Louis metropolitan area, Mr. Kent is very active in the community, serving on the Board of Trustees and Executive Committee for his alma mater, Washington University. He is Chairman of the Boards of Directors for REJIS (the Regional Justice Information Service) and The Magic House/St. Louis Children's Museum. He is also a member of the Boards of Directors for the St. Louis Zoo and Kenrick-Glennon Seminary. Additionally, Mr. Kent serves on the Boards of Directors and Executive Committees for CableLabs and the National Cable & Telecommunications Association (NCTA). He is Chairman of the Cable Center Board of Directors. He also serves on the Board of Directors for C-SPAN and the Advisory Board for Cable in the Classroom.

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Thomas P. McMillin

Executive Vice President and Chief Operating Officer

Tom McMillin joined Suddenlink Communications in February 2006 as Executive Vice President and Chief Financial Officer, bringing 19 years of experience in the cable and telecommunications industry.

In July 2006 he assumed his current responsibilities as Chief Operating Officer overseeing all Suddenlink business operations serving more than 1.4 million residential and business customers in 18 states. He also oversees the company's marketing and sales, customer care, technology, commercial services and media sales functions.

During his tenure, Suddenlink has produced consistent growth in revenue generating units and financial performance, significantly expanded availability of phone service and Suddenlink's new home security service, and increased availability of faster Internet speeds of up to more than 100 Megabits per second. Under his leadership, Suddenlink also has rolled out video on demand, significantly increased the number of high-definition TV channels, introduced TV Caller ID, Suddenlink WiFi@Home, Suddenlink TiVo® Premiere, Suddenlink2GO and Suddenlink Home Security services, and implemented new customer care initiatives that have produced some of the most significant gains in customer service ratings in the industry.

In addition to his responsibilities as Suddenlink's COO, Mr. McMillin is a member of Women in Cable Telecommunications (WICT), the Society of Cable Telecommunications Engineers (SCTE), the Cable & Telecommunications Association for Marketing (CTAM) and serves as a member of the Board of Directors of the CTAM Education Foundation.

Prior to joining Suddenlink, Mr. McMillin was Chief Financial Officer for First Broadcasting, a Dallas-based developer and operator of radio broadcast stations. Additionally, Mr. McMillin has been Chief Financial Officer for Clearwire Technologies, Inc., AMFM, Inc., and Marcus Cable; served as the Chief Operating Officer for Novo Networks, Inc.; and served in various financial positions for Crown Cable and Cencom Cable. He began his professional career in 1983 with Arthur Andersen & Co.

Mr. McMillin holds a Bachelor of Science in Accountancy from the University of Missouri – Columbia.

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Mary E. Meduski

Executive Vice President and Chief Financial Officer

With more than 25 years of financial experience in the media and telecommunications industries, Mary Meduski was named Executive Vice President & Chief Financial Officer for Suddenlink Communications in July 2006.

In addition to her responsibilities as Suddenlink's CFO, Ms. Meduski serves as Vice Chair and an Executive Board Member for Women in Cable Telecommunications (WICT).

Before joining Suddenlink, Ms. Meduski served as Executive Vice President and Chief Financial Officer of AAT Communications, the largest privately held wireless tower company in the United States at the time. In that capacity, she maintained relationships with all financial advisors, lenders, and investors, raised capital to support the company's growth objectives, and managed the company's accounting and contract administration functions. Additionally, Ms. Meduski played a key role in the sale of AAT to SBA Communications in March 2006.

Prior to joining AAT, Ms. Meduski was a Managing Director of the Media and Communications Investment Banking Groups of TD Securities and BankBoston Capital, where she was instrumental in developing banking relationships in the media and telecommunications industries.

Ms. Meduski has been named to *CableFAX's* list of Most Powerful Women in Cable in each of the last six years and has been named a *Multichannel News* Wonder Woman, Class of 2012.

Ms. Meduski holds a Bachelor of Arts degree from Cornell University and has achieved a Masters in Business Administration from Boston University, where she graduated first in her class.

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Terry M. Cordova

Senior Vice President and Chief Technology Officer

Mr. Cordova leads the more than 130-person Suddenlink technical operations and engineering team with oversight responsibility for all technical operations, technical training, residential and commercial security operations, carrier and commercial engineering, network / voice / digital video and data engineering operations. His team built a national backbone to support telephony, multicast video delivery for VOD, 3:1 HD content delivery, wideband data service and peering with major Internet content providers and ISPs.

In late 2009, Mr. Cordova and his team began to implement Project Imagine, a bandwidth reclamation effort to support new product and service deployment through 2012. The project has increased significantly the number of high-definition (HD) TV channels carried, expanded VOD services, and increased Internet speeds, including a new 107 Megabit per second service, which at first launch in 2010 was the fastest residential Internet service offered by a major U.S. provider. His team also has played a critical role helping launch new business services such as Business Class Phone, PRI, GePON and Hospitality HD.

Mr. Cordova is a long-standing member of SCTE (Society of Cable Telecommunications Engineers), a three-term Board member, and now serves as vice chairman of the Board of Directors. In 2011 he was named to the year's class of Cable TV Pioneers, was inducted into the SCTE Hall of Fame, served as chairman of SCTE's Cable-Tec EXPO, and was named CTO of the Year by Multichannel News.

Before Suddenlink, he was Division Vice President of Engineering for Charter Communications' Southeast Division, serving some 3 million customers in nine states. Mr. Cordova holds a Bachelor of Science degree in engineering from Kansas State University.

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Kevin A. Stephens

Senior Vice President of Commercial & Advertising Operations

Kevin Stephens leads the Commercial & Advertising Operations (CAO) Division at Suddenlink Communications. He was appointed in May 2006 as part of the company's acquisition of Cox Communications' properties. In this role, Mr. Stephens is responsible for leading and growing Suddenlink revenue and profit in the business segment. CAO is a $300 million division providing targeted advertising sales and mission critical data, voice and video services to business customers.

Prior to Suddenlink, Mr. Stephens was Vice President of Sales and Marketing for Cox Communications, where he had responsibility for revenue and profit growth for one of the largest systems in the company, with approximately 850,000 residential customers across seven states.

Before entering the cable industry, Mr. Stephens served as Senior Vice President of Marketing and Customer Services for Choice One Communications, a $324 million start-up telecommunications provider in the northeast. Mr. Stephens began his career at Xerox Corporation, where he performed in a variety of progressively responsible leadership roles in sales, marketing and general management.

CableFAX: The Magazine has named Mr. Stephens to its list of "Top 50 Minorities in Cable" every year since 2007. He is a corporate officer with Suddenlink Communications, and sits on boards of directors for the Cabletelevision Advertising Bureau and Eltrex Corporation. Mr. Stephens holds an MBA from the University of Southern California and a bachelor's degree in business from the University of Michigan.

Biographies of
Senior Executives and Management of Suddenlink Communications and Affiliates

Tim Thompson

Vice President, Telephony

Tim Thompson joined Suddenlink Communications in June 2006 as Vice President, Telephony. In his first 18 months, he led the company's telephony product deployment over six regions and more than 2.6 million homes passed.

Mr. Thompson's current responsibilities are overseeing Commercial and Residential Telephony Operations. He is responsible for supporting the growth of the telephone product line as well as day-to-day operations, including sales, operations, technical support and billing, state and federal regulation, multiple partner management, and corporate telephone escalations for 550,000-plus commercial and residential customers that generate more than $150 million in annual revenue.

Mr. Thompson is a member of The Society of Cable Telecommunications Engineers (SCTE), Women in Cable Telecommunications (WICT) and National Association for Multi-Ethnicity in Cable (NAMIC). He is also a Conservation Federation of Missouri Board Member.

Prior to Suddenlink Mr. Thompson served as Vice President/General Manager, Telephony, for Time Warner Cable's Greensboro Division, serving 350,000 customers; and Vice President, Technology Operations, at Black Hills Fibercom and Everest Connections. Mr. Thompson has also been the proprietor of four successful telecom startups in his 33 years in the telephone industry and built out 44 cities for Brooks Fiber Properties, who later sold to MCI for $4.6 billion.

Exhibit E

Is your company currently providing telecommunications service in any other state? If so, in an Exhibit, please name the state(s), provide a description of your company's operations therein and list the approximate number of customers in each state.

To date, Applicant's affiliates have obtained authority to provide a variety of telecommunications services in eight other states: Arkansas, California, Louisiana, Missouri, North Carolina, Oklahoma, Texas and West Virginia.

Exhibit F

Sole proprietorships and/or partnerships or any other business organizations including, but not limited to limited liability companies, limited partnerships, and LLPs must add an Exhibit to show the organizational structure and share interests in assets, liabilities, and profits.

CEBRIDGE TELECOM KS, LLC
ORGANIZATIONAL CHART

Suddenlink Corporate Structure
Telecom Entities
April 10, 2013

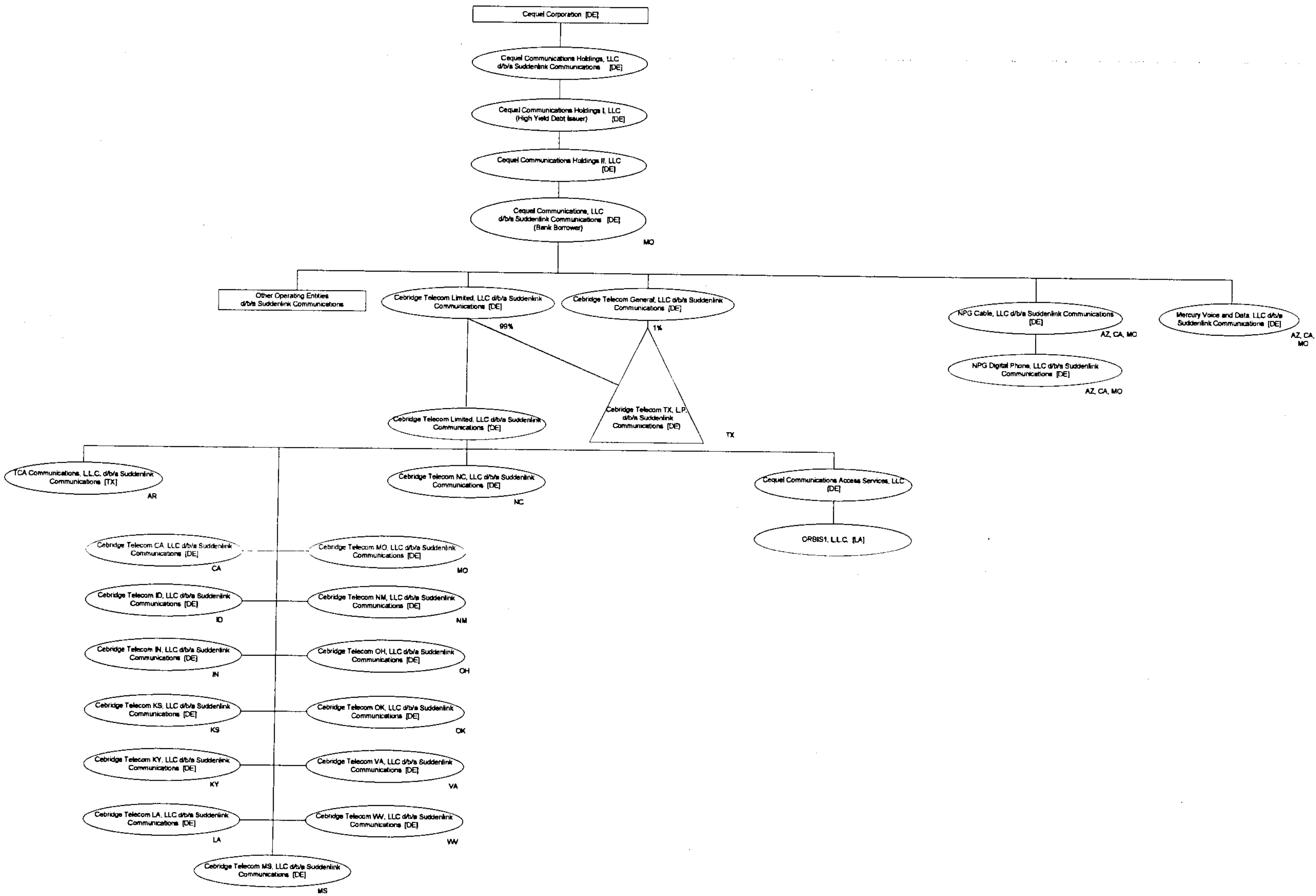

Exhibit G

Comparative Income Statements for the immediately preceding three (3) year period (audited positive statements preferred).

Balance Sheets for the immediately preceding three (3) year period (audited positive statements preferred).

Applicant submits the 2010, 2011 and 2012 audited financial statements of Cequel Communications Holdings I, LLC ("Cequel Holdings"), of which Cebridge Telecom is a wholly owned subsidiary.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Auditors

To the Member and

Board of Directors of

Cequel Communications Holdings I, LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in member's equity and cash flows present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, Schedule II "Valuation and Qualifying Accounts," listed in the index appearing under Item 15 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 16 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in 2009.

/s/ PricewaterhouseCoopers LLP

St. Louis, MO

March 10, 2011

Cequel Communications Holdings I, LLC
Consolidated Balance Sheets
As of December 31, 2010 and 2009
(in thousands)

	2010	2009
ASSETS		
Cash and cash equivalents	$ 289,685	$ 257,003
Accounts receivable, net	148,280	127,896
Prepaid expenses	16,072	14,460
Total current assets	454,037	399,359
Property, plant and equipment	2,581,992	2,268,091
Less - accumulated depreciation	(1,253,513)	(965,794)
Property, plant and equipment, net	1,328,479	1,302,297
Deferred financing costs, net	44,267	53,228
Intangible assets:		
Subscriber relationships, net	20,287	47,918
Franchise rights, net	1,546,745	1,535,969
Goodwill	516,344	512,235
Total intangible assets, net	2,083,376	2,096,122
Other long-term assets	4,079	6,805
Total assets	$ 3,914,238	$ 3,857,811
LIABILITIES AND MEMBER'S EQUITY		
Liabilities:		
Accounts payable	$ 11,010	$ 39,821
Due to affiliates	3,181	2,092
Deferred revenue	112,239	101,945
Accrued expenses	147,193	145,362
Accrued interest	38,835	47,335
Current portion of capital leases	379	342
Current portion of long-term debt	20,382	5,096
Other current liabilities	79,869	91,349
Total current liabilities	413,088	433,342
Long-term deferred revenue	2,690	1,975
Long-term deferred tax liability	25,185	23,299
Long-term portion of capital leases	2,831	3,211
Long-term debt	3,145,739	3,040,745
Other long-term liabilities	27,235	78,481
Total liabilities	3,616,768	3,581,053
Commitments and contingencies (Note 11)		
Member's equity		
Member's equity	937,743	932,412
Accumulated deficit	(527,724)	(484,104)
Accumulated other comprehensive loss	(112,549)	(171,550)
Total member's equity	297,470	276,758
Total liabilities and member's equity	$ 3,914,238	$ 3,857,811

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Operations
Years Ended December 31, 2010, 2009 and 2008
(in thousands)

	2010	2009	2008
Revenues	$ 1,689,145	$ 1,564,694	$ 1,435,998
Costs and expenses:			
Operating (excluding depreciation and amortization)	707,124	669,172	603,804
Selling, general and administrative	370,053	341,828	342,403
Depreciation and amortization	362,114	323,111	295,678
(Gain)/loss on sale of cable properties	(4,051)	100	(1,857)
Total costs and expenses	1,435,240	1,334,211	1,240,028
Income from operations	253,905	230,483	195,970
Interest expense, net	(259,626)	(247,952)	(259,992)
Loss on swap termination	(17,774)	(7,873)	-
Loss on extinguishment of debt	(16,344)	(14,250)	-
Loss before income taxes	(39,839)	(39,592)	(64,022)
Provision for income taxes	(3,781)	(3,824)	(3,900)
Net loss	$ (43,620)	$ (43,416)	$ (67,922)

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Cash Flows
Years Ended December 31, 2010, 2009 and 2008
(in thousands)

	2010	2009	2008
Cash flows from operating activities:			
Net loss	$ (43,620)	$ (43,416)	$ (67,922)
Adjustments to reconcile net loss to cash flows from operating activities			
(Gain)/loss on sale of cable properties	(4,051)	100	(1,857)
Depreciation and amortization	362,114	323,111	295,678
Amortization of deferred financing costs	12,004	12,332	9,537
Accretion of bond discount	1,408	231	-
Amortization of bond premium	(778)	-	-
Bond premium received	12,000	-	-
Repayment of paid in kind debt interest	(112,254)	-	-
Write-off of deferred financing costs	6,599	8,250	-
Non-cash equity compensation expense	5,331	7,330	6,735
Paid in kind interest expense	-	10,990	39,357
Deferred income tax expense	1,886	1,945	1,800
Changes in assets and liabilities, excluding acquisitions:			
Accounts receivable	(20,545)	(1,359)	9,889
Prepaid expenses	(2,609)	8,648	(13,677)
Accounts payable	(28,811)	29,869	(12,666)
Deferred revenue	11,181	7,883	(4,875)
Accrued expenses	5,331	23,408	(7,499)
Accrued interest	(8,500)	2,681	1,527
Net cash provided by operating activities	196,686	392,003	256,027
Cash flows from investing activities:			
Purchase of property, plant and equipment	(354,124)	(247,386)	(231,915)
Acquisition earnout payment	(4,000)	-	-
Acquisition of cable systems and service companies	(20,298)	-	(14,126)
Net proceeds from sale of cable systems	4,530	-	4,264
Other	(31)	741	(358)
Net cash used in investing activities	(373,923)	(246,645)	(242,135)
Cash flows from financing activities:			
Issuance of long term debt	600,000	591,480	-
Repayments of long-term debt	(380,096)	(617,437)	(23,250)
Repayments of capital lease obligation	(343)	(309)	(279)
Purchase of interest rate caps	-	(6,565)	-
Financing costs	(9,642)	(26,041)	-
Net cash provided by/(used in) by financing activities	209,919	(58,872)	(23,529)
Increase (decrease) in cash and cash equivalents	32,682	86,486	(9,637)
Cash and cash equivalents, beginning of period	257,003	170,517	180,154
Cash and cash equivalents, end of period	$ 289,685	$ 257,003	$ 170,517
Supplemental cash flow disclosures:			
Cash paid for interest	$ 255,864	$ 222,267	$ 213,101
Noncash transactions:			
Acquisition earnout payable at future date	$ (3,921)	$ (4,000)	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Changes in Member's Equity
Years Ended December 31, 2010, 2009 and 2008
(in thousands)

	Member's Equity	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Member's Equity	Comprehensive Income/(Loss)
Balance, December 31, 2007	$ 918,347	$ (353,444)	$ (134,483)	$ 430,420	$ (202,972)
Net loss	-	(67,922)	-	(67,922)	(67,922)
Non-cash equity compensation	6,735	-	-	6,735	-
Change in fair value of cash flow hedges	-	-	(117,830)	(117,830)	(117,830)
Balance, December 31, 2008	$ 925,082	$ (421,366)	$ (252,313)	$ 251,403	$ (185,752)
Net loss	-	(43,416)	-	(43,416)	(43,416)
Non-cash equity compensation	7,330	-	-	7,330	-
Adoption of uncertainty for income tax guidance	-	(19,322)	-	(19,322)	-
Termination of swap contracts	-	-	7,873	7,873	7,873
Change in fair value of cash flow hedges and interest rate caps	-	-	72,890	72,890	72,890
Balance, December 31, 2009	$ 932,412	$ (484,104)	$ (171,550)	$ 276,758	$ 37,347
Net loss	-	(43,620)	-	(43,620)	(43,620)
Non-cash equity compensation	5,331	-	-	5,331	-
Termination of swap contracts	-	-	17,774	17,774	17,774
Change in fair value of cash flow hedges and interest rate caps	-	-	41,227	41,227	41,227
Balance, December 31, 2010	$ 937,743	$ (527,724)	$ (112,549)	$ 297,470	$ 15,381

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Notes to Consolidated Financial Statements
December 31, 2010, 2009 and 2008

1. Organization

Cequel Communications Holdings I, LLC, ("Cequel") through its subsidiaries (collectively, the "Company" or "we"), is a leading owner, operator and acquirer of broadband communications systems serving a diversified mix of markets. Cequel is a wholly owned subsidiary of Cequel Communications Holdings, LLC ("Cequel Holdings"). Cequel's wholly owned subsidiary is Cequel Capital Corporation (collectively with Cequel, the "Issuers"). Cequel's indirect wholly owned subsidiary is Cequel Communications, LLC (dba Suddenlink Communications) ("Cequel Communications" or "Suddenlink").

2. Liquidity and Capital Resources

The Company has significant indebtedness and has incurred net losses of $43.6 million, $43.4 million and $67.9 million in 2010, 2009 and 2008, respectively. The Company's net cash flows from operating activities were $196.7 million, $392.0 million and $256.0 million for the years ending December 31, 2010, 2009 and 2008, respectively.

The Company requires significant cash to fund debt service costs, capital expenditures and ongoing operations. The Company's capital expenditures include those necessary to maintain existing operations as well as a significant amount of discretionary spending for upgrading and expanding existing broadband plant technologies. The discretionary portion of the Company's capital expenditures can be deferred or otherwise eliminated in the near term which also provides additional flexibility in managing liquidity requirements. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its Credit Facility, sales of assets, issuances of debt, and cash on hand. However, the mix of funding sources changes from period to period. For the year ended December 31, 2010, the Company generated $196.7 million of cash flows from operating activities after paying cash interest of $255.9 million. In addition, the Company used $354.1 million for purchases of property, plant and equipment.

Cequel is a holding company and conducts no operations. Accordingly, it has no ability to service interest or principal on its 8.625% Senior Notes due 2017 (the "Notes"), other than through any distributions it may receive from its subsidiaries. Suddenlink is restricted in certain circumstances, from paying dividends to the Issuers by the terms of the amended and restated credit and guaranty agreement (as amended, the "Credit Facility"). Suddenlink has not guaranteed the indebtedness of the Issuers nor pledged any of its assets as collateral.

The Company expects that cash on hand, cash flows from operating activities and available credit under its revolving credit facility will be adequate to meet its operating cash needs in 2011.

3. Summary of Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Cequel and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform to the December 31, 2010 presentation.

Revenue Recognition

Revenues from video, high-speed Internet, telephone and security services are recognized when the related services are provided. Installation revenue is recognized in the period the service is performed to the extent of direct selling costs, with the remaining amount deferred over the term of the contract. Subscriber services paid for in advance are recorded as income when earned. Advertising sales are recognized in the period that the advertisements are broadcast.

Local or state government authorities impose franchise fees on the majority of the Company's systems ranging up to a federally mandated maximum of 5% of gross revenues as defined in the franchise agreements. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to franchise authorities. Because franchise fees are our obligation, we present them on a gross basis with a corresponding operating expense. Franchise fees reported on a gross basis amounted to approximately $37.4 million, $35.5 million and $33.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents the Company's best estimate of probable losses in the accounts receivable balance. The allowance is based on the number of days outstanding, customer balances, historical experience and other currently available information.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentrations of credit risk with respect to the Company's cash balance is limited as we maintain or invest our cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs

The Company purchases certain analog, digital and premium programming provided by program suppliers whose compensation is typically based on a flat fee per customer at the negotiated rates included in the programming contracts. The cost of the right to provide network programming under such arrangements is recorded in operating expenses in the month the programming is distributed. Programming costs are paid each month based on calculations performed by the Company and are subject to adjustment based on periodic audits performed by the programmers. Net programming costs included in the operating costs line item in the accompanying consolidated statements of operations was $425.4 million, $404.0 million and $380.2 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense, included in the selling, general and administrative expense line item in the accompanying consolidated statements of operations, for the years ended December 31, 2010, 2009 and 2008 was approximately $32.7 million, $29.7 million and $28.1 million, respectively.

Equity Based Compensation

Cequel Holdings maintains a management unit option plan to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. Unit options provide the holder the opportunity to acquire a nonvoting proprietary interest in Cequel Holdings pursuant to the terms and conditions of the plan. The Company accounts for the options in accordance with share-based payment financial accounting standards which requires all share-based payments to employees, including grants of employee equity awards, to be recognized in the consolidated financial statements based on their fair values (see Footnote 19).

Income Taxes

Cequel is a limited liability company, and as such does not pay taxes. However, certain of the Cequel's subsidiaries are corporations and therefore subject to tax regulations. The liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the tax rates that are expected to be in effect when the differences are expected to reverse, based upon current laws and regulations. The Company records a valuation allowance when it is more likely than not that some portion or all of the deferred income tax asset will not be realizable (see Footnote 16).

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities. While the Company's capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated with initial customer installations and the additions of network equipment necessary to enable advanced services are capitalized. Costs capitalized as part of initial customer installations include materials, labor and certain indirect costs. Indirect costs are associated with the activities of the Company's personnel who assist in connecting and activating the new service. Indirect costs include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting of installation and construction vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. Leasehold improvements are amortized over the shorter of their estimated life or the term of the related leases. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacements, including replacement of cable drops, are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	7-30 years
Customer equipment and installations	3-7 years
Capitalized leases	6-12 years
Vehicles	3-5 years
Broadband distribution systems	3-12 years
Office furniture, tools and equipment	3-7 years

Capitalized Internal Costs

Costs capitalized as part of new customer installations include materials, subcontractor costs and internal direct labor costs, including service technicians and internal overhead costs incurred to connect the customer to the plant from the time of installation scheduling through the time service is activated and functioning. The overhead capitalized is based on a combination of an internal company-wide analysis and an internal time and motion study of specific activities for labor capitalized. These studies are updated to adjust for changes in facts and circumstances. Overhead capitalized consists mainly of employee benefits directly associated with that portion of the capitalized labor and vehicle operating costs related to capitalizable activities. Capitalized internal payroll costs for the years ended December 31, 2010, 2009 and 2008 were approximately \$35.6 million, \$28.5 million and \$27.1 million, respectively. Related capitalized overhead for the years ended December 31, 2010, 2009 and 2008 were approximately \$26.9 million, \$21.3 million and \$21.6 million, respectively.

Deferred Financing Costs

Deferred financing costs are being amortized to interest expense over the terms of the related debt.

Intangible Assets

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises and goodwill qualify for indefinite life treatment and are not amortized against earnings but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances (see Footnote 12). The Company concluded that substantially all of its franchises qualify for indefinite-life treatment. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Accounting for Long-Lived and Intangible Assets

Long-lived Assets

Long-lived assets (e.g., property, plant and equipment) do not require that an annual impairment test be performed; instead, long-lived assets are tested for impairment upon the occurrence of a triggering event. Triggering events include the more likely than not disposal of a portion of such assets or the occurrence of an adverse change in the market involving the business employing the related assets. Once a triggering event has occurred, the impairment test is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test first requires a comparison of estimated undiscounted future cash flows generated by the asset group against the carrying value of the asset group. If the carrying value of the asset group exceeds the estimated undiscounted future cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. Fair value is generally determined by discounting the future cash flows associated with that asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale, and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value. To the extent the carrying value is greater than the asset's estimated fair value, an impairment charge is recognized for the difference.

Significant judgments in this area involve determining whether a triggering event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested annually for impairment during the fourth quarter or earlier upon occurrence of a triggering event. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Company to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value using a combination of a DCF analysis and a market-based approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the Company. If the estimated fair value of the Company exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Company exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the goodwill with the goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Company is allocated to all of the assets and liabilities of the Company (including any unrecognized intangible assets) as if the Company had been acquired in a business combination and the fair value of the Company was the purchase price paid. If the carrying amount of the Company's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets not subject to amortization, primarily cable franchise rights, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of a triggering event. The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF valuation analysis. The DCF methodology used to value cable franchise rights entails identifying the projected discrete cash flows related to such cable franchise rights and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates, estimating the amount and timing of estimated future cash flows attributable to cable franchise rights and identification of appropriate terminal growth rate assumptions. The discount rates used in the DCF analyses are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

The results of the Company's impairment analyses as of December 31, 2010 and 2009 indicated no impairment of its long-lived assets.

Asset Retirement Obligations

Accounting for asset retirement obligations, requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a lease or franchise agreement is not renewed, certain of our franchise agreements and leases contain provisions requiring us to remove equipment or restore facilities. The Company expects to continually renew its franchise agreements and has concluded that the related franchise right is an indefinite lived intangible asset. The Company would be required to incur substantial restoration or removal costs related to these franchise agreements in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company would record an estimated liability at the time that it became probable that a franchise agreement would not be renewed. The obligations related to the removal provisions contained in the Company's lease agreements or any disposal obligations related to our operating assets are not material to our consolidated financial condition or results of operation or are not estimable.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate fair value because of their short maturities (see Footnote 9).

Derivative Financial Instruments

Accounting for derivative financial instruments, requires that all derivative instruments be recognized on the balance sheet at fair value. Suddenlink uses interest rate risk management derivative instruments, such as interest rate swap agreements and interest rate caps, as permitted under the terms of Suddenlink's Credit Facility. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements, Suddenlink agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The Company does not hold or issue derivative instruments for trading or speculative purposes.

Suddenlink purchased interest rate caps to protect against any rises in interest rates in the future. The interest rate caps are derivatives, as defined by accounting for derivatives and hedging activities guidance. As such, the interest rate caps are accounted for in a similar manner to Suddenlink's interest rate swaps. These interest rate caps do not become effective until April 7, 2012 after the initial and delayed start swap contracts mature (see Footnote 10).

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued guidance that requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics, among others: (a) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (b) the obligation to absorb losses of the entity, or the right to receive benefits from the entity, that could potentially be significant to the variable interest entity. Under this guidance, ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity are required. This guidance is effective for financial statements issued for interim and annual periods beginning on January 1, 2010. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In September 2009, the FASB issued guidance that provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, an enterprise is required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This guidance will be effective on January 1, 2011 and is not expected to have a material impact on the Company's consolidated financial statements.

In September 2009, the FASB issued guidance that provides for a new methodology for recognizing revenue for tangible products that are bundled with software products. Under the new guidance, tangible products that are bundled with software components that are essential to the functionality of the tangible product will no longer be accounted for under the software revenue recognition accounting guidance. Rather, such products will be accounted for under the new authoritative guidance surrounding multiple-element arrangements described above. This guidance will be effective on January 1, 2011 and is not expected to have a material impact on the Company's consolidated financial statements.

In January 2010, the FASB issued guidance that expands the required disclosures about fair value measurements. This guidance provides for new disclosures requiring the Company to (i) disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers and (ii) present separately information about purchases, sales, issuances and settlements in the reconciliation of Level 3 fair value measurements. This guidance also provides clarification of existing disclosures requiring the Company to (i) determine each class of assets and liabilities based on the nature and risks of the investments rather than by major security type and (ii) for each class of assets and liabilities, disclose the valuation techniques and inputs used to measure fair value for both Level 2 and Level 3 fair value measurements. This guidance will be effective on January 1, 2010, except for the presentation of purchases, sales, issuances and settlements in the reconciliation of Level 3 fair value measurements, which is effective on January 1, 2011. The adoption of this guidance did not have and is not expected to have a material impact on the Company's consolidated financial statements.

In July 2010, the FASB issued guidance that expands the required disclosures about the credit quality of financing receivables and allowance for credit losses. This guidance provides for more robust and disaggregated disclosure aimed at improving transparency by providing additional information to assist financial statement users in assessing an entity's credit loss exposures and evaluating the adequacy of its allowance for credit losses. An entity will be required to provide disclosures that facilitate financial statement users' evaluation of the nature of credit risk inherent in the entity's portfolio of financing receivables, how that risk is analyzed and assessed in arriving at the allowance for credit losses and the changes and reason for those changes in the allowance for credit losses. This guidance is effective for nonpublic companies for interim and annual periods ending after December 15, 2011 and is not expected to have a material impact on the Company's consolidated financial statements.

4. Acquisition of Broadband Systems and Service Companies

On October 15, 2008, the Company purchased Orbis1, LLC (d/b/a CoStreet Communications) ("CoStreet"), a non-facilities based service company that sells bandwidth to large telecommunications providers. The purchase price was approximately \$14.1 million with additional payments of approximately \$4.0 million per year for each of the fiscal years ended December 31, 2009, 2010 and 2011, contingent upon meeting certain gross margin targets. The Company recorded \$3.9 million and \$4.0 million, and related goodwill, based upon the earnout calculations at December 31, 2010 and 2009, respectively, payable to the former owners of CoStreet.

On August 1, 2010, the Company completed the acquisition of the Greenwood, Mississippi cable system from Windjammer Communications, LLC. The Company purchased the assets of this cable system, which serves approximately 8,000 basic video customers, for approximately $20.3 million. The following purchase price allocation was recorded by the Company as of August 1, 2010 (in millions):

Total purchase price	$	20.3
Property, plant and equipment	$	6.0
Franchise rights		11.3
Subscriber relationships		2.3
Goodwill (tax deductible)		0.7
Total allocated purchase price	$	20.3

Subscriber relationships are amortized over a four year life.

On November 24, 2010, the Company entered into a stock purchase agreement with News-Press & Gazette Company to acquire all of the issued and outstanding capital stock of NPG Cable, Inc., Mercury Voice & Data Company and NPG Digital Phone, Inc., which we refer to collectively as the NPG Companies, for a purchase price of $350.0 million, subject to a working capital adjustment, which we refer to as the NPG Acquisition. The NPG Acquisition, which is subject to customary regulatory approval, is expected to close in the early second quarter of 2011.

5. Divestiture of Broadband Systems

During 2008, the Company completed the divestiture of three broadband systems to third parties in separate transactions. In aggregate, these systems served approximately 2,700 customers. Cash proceeds from these transactions were approximately $4.3 million. The Company recognized a net gain of approximately $1.9 million on the sales of these assets.

During 2010, the Company completed the divestiture of two broadband systems serving approximately 2,800 basic video customers. Cash proceeds from this transaction were approximately $4.5 million. The Company recognized a net gain of approximately $2.9 million on the sale of these assets.

6. Accounts Receivable

Accounts receivable consisted of the following as of December 31 (in thousands):

	2010		2009	
Accounts receivable - trade	$	159,307	$	136,662
Allowance for doubtful accounts		(11,027)		(8,766)
Accounts receivable, net	$	148,280	$	127,896

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31 (in thousands):

	2010		2009	
Land	$	17,040	$	16,936
Buildings and improvements		80,402		80,882
Capitalized Leases		4,548		4,548
Vehicles		62,150		50,140
Broadband distribution systems		2,316,265		2,022,168
Office furniture, tools and equipment		101,587		93,417
		2,581,992		2,268,091
Less accumulated depreciation		(1,253,513)		(965,794)
Property, plant and equipment, net	$	1,328,479	$	1,302,297

Depreciation expense for the years ended December 31, 2010, 2009 and 2008 was $332.1 million, $292.7 million and $265.2 million, respectively. 2010 includes accelerated depreciation of $11.4 million for assets that will be taken out of service in connection with Project Imagine. No such amount was necessary for fiscal 2009 or 2008.

8. Long Term Debt

Outstanding debt consisted of the following at December 31 (in thousands):

	2010	2009
1st Lien Credit Facility	$ 1,961,779	$ 1,966,875
1st Lien Credit Facility Revolver	-	-
2nd Lien Credit Facility - Tranche A	-	337,500
2nd Lien Credit Facility - Tranche B	-	149,755
8.625% Senior Notes due 2017	1,204,342	591,711
Total Debt	3,166,121	3,045,841
Less: Current Portion	20,382	5,096
Long-Term Debt	$ 3,145,739	$ 3,040,745

Credit Facility

On May 5, 2006, Suddenlink entered into the Credit Facility for $2.3 billion in the aggregate, which was subsequently amended and restated as further described below. The Credit Facility originally consisted of $2.1 billion of term loans and a $200.0 million revolving credit facility. The term loan facility was scheduled to mature on November 5, 2013 and the revolving credit facility was scheduled to mature on May 5, 2013. The debt was and continues to be secured by first priority security interests in substantially all of our present and future assets. The term loan facility and the revolving credit facility initially bore interest at Suddenlink's election at the prime rate plus 1.25% or the London Interbank Offered Rate ("LIBOR") plus 2.25%, in each case subject to adjustment as set forth in the credit agreement evidencing the Credit Facility. The term loan facility required quarterly repayments in amounts equal to 0.25% of the original principal amount commencing June 30, 2007 with the remainder due at maturity. The Credit Facility permitted the existence of up to $600.0 million of incremental first priority secured indebtedness under the Credit Facility of which $100.0 million could be in the form of additional revolver availability. No amounts were outstanding under the $200.0 million revolving credit facility upon amendment and restatement of the Credit Facility.

On April 4, 2007, Suddenlink amended and restated the Credit Facility to provide, among other things, an additional $225.0 million of term loans. This increased the size of the Credit Facility to an aggregate of $2.525 billion, consisting of $2.325 billion of term loans and $200.0 million of revolver loans. The interest rate on the $2.325 billion of the term loans outstanding under the Credit Facility was also reduced by 25 basis points to the prime rate plus 1.00% or the LIBOR rate plus 2.00%, while the interest rate on the revolver remained unchanged at the prime rate plus 1.25% or the LIBOR rate plus 2.25%, subject to adjustment as set forth in the credit agreement evidencing the Credit Facility in each case. The amount of incremental first priority secured indebtedness allowed under the Credit Facility was reduced from $600.0 million to $375.0 million. We used the $225.0 million of incremental loans plus $55.0 million of cash on hand to repay in full the $280.0 million North Carolina credit facility, which was terminated. In addition, the Credit Facility allows for the payment of funds by Suddenlink to Cequel Holdings to redeem preferred equity interests at Cequel Holdings.

On October 22, 2009, Suddenlink received requisite lender approval to amend the Credit Facility to allow, among other things, the incurrence of new senior unsecured debt at Suddenlink, provided the proceeds are used to reduce loans outstanding under Suddenlink's Credit Facility, with (i) the first $250.0 million of net proceeds in the aggregate from such incurrences used to repay indebtedness under the Credit Facility, (ii) a minimum of 50% of the proceeds from such incurrences used to repay loans outstanding under the Credit Facility and (iii) all other net proceeds from such incurrences used to repay or repurchase secured indebtedness. In addition, the amendment allows Suddenlink to exclude certain specified capital expenditures related to Project Imagine from the definition of capital expenditures used in the calculation of the fixed charge coverage ratio under the 1st Lien Credit Facility for 2010, 2011, and 2012. The amendment became effective on November 4, 2009 upon the repayment of $300.0 million of loans under the Credit Facility from a portion of the proceeds of the concurrent offering by the Issuers of the Existing Notes.

2nd Lien Credit Facility

On May 5, 2006, Suddenlink entered into a $675.0 million 2nd Lien Credit Facility with delayed draw rights. Suddenlink exercised its draw rights on June 30, 2006 (the "Credit Date"). Suddenlink paid a delayed draw commitment fee of 0.50% per annum for the period when the term loans were undrawn. The 2nd Lien Credit Facility term loans consisted of a $337.5 million term loan A facility that bore interest at the prime rate plus 3.50% or the LIBOR rate plus 4.50%, and a $337.5 million term loan B facility that bore interest at the prime rate plus 5.00% or the LIBOR rate plus 6.00%. The 2nd Lien Credit Facility was to mature on June 30, 2014. The debt was secured by second priority security interests in substantially all of our present and future assets. The loans under the term loan A facility became callable by Suddenlink after the second anniversary of the Credit Date with a call premium of 3.00%, decreasing by 1.00% annually until the fifth anniversary of the Credit Date, and the loans under the term loan B facility became callable by Suddenlink after the second anniversary of the Credit Date with a call premium of 3.00%, decreasing by 1.00% annually until the fifth anniversary of the Credit Date, and the loans under the term loan B facility became callable by Suddenlink after the third anniversary of the Credit Date with a call premium of 2.00%, decreasing by 1.00% annually until the fifth anniversary of the Credit Date. At Suddenlink's option until the third anniversary of the loan, the accrued and unpaid interest on the term loan B facility could have been converted into pay-in-kind interest and treated as additional principal. On May 5, 2009, the term loan B facility ceased accruing pay-in-kind interest and switched to paying interest on a current cash basis. Through May 5, 2009, approximately $112.3 million of accrued pay-in-kind interest had been converted into additional principal. On May 4, 2010, all borrowings under the 2nd Lien Credit Facility were repaid from a portion of the proceeds of the concurrent offering by the Issuers of the May Additional Notes, and the 2nd Lien Credit Facility and the related intercreditor agreement were terminated.

2009 Debt Purchase Amendment

On February 25, 2009, Suddenlink amended the Credit Facility and the 2nd Lien Credit Facility to allow Cequel to purchase Suddenlink's debt under each such facility in the open market through one or more modified "Dutch" auctions. Any of our debt purchased by Cequel was required to be contributed to Suddenlink at zero consideration and cancelled. The debt purchases were limited to $150.0 million of our cash plus new equity proceeds. If Suddenlink's cash was used, the restricted payments baskets were reduced accordingly. We were required to maintain a minimum liquidity position (sum of cash and revolver availability) of at least $200.0 million at the time of a debt repurchase. The debt purchases were allowed until February 25, 2010. No such purchases were made during the allowed time period.

Senior Notes Issuances

On November 4, 2009, the Issuers issued $600.0 million aggregate principal amount of senior unsecured notes due November 2017. The Original Notes bear interest at 8.625% and were sold at an offering price of 98.580% yielding an effective interest rate of 8.875%. Interest is payable on the Notes semi annually in cash on May 15 and November 15. Suddenlink used the net proceeds of the Notes and cash on hand to prepay $300.0 million of the Credit Facility and $300.0 million of the Tranche B Term Loan of the 2nd Lien Credit Facility, along with related fees and expenses of that offering.

On May 4, 2010, the Issuers issued an additional $600.0 million aggregate principal amount of senior notes due November 2017. The May Additional Notes form a part of the same series as the Original Notes and bear interest at 8.625% and were sold at an offering price of 102.00% yielding an effective interest rate of 8.167%. Interest is payable semi-annually in cash on May 15 and November 15. Suddenlink used the net proceeds of the May Notes to repay in full all borrowings under the 2nd Lien Credit Facility, along with related fees and expenses of that offering and for general corporate purposes.

See Footnote 20 for discussion of the $625.0 million senior notes issuance completed on January 19, 2011.

The Issuers have no ability to service interest or principal on the Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of Suddenlink's 1st Lien Credit Facility. The Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

For the year ended December 31, 2009, the Company recorded in its consolidated statement of operations a loss on early extinguishment of debt of $14.3 million as a result of our partial repayment of the Credit Facility by $300.0 million each. This charge reflects an $8.3 million write-off of unamortized deferred financing costs and $6.0 million call premium on the 2nd Lien Credit Facility.

For the year ended December 31, 2010, the Company recorded in its consolidated statement of operations a loss on early extinguishment of debt of $16.3 million as a result of our repayment of the entire outstanding 2nd Lien Credit Facility. This change reflects a $6.6 million write-off of unamortized deferred financing costs and $9.7 million call premium on the 2nd Lien Credit Facility.

The Company's debt agreements include restrictive covenants such as restrictions on additional indebtedness. The Credit Facility also requires the Company to meet certain restrictive financial covenants, which the Company was in compliance with at December 31, 2010.

The future maturities of long-term debt as of December 31, 2010 are (in thousands):

Year		Amount
2011	$	20,382
2012		20,382
2013		1,921,015
2014		-
2015		-
Thereafter		1,204,342
Total debt	$	3,166,121

The Company's debt had an estimated fair value of $3,224.9 million and $2,946.6 million as of December 31, 2010 and 2009, respectively. The estimated fair value of the Company's debt is based on quoted market prices for the debt. Unrealized gains or losses on debt do not result in the realization or expenditure of cash and are not recognized for financial reporting purposes unless the debt is retired prior to its maturity.

9. Fair Value of Financial Instruments

The Company has established a process for determining fair value of its financial assets and liabilities using available market information or other appropriate valuation methodologies. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date. The accounting guidance for determining fair value of nonfinancial assets and liabilities, effective January 1, 2009, did not have a material impact on our consolidated financial statements.

Fair value guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carry amounts of cash, receivables and payables approximate fair value because of the short maturity of those instruments.

The Company's financial assets and liabilities that are accounted for at fair value on a recurring basis are presented in the table below:

	Fair Value as of December 31, 2010							
	Level 1		Level 2		Level 3		Total	
Other long-term assets:								
Interest rate caps	$	-	$	754	$	-	$	754
Other current and long-term liabilities:								
Interest rate swaps	$	-	$	106,738	$	-	$	106,738

	Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Other long-term assets:				
Interest rate caps	$ -	$ 4,457	$ -	$ 4,457
Other current and long-term liabilities:				
Interest rate swaps	$ -	$ 169,442	$ -	$ 169,442

10. Derivative Instruments

The Company uses interest rate risk management derivative instruments, such as interest rate swaps and interest rate caps, as required under the terms of Suddenlink's Credit Facility. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements with reputable counterparties, the Company effectively converts a portion of Suddenlink's floating-rate debt to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense. Suddenlink had interest rate swap agreements totaling a notional amount of $1.925 billion and $2.425 billion, respectively, at December 31, 2010 and 2009. At December 31, 2010, Suddenlink's interest rate swap agreements had expiration terms ranging from April 2011 to October 2012 and interest rates ranging from 4.96% to 5.40%.

The Company does not hold or issue derivative instruments for trading or speculative purposes. Suddenlink's interest rate derivative instruments are designated as cash flow hedges as of December 31, 2010 and 2009. The fair value of Suddenlink's derivative instruments, comprised solely of interest rate swaps, amounted to a liability of $106.7 million and $169.4 million at December 31, 2010 and 2009, respectively. The fair value is included in other current and other long-term liabilities. The change in the market value of derivative instruments is recorded in accumulated other comprehensive loss. The Company recognized comprehensive gain of $62.7 million and $82.9 million during 2010 and 2009, respectively, and a comprehensive loss of $117.8 million during 2008.

On August 25, 2009, Suddenlink entered into two interest rate caps to protect against increased interest rates. These interest rate caps do not become effective until April 7, 2012, after a portion of the aforementioned interest rate risk management derivative instruments expire, and the interest rate caps have a floating benchmark based on the three month LIBOR with a 5.00% strike price. The cost of the interest rate caps was approximately $6.6 million, recorded in other long-term assets. At December 31, 2010 and 2009, the fair value of the interest rate caps was approximately $0.8 million and $4.5 million, respectively, and is reflected in other long-term assets.

In November 2009, Suddenlink terminated interest rate swap agreements for notional amounts of $350.0 million in advance of their expiration terms. Suddenlink recorded a loss of $7.9 million related to the early termination of interest rate swap agreements.

In May 2010, Suddenlink terminated interest rate swap agreements for notional amounts of $500.0 million in advance of their expiration terms. Suddenlink recorded a loss of $17.8 million related to the early termination of interest rate swap agreements.

The Company formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. Changes in the fair value of derivative instruments related to the effective portion of interest rate hedges is recorded in accumulated other comprehensive loss. Changes in fair value of derivative instruments related to the ineffective portion of interest rate hedges, and changes in the fair value of derivative instruments not designated as hedges are recorded in the consolidated statements of operations. For the year ended December 31, 2010 and 2009, the fair value of interest rate hedges, including interest rate caps, increased $59.0 million and $80.8 million, respectively.

Derivatives designated as hedging instruments, as of December 31, 2010

	Liabilities	
	Other Current Liabilities	Other Long-Term Liabilities
Cash flow interest rate hedges	$ 79,869	$ 26,869
	Assets	
	Other Current Assets	Other Long-Term Assets
Interest rate caps	$ -	$ 754

Derivatives designated as hedging instruments, as of December 31, 2009

	Liabilities	
	Other Current Liabilities	Other Long-Term Liabilities
Cash flow interest rate hedges	$ 91,349	$ 78,093
	Assets	
	Other Current Assets	Other Long-Term Assets
Interest rate caps	$ -	$ 4,457

11. Commitments and Contingencies

Letters of Credit

At December 31, 2010 and 2009, the Company had approximately $12.6 million and $12.1 million, respectively, of outstanding letters of credit, which reduced the availability under the Company's $200.0 million revolver loan.

Lease Arrangements

The Company, as an integral part of its broadband operations, has entered into lease contracts for site leases and office space. At December 31, 2010, future minimum lease payments were approximately $6.5 million in 2011, $5.2 million in 2012, $3.8 million in 2013, $1.7 million in 2014, $1.2 million in 2015, and $3.2 million thereafter. Rent expense for site leases and office space was approximately $6.3 million, $6.3 million and $6.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Company also rents utility poles used in its operations. Generally pole rentals are cancellable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole rental attachments was approximately $11.1 million, $10.4 million and $12.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Litigation

From time to time, we are involved in litigation and regulatory proceedings arising out of our operations. Management believes that we are not currently a party to any legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect our business, financial position, results of operations or liquidity.

12. Intangible Assets

The Company does not amortize indefinite lived intangible assets. Accordingly, all franchises that qualify for indefinite life treatment are not amortized against earnings but instead are tested for impairment annually, or more frequently as warranted by events or changes in circumstances. Based on testing of impairment of indefinite lived intangible asset guidance, franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which the franchise rights are associated and tracked. Management believes such grouping represents the highest and best use of those assets for purposes of evaluating impairment of its franchises. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Company determines the fair value of the intangible asset using a DCF analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach.

The Company performs its impairment assessment of its goodwill at the aggregated broadband segment reporting level since all acquired operations have been integrated to allow the benefits of the acquired goodwill to be realized by all the Company's broadband systems. The impairment test for goodwill involves a comparison of the estimated fair value to its carrying amount, including goodwill. The Company determines its fair value using a combination of a DCF analysis and a market-based approach, which utilize significant unobservable inputs (Level 3) within the fair value hierarchy.

The results of the Company's analysis of indefinite-lived intangible assets as of December 31, 2010 and 2009 indicated that no impairment of the carrying value of those assets existed.

Indefinite-lived and finite-lived intangible assets are presented in the following table at December 31 (in thousands):

	2010			2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible						
Franchises	$ 1,546,101	$ -	$ 1,546,101	$ 1,535,301	$ -	$ 1,535,301
Goodwill	$ 516,344	$ -	$ 516,344	$ 512,235	$ -	$ 512,235
	$ 2,062,445	$ -	$ 2,062,445	$ 2,047,536	$ -	$ 2,047,536
Finite-lived intangible						
Franchises	$ 810	$ (166)	$ 644	$ 778	$ (110)	$ 668
Subscriber relationships	$ 156,118	$ (135,831)	$ 20,287	$ 157,669	$ (109,751)	$ 47,918
	$ 156,928	$ (135,997)	$ 20,931	$ 158,447	$ (109,861)	$ 48,586

Franchise amortization expense represents the amortization relating to franchises that are not treated as indefinite life assets, including the costs associated with franchise renewals. During the year-ended December 31, 2010, the net carrying amount of indefinite-lived franchises increased by approximately $10.8 million. This increase is attributed to the additional $11.3 million of franchises from the Greenwood, Mississippi acquisition, offset by $0.5 million franchises sold related to the Salem, West Virginia and Oakland, Maryland divestiture.

Subscriber relationships amortization expense for the years ended December 31, 2010, 2009 and 2008 was $29.9 million, $30.3 million and $30.5 million, respectively. Franchise amortization expense for the years ended December 31, 2010, 2009 and 2008 was immaterial.

A summary of the changes in the carrying value of the Company's goodwill for the years ended December 31, 2010 and 2009 is as follows (in thousands):

	December 31, 2010			December 31, 2009		
	Gross	Accumulated Impairment Charge	Carrying Value	Gross	Accumulated Impairment Charge	Carrying Value
Balance at beginning of year	$ 512,235	$ -	$ 512,235	$ 508,235	$ -	$ 508,235
CoStreet Earnout	3,921	-	3,921	4,000	-	4,000
Greenwood Acquisition	700	-	700	-	-	-
Salem and Oakland Divestiture	(512)	-	(512)	-	-	-
Balance at end of year	$ 516,344	$ -	$ 516,344	$ 512,235	$ -	$ 512,235

In 2010 and 2009, the Company recorded $3.9 million and $4.0 million of goodwill related to the CoStreet purchase and earnout. Additionally, during 2010, the Company recorded $0.7 million of goodwill related to the Greenwood, Mississippi acquisition and reduced goodwill by $0.5 million related to the Salem, West Virginia and Oakland, Maryland divestiture. The acquisition valuation was determined utilizing discounted cash flow methodology based upon management's estimates.

The Company has upgraded the technological state of many of its broadband systems since the commencement of operations and has experience with local franchise authorities where the franchises exist and believes all franchises will be renewed indefinitely.

Subscriber relationships are being amortized over their estimated useful lives of three to six years.

The following table sets forth the estimated amortization expense on intangible assets for the fiscal years ending December 31 (in thousands):

Year	Amount
2011	$ 15,343
2012	4,145
2013	629
2014	390
2015	55
Thereafter	369
	$ 20,931

13. Revenues

Revenue by service offering consisted of the following at December 31 (in thousands):

	2010	2009	2008
Video	$ 842,799	$ 819,822	$ 795,431
High Speed Internet	402,250	365,338	311,990
Telephone	122,764	96,329	65,779
Advertising Sales	76,157	65,568	77,984
Equipment Rental	101,809	85,517	72,854
Pass-thru Revenue(1)	61,720	55,863	38,480
Other Service and Administrative	81,646	76,257	73,480
Total Revenues	$ 1,689,145	$ 1,564,694	$ 1,435,998

(1) Pass-thru revenue includes franchise fee, copyright fee, FCC user and regulatory fees and retransmission revenue.

14. Operating Expenses

Operating expenses by key expense components consisted of the following at December 31 (in thousands):

	2010	2009	2008
Programming	$ 425,360	$ 404,030	$ 380,194
High Speed Internet	41,957	41,141	32,897
Telephony	43,136	32,505	21,430
Plant and Operating	196,671	191,496	169,283
Total Operating Expenses	$ 707,124	$ 669,172	$ 603,804

15. Selling, General and Administrative Expenses

Selling, general and administrative expenses by key expense components consisted of the following at December 31, (in thousands):

	2010	2009	2008
General and Administrative	$ 274,771	$ 261,139	$ 263,062
Marketing	47,066	38,585	37,078
Corporate Overhead	48,216	42,104	42,263
Total Selling, General and Administrative Expenses	$ 370,053	$ 341,828	$ 342,403

16. Income and Other Taxes

All operations are held through Cequel and its direct and indirect subsidiaries. The Company and several of its subsidiaries are not subject to federal income tax. In 2007, the Company's Texas based operations became subject to the state's gross margins tax. Additionally, certain subsidiaries are corporations and thus subject to federal, state and local income tax. Therefore, the income taxes as reflected below are comprised of the Texas gross margins tax and other tax-paying subsidiaries.

Components of the Company's provision for income taxes for the years ended December 31, 2010, 2009 and 2008 were as follows (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Current Tax Expense:			
Federal	$ -	$ -	$ -
State	1,895	1,879	2,100
Total Current	1,895	1,879	2,100
Deferred Tax Expense:			
Federal	1,719	1,773	1,641
State	167	172	159
Total Deferred	1,886	1,945	1,800
Total Provision for Income Taxes	$ 3,781	$ 3,824	$ 3,900

The Company's provision for income taxes differs from the expected tax expense amount computed by applying the statutory federal income tax rate of 34% to loss before income taxes as a result of the following:

	Year Ended December 31,		
	2010	2009	2008
Tax at U.S. statutory rate	34.0 %	34.0 %	34.0 %
State taxes, net of benefit	3.3	3.3	3.3
Losses allocated to limited liability companies not subject to income taxes	(77.9)	(51.8)	(52.4)
Expiring NOLs	-	-	(5.3)
(Increase)/decrease in valuation allowance	32.5	4.4	14.5
Other, net	(1.4)	0.4	(0.1)
Effective tax rate	(9.5) %	(9.7) %	(6.0) %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows as of December 31 (in thousands):

	2010	2009
Deferred tax assets:		
Net operating loss carryforwards	$ 123,882	$ 116,347
Tax over book basis of amortizable assets	-	-
Alternative minimum tax credit carryforwards	5,858	5,858
Other	1,595	1,206
Total gross deferred tax assets	131,335	123,411
Less valuation allowance	(82,974)	(95,910)
Net deferred tax asset	48,361	27,501
Deferred tax liabilities:		
Book over tax basis of depreciable assets	(60,956)	(44,421)
Book over tax basis of amortizable assets	(12,590)	(6,379)
Other	-	-
Gross deferred tax liabilities	(73,546)	(50,800)
Net deferred tax liabilities	$ (25,185)	$ (23,299)

The Company's corporate subsidiaries have approximately \$332.1 million and \$313.8 million of net operating loss carryforwards in 2010 and 2009, respectively, which will expire at various dates through 2030. A valuation allowance was established because it was determined that it was more likely than not that the deferred tax asset would not be realized. The net operating loss carryforwards are subject to certain possible limitations arising from changes in ownership rules under the Internal Revenue Code. These limitations include annual restrictions on usage which may result in the Company not fully utilizing the full net operating loss carryforwards.

The Company has recorded deferred tax liabilities of approximately \$25.2 million primarily related to certain of the differences between the book and tax amortization of the Company's franchise rights. While provision for this deferred tax liability is required by existing accounting literature, these potential taxes may only become payable in the event that the Company sells certain assets at some future date for an amount in excess of both the tax basis of the assets at that time and the unexpired and unused net operating tax loss carryforwards.

On January 1, 2009, the Company adopted guidance for accounting for uncertainty in income taxes. This statement prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2010	2009
Balance as of January 1	95,288	96,218
Additions for tax positions related to prior years	-	-
Reductions for tax positions related to prior years	(3,133)	(930)
Additions for tax positions related to the current year	-	-
Reductions for tax positions related to the current year	-	-
Reductions due to settlements with taxing authorities	-	-
Reductions due to expiration of statute of limitations	-	-
Balance as of December 31	92,155	95,288

None of the unrecognized tax benefits, if recognized, would affect the effective tax rate.

As a result of adoption, we recognized a net reduction of approximately \$19.3 million to the January 1, 2009 member's equity balance. This reduction is a result of uncertain tax positions which relate to a prior acquisition and is net of valuation allowances that were established against those deferred tax balances related to those positions.

The Company files income tax returns, including returns for our subsidiaries, with federal and state jurisdictions. The Company's Federal income tax returns from 2007 through 2009 remain subject to examination. In addition, certain carryforward attributes that were generated prior to 2007 may still be adjusted upon examination by the IRS to the extent utilized in a period open to examination. Various state jurisdiction tax years remain open to examination as well, though the Company believes any additional assessment will be immaterial to the consolidated financial statements. In addition, certain states and localities have imposed or are considering imposing new or additional taxes or fees on our services or changing the methodologies or base on which certain fees and taxes are computed. Such potential changes include additional taxes or fees on our services which could impact our customers, combined reporting and other changes to general business taxes, central/unit-level assessment of property taxes and other matters that could increase our income, franchise, sales, use and/or property tax liabilities.

We adjust our tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and precedent. We recognize interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2010, we have no amount of accrued interest or penalties related to uncertain tax positions. The Company does not anticipate that the uncertain tax positions will change significantly within the next twelve months.

17. Related Party Transactions

On May 5, 2006, Cequel Holdings and Cequel III, LLC entered into a management agreement, whereby Cequel III, LLC provides certain executive, including the services of our CEO, administrative and managerial services to the broadband systems owned by Cequel Holdings and its subsidiaries (the "Management Agreement"). Compensation under the terms of the agreement is an annual base fee of $5.3 million, paid quarterly in arrears. The base fee increases 5% annually on the anniversary date of the Management Agreement. The Cequel Holdings Board of Directors approved an additional incentive fee of $1.5 million and $0.5 million to Cequel III, LLC during 2010 and 2009, respectively.

Total compensation paid to Cequel III, LLC under this Management Agreement for the years ended December 31, 2010, 2009 and 2008 was approximately $7.8 million, $6.5 million and $6.7 million, respectively, included in the selling, general and administrative line in the accompanying consolidated statements of operations. Cequel III, LLC enters into various contracts with vendors, including programming contracts, on behalf of the Company where such costs are paid directly by the Company. At December 31, 2010 and 2009, the Company had approximately $3.2 million and $2.1 million, respectively, recorded as a payable to Cequel III, LLC, primarily related to management and incentive fees.

The Chief Executive Officer of the Company has a direct equity interest in Cequel Holdings, the Company's parent, and an indirect equity interest through equity interests he holds in two separate entities that are investors in Cequel Holdings. One of these entities has an equity put right in the event of a termination of the Management Agreement with Cequel III, LLC under certain circumstances, and either the termination circumstances or the decision to terminate the agreement are within the control of Cequel Holdings. The put right, if triggered, would require Cequel Holdings to repurchase the equity interest of such investor using cash in the first year, and after the first year, using either cash or by issuing a note payable based on the fair market value of the equity interest at the time the put right is exercised. The Company is not directly liable for honoring the put right as any repurchase of the equity interest is a requirement of Cequel Holdings. As of December 31, 2010, the Management Agreement had not been terminated.

An affiliate of a unit holder of Cequel Holdings served as joint book-runner and lead arranger for the 2010 and 2009 issuances of Senior Notes. For these services, this affiliate received fees of approximately $2.7 million and $3.6 million, for the years ended December 31, 2010 and 2009, respectively, which are included in the deferred financing costs line in the accompanying balance sheets and are being amortized over the related terms of the debt.

An equity holder in one of the investors in Cequel Holdings is senior counsel in a legal firm that provided legal services to the Company. For the years ended December 31, 2010, 2009 and 2008, the legal fees for services provided by this firm were approximately $0.8 million, $1.8 million and $0.2 million, respectively.

18. Employee Benefit Plan

The Company's employees may participate in a 401(k) plan that is administered by Cequel III, LLC. Employees that qualify for participation can contribute up to 15% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches 50% of the first 6% of participant contributions. For the years ended December 31, 2010, 2009 and 2008, the Company contributed approximately $3.1 million, $2.9 million and $2.9 million respectively, to the 401(k) plan.

19. Equity Based Compensation

In May 2006, Cequel Holdings adopted the Suddenlink Communications 2006 Management Unit Option Plan ("the Option Plan") to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. The Option Plan provides the holder of unit options the opportunity to acquire a nonvoting proprietary interest in the Company pursuant to the terms and conditions of the plan. The Option Plan provides that unit options representing an aggregate of five percent of the aggregate equity value of Cequel Holdings on the date of adoption of the Option Plan may be granted to participants, or 4,769,937 units. As of December 31, 2010, 4,769,187 options were available to be granted. The unit options generally have a ten year term and vest ratably over the first four years. The Company accounts for all share-based payments to employees, including grants of employee equity awards, to be recognized as compensation expense in the financial statements based on their fair values.

The following table summarizes the activity of the Option Plan for the year ended December 31, 2010:

	2010		
	Shares	Weighted Average Exercise Price	
Options outstanding, beginning of period	4,599,000	$	10.27
Granted	130,000	$	12.85
Forfeited, cancelled or exercised	(130,000)	$	10.35
Options outstanding, end of period	4,599,000	$	10.34
Weighted average remaining contractual life	6.2 years		
Options exercisable, end of period	3,783,313	$	10.15

The following table summarizes the weighted average fair value of options granted for the years ended December 31, 2010, 2009 and 2008. These fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009	2008
Fair value per share	$ 5.81 - 8.05	$ 5.60 - 5.83	$ 5.59 - 6.00
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	51.95 - 53.91%	50.79 - 51.68%	51.85 - 53.05%
Risk free interest rate	1.84 - 2.75%	2.03 - 3.11%	1.47 - 3.40%
Expected option life	6.3 years	6.3 years	6.3 years

During 2010, 2009 and 2008, using an expected 5.0% forfeiture rate, the aggregate fair value of options granted was \$0.9 million, \$1.7 million and \$5.1 million, respectively. The Company recognized non-cash unit option compensation expense of approximately \$5.3 million, \$7.3 million and \$6.7 million in 2010, 2009 and 2008, respectively. The measurement date value of remaining unvested options, less a provision for estimated forfeitures, totals approximately \$3.4 million and is expected to be recognized based upon future vesting as non-cash compensation expense in the following years: 2011 – \$1.8 million, 2012 – \$1.0 million, 2013 – \$0.4 million and 2014 – \$0.2 million. At December 31, 2010, approximately 170,200 options remain available for grant.

On March 4 and December 13, 2010, Cequel Holdings awarded restricted stock units ("RSUs") to two senior executives, our current COO and CFO. These awards reflect the Cequel Holdings board of directors' general desire to supplement the granting of stock options with RSUs to these executives. The value of these awards is based on the fair market value of the RSUs consistent with past awards of stock options, while the vesting conditions - 100% only after five years subject to acceleration for the executive's death or a change in corporate control - are longer than past stock option grants, and not pro rata like past stock options, in order to maximize the RSUs' retention value for the award recipients. The Cequel Holdings board of directors may make further awards of RSUs in the future, and may customize the terms of these awards to our needs and objectives. As a result, future awards of RSUs may have different vesting and other conditions.

20. Subsequent Events

The Company has updated its review of subsequent events as of March 10, 2011 noting the following events which require disclosure.

On January 19, 2011, we issued an additional $625.0 million aggregate principal amount of 8.625% Senior Notes due November 2017 under the Indenture. The January Additional Notes form a part of the same series as the outstanding $1.2 billion aggregate principal amount of 8.625% Senior Notes due 2017, co-issued on November 4, 2009 and May 4, 2010 by the Issuers. We used the proceeds of the January Additional Notes to repay all of the original capital contributions made by holders of preferred interests of Cequel Holdings, repay a portion of the capital contributions made by holders of common interests of Cequel Holdings, make certain bonus payments, make certain payments to holders of options in and restricted common units of Cequel's parent and pay related fees and expenses of that offering. In addition, we expect to use the remaining portion of the proceeds from the January Additional Notes and cash on hand to fund the NPG Acquisition.

On January 19, 2011, in connection with the issuance of the January offering, the Issuers and the trustee under the Indenture entered into a supplemental indenture (the "Second Supplemental Indenture") to the Indenture. The Second Supplemental Indenture increased the aggregate principal amount of the Notes available for issuance under the Indenture from $1.2 billion to $1.825 billion. Suddenlink has not guaranteed the indebtedness of Cequel nor pledged any of its assets as collateral to secure any obligations of Cequel.

The future maturities of long-term debt, including the January 2011 issuance of $625.0 million, as of December 31, 2010 are (in thousands):

Year	Amount
2011	$ 20,382
2012	20,382
2013	1,921,015
2014	-
2015	-
Thereafter	1,847,310
Total debt	$ 3,809,089

On January 20, 2011, in connection with the January 19, 2011 issuance of $625.0 million aggregate principal amount of 8.625% Senior Notes due November 2017 under the Indenture, we repaid $481.8 million of capital contributions. We repaid $357.1 million of capital contributions to holders of common units and $124.7 million of capital contributions to holders of preferred units of Cequel Communications Holdings, LLC. In addition, we paid $9.4 million to the option and restricted unit holders of Cequel Communications Holdings, LLC.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Auditors

To the Member and

Board of Directors of

Cequel Communications Holdings I, LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in member's equity and cash flows present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, Schedule II "Valuation and Qualifying Accounts," listed in the index appearing under Item 15 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 17 to the consolidated financial statements, the Company changed the manner in which it accounts for uncertain tax positions in 2009.

/s/ PricewaterhouseCoopers LLP

St. Louis, MO

March 9, 2012

Cequel Communications Holdings I, LLC

Consolidated Balance Sheets
As of December 31, 2011 and 2010
(in thousands)

ASSETS	2011	2010
Cash and cash equivalents	$ 128,663	$ 289,685
Accounts receivable, net	167,539	148,280
Prepaid expenses and other assets	18,580	16,072
Total current assets	314,782	454,037
Property, plant and equipment	2,915,264	2,581,992
Less - accumulated depreciation	(1,518,897)	(1,253,513)
Property, plant and equipment, net	1,396,367	1,328,479
Deferred financing costs, net	41,287	44,267
Intangible assets:		
Subscriber relationships, net	20,799	20,287
Franchise rights, net	1,725,353	1,546,745
Goodwill	575,750	516,344
Total intangible assets, net	2,321,902	2,083,376
Other long-term assets	7,916	4,079
Total assets	$ 4,082,254	$ 3,914,238
LIABILITIES AND MEMBER'S EQUITY		
Liabilities:		
Accounts payable	$ 17,827	$ 11,010
Due to affiliates	3,203	3,181
Deferred revenue	130,072	112,239
Accrued expenses	163,627	147,193
Accrued interest	38,418	38,835
Current portion of capital leases and other obligation	3,940	379
Current portion of long-term debt	20,382	20,382
Other current liabilities	29,607	79,869
Total current liabilities	407,076	413,088
Long-term deferred revenue	2,749	2,690
Long-term deferred tax liability	26,980	25,185
Long-term portion of capital leases and other obligation	6,218	2,831
Long-term debt	3,766,347	3,145,739
Other long-term liabilities	343	27,235
Total liabilities	4,209,713	3,616,768
Commitments and contingencies (Note 12)		
Member's equity		
Member's equity	448,000	937,743
Accumulated deficit	(542,701)	(527,724)
Accumulated other comprehensive loss	(32,758)	(112,549)
Total member's equity	(127,459)	297,470
Total liabilities and member's equity	$ 4,082,254	$ 3,914,238

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Operations
Years Ended December 31, 2011, 2010 and 2009
(in thousands)

	2011	2010	2009
Revenues	$ 1,900,736	$ 1,689,145	$ 1,564,694
Costs and expenses:			
Operating (excluding depreciation and amortization)	788,775	707,124	669,172
Selling, general and administrative	407,409	370,053	341,828
Depreciation and amortization	415,486	362,114	323,111
(Gain)/loss on sale of cable properties	(736)	(4,051)	100
Total costs and expenses	1,610,934	1,435,240	1,334,211
Income from operations	289,802	253,905	230,483
Interest expense, net	(297,194)	(259,626)	(247,952)
Loss on swap termination	-	(17,774)	(7,873)
Loss on extinguishment of debt	-	(16,344)	(14,250)
Loss before income taxes	(7,392)	(39,839)	(39,592)
Provision for income taxes	(7,585)	(3,781)	(3,824)
Net loss	$ (14,977)	$ (43,620)	$ (43,416)

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Cash Flows
Years Ended December 31, 2011, 2010 and 2009
(in thousands)

	2011	2010	2009
Cash flows from operating activities:			
Net loss	$ (14,977)	$ (43,620)	$ (43,416)
Adjustments to reconcile net loss to cash flows from operating activities			
(Gain)/loss on sale of cable properties	(736)	(4,051)	100
Depreciation and amortization	415,486	362,114	323,111
Amortization of deferred financing costs	12,796	12,004	12,332
Accretion of bond discount	1,286	1,408	231
Amortization of bond premium	(3,265)	(778)	-
Bond premium received	17,969	12,000	-
Repayment of paid in kind debt interest	-	(112,254)	-
Write-off of deferred financing costs	-	6,599	8,250
Non-cash equity compensation expense	2,106	5,331	7,330
Paid in kind interest expense	-	-	10,990
Deferred income tax expense	1,795	1,886	1,945
Unrecognized tax benefit	3,400	-	-
Changes in assets and liabilities, excluding acquisitions:			
Accounts receivable	(19,921)	(20,545)	(1,359)
Prepaid expenses	1,885	(2,609)	8,648
Accounts payable	2,934	(28,811)	29,869
Deferred revenue	17,313	11,181	7,883
Accrued expenses	22,432	5,331	23,408
Accrued interest	(417)	(8,500)	2,681
Net cash provided by operating activities	460,086	196,686	392,003
Cash flows from investing activities:			
Purchase of property, plant and equipment	(368,027)	(354,124)	(247,386)
Acquisition earnout payment	(3,921)	(4,000)	-
Acquisition of cable systems and service companies	(348,448)	(20,298)	-
Net proceeds from sale of cable systems	-	4,530	-
Other	(29)	(31)	741
Net cash used in investing activities	(720,425)	(373,923)	(246,645)
Cash flows from financing activities:			
Issuance of long term debt	625,000	600,000	591,480
Repayments of long-term debt	(20,382)	(380,096)	(617,437)
Repayments of capital lease obligation	(3,634)	(343)	(309)
Purchase of interest rate caps	-	-	(6,565)
Equity distribution	(491,849)	-	-
Financing costs	(9,818)	(9,642)	(26,041)
Net cash provided by/(used in) by financing activities	99,317	209,919	(58,872)
(Decrease)/increase in cash and cash equivalents	(161,022)	32,682	86,486
Cash and cash equivalents, beginning of period	289,685	257,003	170,517
Cash and cash equivalents, end of period	$ 128,663	$ 289,685	$ 257,003
Supplemental cash flow disclosures:			
Cash paid for interest	$ 287,074	$ 255,864	$ 222,267
Cash paid to terminate interest swaps	$ -	$ 17,774	$ 7,873
Long-term debt call premium	$ -	$ 9,745	$ 8,250
Noncash transactions:			
Acquisition earnout payable at future date	$ (2,678)	$ (3,921)	$ (4,000)
Other obligations	$ 10,582	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Changes in Member's Equity
Years Ended December 31, 2011, 2010 and 2009
(in thousands)

	Member's Equity	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Member's Equity	Comprehensive Income/(Loss)
Balance, December 31, 2008	$ 925,082	$ (421,366)	$ (252,313)	$ 251,403	$ (185,752)
Net loss	-	(43,416)	-	(43,416)	(43,416)
Non-cash equity compensation	7,330	-	-	7,330	-
Adoption of uncertainty for income tax guidance	-	(19,322)	-	(19,322)	-
Termination of swap contracts	-	-	7,873	7,873	7,873
Change in fair value of cash flow hedges and interest rate caps	-	-	72,890	72,890	72,890
Balance, December 31, 2009	$ 932,412	$ (484,104)	$ (171,550)	$ 276,758	$ 37,347
Net loss	-	(43,620)	-	(43,620)	(43,620)
Non-cash equity compensation	5,331	-	-	5,331	-
Termination of swap contracts	-	-	17,774	17,774	17,774
Change in fair value of cash flow hedges and interest rate caps	-	-	41,227	41,227	41,227
Balance, December 31, 2010	$ 937,743	$ (527,724)	$ (112,549)	$ 297,470	$ 15,381
Net loss	-	(14,977)	-	(14,977)	(14,977)
Non-cash equity compensation	2,106	-	-	2,106	-
Equity distribution	(491,849)	-	-	(491,849)	-
Change in fair value of cash flow hedges and interest rate caps	-	-	79,791	79,791	79,791
Balance, December 31, 2011	$ 448,000	$ (542,701)	$ (32,758)	$ (127,459)	$ 64,814

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Notes to Consolidated Financial Statements
December 31, 2011, 2010 and 2009

1. Organization

Cequel Communications Holdings I, LLC ("Cequel") through its subsidiaries (together with Cequel, the "Company") is a leading owner, operator and acquirer of broadband communication systems serving a diversified mix of markets. Cequel is a wholly owned subsidiary of Cequel Communications Holdings, LLC, a Delaware limited liability company ("Cequel Holdings"). Cequel Capital Corporation is a wholly owned subsidiary of Cequel. Cequel Communications, LLC, a Delaware limited liability company, doing business as Suddenlink Communications ("Suddenlink") is an indirect wholly owned subsidiary of Cequel.

2. Liquidity and Capital Resources

The Company has significant indebtedness and has incurred net losses of $15.0 million, $43.6 million and $43.4 million in 2011, 2010 and 2009, respectively. The Company's net cash flows from operating activities were $460.1 million, $196.7 million and $392.0 million for the years ending December 31, 2011, 2010 and 2009, respectively.

The Company requires significant cash to fund debt service costs, capital expenditures and ongoing operations. The Company's capital expenditures include those necessary to maintain existing operations as well as a significant amount of discretionary spending for upgrading and expanding existing broadband plant technologies. The discretionary portion of the Company's capital expenditures can be deferred or otherwise eliminated in the near term which also provides additional flexibility in managing liquidity requirements. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its $2.525 billion credit facility (the "Old Credit Facility"), sales of assets, issuances of debt, and cash on hand. However, the mix of funding sources changes from period to period. For the year ended December 31, 2011, the Company generated $460.1 million of cash flows from operating activities after paying cash interest of $287.1 million. In addition, the Company used $368.0 million for purchases of property, plant and equipment.

Cequel is a holding company and conducts no operations. Accordingly, it has no ability to service interest or principal on its 8.625% Senior Notes due 2017 (the "Notes"), other than through any distributions it may receive from its subsidiaries. Suddenlink is restricted in certain circumstances, from paying dividends to Cequel and Cequel Capital Corporation (the "Issuers") by the terms of a Credit and Guaranty Agreement dated as of February 14, 2012, by and among Suddenlink, Cequel Holdings and certain subsidiaries of Suddenlink and a syndicate of lenders (the "Credit Agreement"). Suddenlink has not guaranteed the indebtedness of the Issuers nor pledged any of its assets as collateral.

The Company expects that cash on hand, cash flows from operating activities and available credit under its revolving credit facility will be adequate to meet its operating cash needs in 2012.

3. Summary of Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Cequel and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform to the December 31, 2011 presentation.

Revenue Recognition

Revenues from video, high-speed Internet, telephone and security services are recognized when the related services are provided. Installation revenue is recognized in the period the service is performed to the extent of direct selling costs, with the remaining amount deferred over the term of the contract. Subscriber services paid for in advance are recorded as income when earned. Advertising sales are recognized in the period that the advertisements are broadcast.

Local or state government authorities impose franchise fees on the majority of the Company's systems ranging up to a federally mandated maximum of 5% of gross revenues as defined in the franchise agreements. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to franchise authorities. Because franchise fees are the Company's obligation, the Company presents them on a gross basis in revenue with a corresponding operating expense. Franchise fees reported on a gross basis in revenue amounted to approximately $41.9 million, $37.4 million and $35.5 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents the Company's best estimate of probable losses in the accounts receivable balance. The allowance is based on the number of days outstanding, customer balances, historical experience and other currently available information.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentrations of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs

The Company purchases certain analog, digital and premium programming provided by program suppliers whose compensation is typically based on a flat fee per customer at the negotiated rates included in the programming contracts. The cost of the right to provide network programming under such arrangements is recorded in operating expenses in the month the programming is distributed. Programming costs are paid each month based on calculations performed by the Company and are subject to adjustment based on periodic audits performed by the programmers. Net programming costs included in the operating costs line item in the accompanying consolidated statements of operations was $471.4 million, $422.0 million and $400.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense, included in the selling, general and administrative expense line item in the accompanying consolidated statements of operations, for the years ended December 31, 2011, 2010 and 2009 was approximately $35.2 million, $32.7 million and $29.7 million, respectively.

Equity Based Compensation

Cequel Holdings maintains a management unit option plan to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. Unit options provide the holder the opportunity to acquire a nonvoting proprietary interest in Cequel Holdings pursuant to the terms and conditions of the plan. The Company accounts for the options in accordance with share-based payment financial accounting standards which requires all share-based payments to employees, including grants of employee equity awards, to be recognized in the consolidated financial statements based on their fair values (see Footnote 20).

Income Taxes

Cequel is a limited liability company, and as such does not pay taxes. However, certain of the Cequel's subsidiaries are corporations and therefore subject to tax regulations. The liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the tax rates that are expected to be in effect when the differences are expected to reverse, based upon current laws and regulations. The Company records a valuation allowance when it is more likely than not that some portion or all of the deferred income tax asset will not be realizable (see Footnote 17).

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities. While the Company's capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated with initial customer installations and the additions of network equipment necessary to enable advanced services are capitalized. Costs capitalized as part of initial customer installations include materials, labor and certain indirect costs. Indirect costs are associated with the activities of the Company's personnel who assist in connecting and activating the new service. Indirect costs include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting of installation and construction vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. Leasehold improvements are amortized over the shorter of their estimated life or the term of the related leases. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacements, including replacement of cable drops, are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	7-30 years
Customer equipment and installations	3-7 years
Capitalized leases	6-12 years
Vehicles	3-5 years
Broadband distribution systems	3-20 years
Office furniture, tools and equipment	3-7 years

Capitalized Internal Costs

Costs capitalized as part of new customer installations include materials, subcontractor costs and internal direct labor costs, including service technicians and internal overhead costs incurred to connect the customer to the plant from the time of installation scheduling through the time service is activated and functioning. The internal direct labor cost capitalized is based on a combination of the actual and estimated time to complete the installation. Overhead capitalized consists mainly of employee benefits directly associated with that portion of the capitalized labor and vehicle operating costs related to capitalizable activities. Capitalized internal payroll costs for the years ended December 31, 2011, 2010 and 2009 were approximately $39.0 million, $35.6 million and $28.5 million, respectively. Related capitalized overhead for the years ended December 31, 2011, 2010 and 2009 were approximately $30.1 million, $26.9 million and $21.3 million, respectively.

Deferred Financing Costs

Deferred financing costs are being amortized to interest expense over the terms of the related debt.

Intangible Assets

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized against earnings but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances (see Footnote 13). Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Accounting for Long-Lived and Intangible Assets

Long-lived Assets

Long-lived assets (e.g., property, plant and equipment) do not require that an annual impairment test be performed; instead, long-lived assets are tested for impairment upon the occurrence of a triggering event. Triggering events include the more likely than not disposal of a portion of such assets or the occurrence of an adverse change in the market involving the business employing the related assets. Once a triggering event has occurred, the impairment test is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test first requires a comparison of estimated undiscounted future cash flows generated by the asset group against the carrying value of the asset group. If the carrying value of the asset group exceeds the estimated undiscounted future cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. Fair value is generally determined by discounting the future cash flows associated with that asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale, and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value. To the extent the carrying value is greater than the asset's estimated fair value, an impairment charge is recognized for the difference.

Significant judgments in this area involve determining whether a triggering event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested annually for impairment during the fourth quarter or earlier upon occurrence of a triggering event. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Company to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value using a combination of a discounted cash flow ("DCF) analysis and a market-based approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the Company. If the estimated fair value of the Company exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Company exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the goodwill with the goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Company is allocated to all of the assets and liabilities of the Company (including any unrecognized intangible assets) as if the Company had been acquired in a business combination and the fair value of the Company was the purchase price paid. If the carrying amount of the Company's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets not subject to amortization, primarily cable franchise rights, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of a triggering event. The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF valuation analysis. The DCF methodology used to value cable franchise rights entails identifying the projected discrete cash flows related to such cable franchise rights and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates, estimating the amount and timing of estimated future cash flows attributable to cable franchise rights and identification of appropriate terminal growth rate assumptions. The discount rates used in the DCF analyses are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

The results of the Company's impairment analyses as of December 31, 2011 and 2010 indicated no impairment of its long-lived assets.

Asset Retirement Obligations

Accounting for asset retirement obligations, requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a lease or franchise agreement is not renewed, certain of the Company's franchise agreements and leases contain provisions requiring the Company to remove equipment or restore facilities. The Company expects to continually renew its franchise agreements and has concluded that the related franchise right is an indefinite lived intangible asset. The Company would be required to incur substantial restoration or removal costs related to these franchise agreements in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company would record an estimated liability at the time that it became probable that a franchise agreement would not be renewed. The obligations related to the removal provisions contained in the Company's lease agreements or any disposal obligations related to the Company's operating assets are not material to the Company's consolidated financial condition or results of operation or are not estimable.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate fair value because of their short maturities (see Footnote 10).

Derivative Financial Instruments

Accounting for derivative financial instruments, requires that all derivative instruments be recognized on the balance sheet at fair value. Suddenlink uses interest rate risk management derivative instruments, such as interest rate swap agreements and interest rate caps, as permitted under the terms of the Old Credit Facility. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements, Suddenlink agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The Company does not hold or issue derivative instruments for trading or speculative purposes.

Suddenlink purchased interest rate caps to protect against any rises in interest rates in the future. The interest rate caps are derivatives, as defined by accounting for derivatives and hedging activities guidance. As such, the interest rate caps are accounted for in a similar manner to Suddenlink's interest rate swaps. These interest rate caps do not become effective until April 7, 2012 after the initial and delayed start swap contracts mature (see Footnote 11).

Recently Issued Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board ("FASB") issued guidance that provides for a new methodology for establishing the fair value for a deliverable in a multiple-element arrangement. When vendor specific objective or third-party evidence for deliverables in a multiple-element arrangement cannot be determined, an enterprise is required to develop a best estimate of the selling price of separate deliverables and to allocate the arrangement consideration using the relative selling price method. This guidance was effective on January 1, 2011, and did not have a material impact on the Company's consolidated financial statements.

In September 2009, the FASB issued guidance that provides for a new methodology for recognizing revenue for tangible products that are bundled with software products. Under the new guidance, tangible products that are bundled with software components that are essential to the functionality of the tangible product will no longer be accounted for under the software revenue recognition accounting guidance. Rather, such products will be accounted for under the new authoritative guidance surrounding multiple-element arrangements described above. This guidance was effective on January 1, 2011, and did not have a material impact on the Company's consolidated financial statements.

In June 2011, the FASB issued guidance that provides for a new presentation of other comprehensive income. Under the new guidance there are only two choices for presenting net income and other comprehensive income: in a single continuous statement, or in two separate, but consecutive statements. This guidance is effective for fiscal years beginning after December 15, 2011, and is not expected to have a material impact on the Company's consolidated financial statements.

In September 2011, the FASB issued guidance that modifies the two-step goodwill impairment test. Under the new guidance, companies can assess "qualitatively" whether it is more likely than not that a reporting unit's fair value is greater than its carrying amount. If the answer is "yes," with proper documentation, no further testing would be required. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. However, an entity can choose to early adopt even if its annual test date is before September 15, 2011, provided that the entity has not yet issued its financial statements for the period that includes its annual test date. This guidance is not expected to have a material impact on the Company's consolidated financial statements.

4. Acquisition of Broadband Systems and Service Companies

On October 15, 2008, the Company purchased Orbis1, LLC (d/b/a CoStreet Communications) ("CoStreet"), a non-facilities based service company that sells bandwidth to large telecommunications providers. The purchase price was approximately $14.1 million with additional payments of approximately $4.0 million per year for each of the fiscal years ended December 31, 2009, 2010 and 2011, contingent upon meeting certain gross margin targets. The Company recorded $2.7 million and $3.9 million of goodwill and liabilities, payable to the former owners of CoStreet, based upon the earnout calculations at December 31, 2011 and 2010, respectively.

On August 1, 2010, the Company completed the acquisition of the Greenwood, Mississippi cable system from Windjammer Communications, LLC, pursuing the assets of the cable system, which serves approximately 8,000 basic video customers, for approximately $20.3 million.

On April 1, 2011, the Company consummated its acquisition from News-Press & Gazette Company of all of the issued and outstanding capital stock of NPG Cable, Inc., Mercury Voice & Data Company and NPG Digital Phone, Inc. (collectively, the "NPG Companies" or "NPG"), for a purchase price of $348.4 million (the "NPG Acquisition").

The NPG Acquisition was financed using cash on hand and a portion of the proceeds of the $625.0 million aggregate principal amount of 8.625% Senior Notes issued on January 19, 2011 (the "January Additional Notes") (see Footnote 9).

The Company accounted for the NPG Acquisition in accordance with accounting for business combination guidance. The total estimated purchase price was allocated to the identifiable tangible and intangible assets acquired and the liabilities assumed based upon their fair values. The excess of the estimated purchase price over those fair values was recorded as goodwill, which represents the value of expected synergies and other intangible assets that do not qualify for separate recognition. The fair value assigned to the identifiable tangible and intangible assets acquired and liabilities assumed are estimated by management based upon a third party valuation using the assumptions developed by management and other information compiled by management, including purchase price allocation analysis. The operating results of the NPG Companies have been consolidated from the date of acquisition.

The following purchase price allocation was recorded by the Company as of April 1, 2011 (dollars in millions):

	Estimated Useful Life		
Total purchase price		$	348.4
Property, plant and equipment	1 to 15 years	$	97.8
Subscriber relationships	3 years		21.1
Franchise rights	Indefinite-lived		178.6
Goodwill (tax deductible)	Indefinite-lived		56.7
Current assets			1.0
Current liabilities			(6.8)
Total allocated purchase price		$	348.4

The purchase price excludes $1.0 million and $0.5 million of transaction costs that were expensed in 2011 and 2010, respectively.

5. Divestiture of Broadband Systems

During 2010, the Company completed the divestiture of two broadband systems serving approximately 2,800 basic video customers. Cash proceeds from this transaction were approximately $4.5 million. The Company recognized a net gain of approximately $2.9 million on the sale of these assets.

6. Accounts Receivable

Accounts receivable consisted of the following as of December 31 (dollars in thousands):

	2011	2010
Accounts receivable - trade	$ 180,261	$ 159,307
Allowance for doubtful accounts	(12,722)	(11,027)
Accounts receivable, net	$ 167,539	$ 148,280

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31 (dollars in thousands):

	2011	2010
Land	$ 18,052	$ 17,040
Buildings and improvements	85,507	80,402
Capitalized Leases	4,548	4,548
Vehicles	72,881	62,150
Broadband distribution systems	2,630,172	2,316,265
Office furniture, tools and equipment	104,104	101,587
	2,915,264	2,581,992
Less accumulated depreciation	(1,518,897)	(1,253,513)
Property, plant and equipment, net	$ 1,396,367	$ 1,328,479

Depreciation expense for the years ended December 31, 2011, 2010 and 2009 was $394.9 million, $332.1 million and $292.7 million, respectively. Depreciation expense for the years ended December 31, 2011 and 2010 includes accelerated depreciation of $7.5 million and $11.4 million, respectively, for assets that will be taken out of service primarily in connection with a significant bandwidth expansion plan the Company undertook in 2009 ("Project Imagine"). No such amount was necessary for fiscal 2009.

In addition, during the fourth quarter of 2011, the Company increased depreciation expense, accumulated depreciation and the loss before and after taxes by $2.1 million, related to a system error dating back to 2009 (of which $1.4 million related to 2010). Management evaluated the impact of correcting this error in all prior periods and all periods during 2011 and it was deemed to be immaterial.

8. Capital Lease and Other Obligations

Capital lease and other obligations consist of capital leases related to facilities and a multi-year vendor service agreement with industry standard terms. On January 1, 2011, the Company entered into a vendor service agreement which includes a three year financing commitment totaling approximately $10.6 million, of which $7.3 million is outstanding at December 31, 2011. The service agreement is cancelable with 45 days written notice.

9. Long Term Debt

Outstanding debt consisted of the following at December 31 (dollars in thousands):

	2011	2010
Old Lien Credit Facility	$ 1,941,398	$ 1,961,779
Old Credit Facility Revolver	-	-
8.625% Senior Notes due 2017	1,845,331	1,204,342
Total Debt	3,786,729	3,166,121
Less: Current Portion	20,382	20,382
Long-Term Debt	$ 3,766,347	$ 3,145,739

Old Credit Facility

On April 4, 2007, Suddenlink entered into the Old Credit Facility for $2.525 billion of loans in the aggregate, consisting of a $2.325 billion term loan facility and $200.0 million revolving loan facility. The term loan facility is scheduled to mature on November 5, 2013 and the revolving credit facility is scheduled to mature on May 5, 2013. The interest rate on the term loans outstanding under the Old Credit Facility equals the prime rate plus 1.00% or the LIBOR rate plus 2.00%, while the interest rate on the revolver loans equals the prime rate plus 1.25% or the LIBOR rate plus 2.25%, in each case subject to adjustment as set forth in the credit agreement evidencing the Old Credit Facility (the "Old Credit Agreement"). The term loan facility requires quarterly repayments in amounts equal to 0.25% of the original principal amount with the remainder due at maturity. The debt under the Old Credit Facility is secured by first priority security interests in substantially all of the present and future assets of Suddenlink and its subsidiaries, and is guaranteed by all of Suddenlink's existing and future direct and indirect subsidiaries, subject to exceptions set forth in the Old Credit Agreement. The Old Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the Old Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Old Credit Agreement also contains minimum interest coverage, minimum fixed charge coverage, maximum first lien secured leverage and maximum total leverage maintenance covenants. Additionally, the Old Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the Old Credit Facility are subject to certain customary conditions. On November 4, 2009, Suddenlink prepaid $300.0 million of term loans under the Credit Facility from a portion of the proceeds from the issuance of the Original Notes (as defined below) that was contributed to Suddenlink by Cequel. On February 14, 2012, Suddenlink entered into the Credit Facility which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and $500.0 million revolving loan facility, using the proceeds of the Credit Facility to repay and terminate the Old Credit Facility (see Footnote 22).

Senior Notes Issuances

On January 19, 2011, the Issuers issued an additional $625.0 million aggregate principal amount of 8.625% Senior Notes due 2017 (the "January Additional Notes"). The January Additional Notes which form a part of the same series as the $1.2 billion aggregate principal amount of 8.625% Senior Notes due 2017 co-issued on November 4, 2009 (the "Original Notes"), and May 4, 2010 (the "May Additional Notes", and together with the Original Notes and the January Additional Notes, the "Notes") by the Issuers, and were sold at an offering price of 102.875% yielding an effective interest rate of 7.892%. Interest on the Notes is payable semi-annually in cash on May 15 and November 15. The Company used the proceeds of the January Additional Notes to repay all of the original capital contributions made by holders of preferred interests of Cequel Holdings, repay a portion of the capital contributions made by holders of common interests of Cequel Holdings, make certain bonus payments, make certain payments to holders of options and restricted common units issued by Cequel Holdings and pay related fees and expenses of that offering. In addition, on April 1, 2011, the Company used the remaining portion of the proceeds together with cash on hand to consummate the NPG Acquisition.

On November 4, 2009 and May 4, 2010, the Issuers entered into the indenture and first supplemental indenture, respectively, governing the Original Notes. On January 19, 2011, in connection with the issuance of the January Additional Notes, the Issuers and the trustee under the indenture governing the Notes (the "Indenture") entered into a supplemental indenture (the "Second Supplemental Indenture") to the Indenture. The Second Supplemental Indenture increased the aggregate principal amount of the Notes available for issuance under the Indenture from $1.2 billion to $1.825 billion. Suddenlink has not guaranteed the indebtedness of Cequel nor pledged any of its assets as collateral to secure any obligations of Cequel, including under the Notes.

The Issuers have no ability to service interest or principal on the Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of the Credit Facility. The Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

For the year ended December 31, 2009, the Company recorded a $14.3 million loss on the extinguishment of debt, as a result of the Company's partial repayment of the Old Credit Facility.

For the year ended December 31, 2010, the Company recorded a $16.3 million loss on the extinguishment of debt, in conjunction with the Company's repayment of its second lien guaranty and credit agreement (the "2nd Lien Credit Facility"), from the proceeds of the offering of the Notes issued on May 4, 2010. No such loss was incurred in the year ended December 31, 2011.

The Company's debt agreements include restrictive covenants such as restrictions on additional indebtedness. The Old Credit Facility also required the Company to meet certain restrictive financial covenants, which the Company was in compliance with at December 31, 2011.

The future maturities of long-term debt as of December 31, 2011 are (dollars in thousands):

Year	Amount
2012	$ 20,382
2013	1,921,016
2014	-
2015	-
2016	-
Thereafter	1,845,331
Total debt	$ 3,786,729

The Company's debt had an estimated fair value of $3,829.4 million and $3,220.3 million as of December 31, 2011 and 2010, respectively. The estimated fair value of the Company's debt is based on quoted market prices for the debt. Unrealized gains or losses on debt do not result in the realization or expenditure of cash and are not recognized for financial reporting purposes unless the debt is retired prior to its maturity.

10. Fair Value of Financial Instruments

The Company has established a process for determining fair value of its financial assets and liabilities using available market information or other appropriate valuation methodologies. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date.

Fair value guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carry amounts of cash, receivables and payables approximate fair value because of the short maturity of those instruments.

The Company's financial assets and liabilities that are accounted for at fair value on a recurring basis are presented in the table below (dollars in thousands):

	Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Other long-term assets:				
Interest rate caps	$ -	$ 13	$ -	$ 13
Other current and long-term liabilities:				
Interest rate swaps	$ -	$ 26,207	$ -	$ 26,207

	Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Other long-term assets:				
Interest rate caps	$ -	$ 754	$ -	$ 754
Other current and long-term liabilities:				
Interest rate swaps	$ -	$ 106,738	$ -	$ 106,738

11. Derivative Instruments

The Company uses interest rate risk management derivative instruments, such as interest rate swaps and interest rate caps, as required under the terms of the Old Credit Facility. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements with reputable counterparties, the Company effectively converts a portion of Suddenlink's floating-rate debt to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense. Suddenlink had interest rate swap agreements totaling a notional amount of $1.350 billion and $1.925 billion at December 31, 2011 and 2010, respectively. At December 31, 2011, Suddenlink's interest rate swap agreements had expiration terms ranging from April 2012 to October 2012 and interest rates ranging from 4.96% to 5.40%.

The Company does not hold or issue derivative instruments for trading or speculative purposes. Suddenlink's interest rate derivative instruments are designated as cash flow hedges as of December 31, 2011 and 2010. The fair value of Suddenlink's interest rate swaps was a liability of $26.2 million and $106.7 million at December 31, 2011 and 2010, respectively. The fair value is included in other current and other long-term liabilities. The change in the market value of derivative instruments is recorded in accumulated other comprehensive loss. The Company recognized comprehensive income of $80.5 million and $62.7 million during 2011 and 2010, respectively.

On August 25, 2009, Suddenlink entered into two interest rate caps to protect against increased interest rates. These interest rate caps do not become effective until April 7, 2012, after a portion of the aforementioned interest rate risk management derivative instruments expire. The interest rate caps have a floating benchmark based on the three month LIBOR with a 5.00% strike price. The cost of the interest rate caps was approximately $6.6 million, recorded in other long-term assets. At December 31, 2011, the fair value of the interest rate caps was approximately $0.1 million and is reflected in other short-term assets. At December 31, 2010, the fair value of the interest rate caps was approximately $0.8 million and is reflected in other long-term assets. The Company recognized comprehensive losses of $0.7 million and $3.7 million during 2011 and 2010, respectively.

Suddenlink recorded $17.8 million and $7.9 million at December 31, 2010 and 2009, respectively, of expense related to the Company's voluntary termination of certain interest rate swap agreements previously designated as hedging instruments. No such expense was incurred for the year ended December 31, 2011.

The Company formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. Changes in the fair value of derivative instruments related to the effective portion of interest rate hedges is recorded in accumulated other comprehensive loss. Changes in fair value of derivative instruments related to the ineffective portion of interest rate hedges, and changes in the fair value of derivative instruments not designated as hedges are recorded in the consolidated statements of operations. For the year ended December 31, 2011 and 2010, the fair value of interest rate hedges, including interest rate caps, decreased $79.8 million and $59.0 million, respectively.

Derivatives designated as hedging instruments, as of December 31, 2011

	Liabilities			
	Other Current Liabilities		Other Long-Term Liabilities	
Cash flow interest rate hedges	$	26,207	$	-
	Assets			
	Other Current Assets		Other Long-Term Assets	
Interest rate caps	$	13	$	-

Derivatives designated as hedging instruments, as of December 31, 2010

	Liabilities			
	Other Current Liabilities		Other Long-Term Liabilities	
Cash flow interest rate hedges	$	79,869	$	26,869
	Assets			
	Other Current Assets		Other Long-Term Assets	
Interest rate caps	$	-	$	754

12. Commitments and Contingencies

Letters of Credit

At December 31, 2011 and 2010, the Company had approximately $16.0 million and $12.6 million, respectively, of outstanding letters of credit, which reduced the availability under the Company's $200.0 million revolver loan.

Lease Arrangements

The Company, as an integral part of its broadband operations, has entered into lease contracts for site leases and office space. At December 31, 2011, future minimum lease payments were approximately $7.0 million in 2012, $5.6 million in 2013, $3.1 million in 2014, $2.5 million in 2015, $2.2 million in 2016, and $3.5 million thereafter. Rent expense for site leases and office space was approximately $6.7 million, $6.3 million and $6.3 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The Company also rents utility poles used in its operations. Generally pole rentals are cancellable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole rental attachments was approximately $11.3 million, $11.1 million and $10.4 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Litigation

We are defendants or co-defendants in several lawsuits claiming infringement of various patents relating to various aspects of our businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, we expect that any potential liability would be the responsibility of our equipment vendors pursuant to applicable contractual indemnification provisions.

In the event that a court ultimately determines that we infringe on any intellectual property rights, we may be subject to substantial damages and/or an injunction that could require us or our vendors to modify certain products and services we offer to our subscribers, as well as negotiate royalty or license agreements with respect to the patents at issue. We intend to defend the actions vigorously, but can give no assurance that any adverse outcome would not be material to our consolidated financial condition, results of operations, or liquidity.

From time to time, the Company is involved in other litigation and regulatory proceedings arising out of our operations. Management believes that the Company is not currently a party to any other legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect the Company's business, financial position, results of operations or liquidity.

13. Intangible Assets

The Company does not amortize indefinite lived intangible assets. Accordingly, all franchises that qualify for indefinite life treatment are not amortized against earnings but instead are tested for impairment annually, or more frequently as warranted by events or changes in circumstances. Based on testing of impairment of indefinite lived intangible asset guidance, franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which the franchise rights are associated and tracked. Management believes such grouping represents the highest and best use of those assets for purposes of evaluating impairment of its franchises. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Company determines the fair value of the intangible asset using a DCF analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach.

The Company performs its impairment assessment of its goodwill at the aggregated broadband segment reporting level since all acquired operations have been integrated to allow the benefits of the acquired goodwill to be realized by all the Company's broadband systems. The impairment test for goodwill involves a comparison of the estimated fair value to its carrying amount, including goodwill. The Company determines its fair value using a combination of a DCF analysis and a market-based approach, which utilize significant unobservable inputs (Level 3) within the fair value hierarchy.

The results of the Company's analysis of indefinite-lived intangible assets as of December 31, 2011 and 2010 indicated no impairment of the carrying value of those assets and no accumulated impairment of goodwill existed.

Indefinite-lived and finite-lived intangible assets are presented in the following table at December 31 (dollars in thousands):

	2011			2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible						
Franchises	$ 1,724,571	$ -	$ 1,724,571	$ 1,546,101	$ -	$ 1,546,101
Goodwill	$ 575,750	$ -	$ 575,750	$ 516,344	$ -	$ 516,344
	$ 2,300,321	$ -	$ 2,300,321	$ 2,062,445	$ -	$ 2,062,445
Finite-lived intangible						
Franchises	$ 1,018	$ (236)	$ 782	$ 810	$ (166)	$ 644
Subscriber relationships	$ 65,549	$ (44,750)	$ 20,799	$ 156,118	$ (135,831)	$ 20,287
	$ 66,567	$ (44,986)	$ 21,581	$ 156,928	$ (135,997)	$ 20,931

Franchise amortization expense represents the amortization relating to franchises that are not treated as indefinite life assets, including the costs associated with franchise renewals. During the year-ended December 31, 2011, the net carrying amount of indefinite-lived franchises increased by approximately $178.5 million due to the NPG Acquisition.

Subscriber relationships amortization expense for the years ended December 31, 2011, 2010 and 2009 was $20.6 million, $29.9 million and $30.3 million, respectively. Franchise amortization expense for the years ended December 31, 2010, 2009 and 2008 was immaterial.

A summary of the changes in the carrying value of the Company's goodwill for the years ended December 31, 2011 and 2010 is as follows (dollars in thousands):

	December 31, 2011			December 31, 2010		
	Gross	Accumulated Impairment Charge	Carrying Value	Gross	Accumulated Impairment Charge	Carrying Value
Balance at beginning of year	$ 516,344	$ -	$ 516,344	$ 512,235	$ -	$ 512,235
CoStreet Earnout	2,678	-	2,678	3,921	-	3,921
Greenwood Acquisition	-	-	-	700	-	700
Salem and Oakland Divestiture	-	-	-	(512)	-	(512)
NPG Acquisition	56,728	-	56,728	-	-	-
Balance at end of year	$ 575,750	$ -	$ 575,750	$ 516,344	$ -	$ 516,344

In 2011 and 2010, the Company recorded $2.7 million and $3.9 million of goodwill related to the CoStreet purchase and earnout. Additionally, during 2011, the Company recorded $56.7 million of goodwill related to the NPG Acquisition. During 2010, the Company recorded $0.7 million of goodwill related to the Greenwood, Mississippi acquisition and reduced goodwill by $0.5 million related to the Salem, West Virginia and Oakland, Maryland divestitures. The acquisition valuations were determined utilizing discounted cash flow methodology based upon management's estimates.

The Company has upgraded the technological state of many of its broadband systems since the commencement of operations and has experience with local franchise authorities where the franchises exist and believes all franchises will be renewed indefinitely.

Subscriber relationships are being amortized over their estimated useful lives of three to six years.

The following table sets forth the estimated amortization expense on intangible assets for the fiscal years ending December 31 (dollars in thousands):

Year	Amount
2012	$ 11,188
2013	7,673
2014	2,167
2015	77
2016	77
Thereafter	399
	$ 21,581

14. Revenues

Revenue by service offering consisted of the following at December 31 (dollars in thousands):

	2011	2010	2009
Video	$ 899,452	$ 842,799	$ 819,822
High Speed Internet	475,838	402,250	365,338
Telephone	156,361	122,764	96,329
Advertising Sales	78,777	76,157	65,568
Equipment Rental	128,764	101,809	85,517
Pass-thru Revenue(1)	70,541	61,720	55,863
Other Service and Administrative	91,003	81,646	76,257
Total Revenues	$ 1,900,736	$ 1,689,145	$ 1,564,694

(1) Pass-thru revenue includes franchise fee, copyright fee, Federal Communications Commission user and regulatory fees and retransmission revenue.

15. Operating Expenses

Operating expenses by key expense components consisted of the following at December 31 (dollars in thousands):

	2011	2010	2009
Programming	$ 471,404	$ 422,025	$ 400,752
High Speed Internet	45,267	41,957	41,141
Telephony	42,393	43,136	32,505
Plant and Operating	229,711	200,006	194,774
Total Operating Expenses	$ 788,775	$ 707,124	$ 669,172

16. Selling, General and Administrative Expenses

Selling, general and administrative expenses by key expense components consisted of the following at December 31, (dollars in thousands):

	2011	2010	2009
General and Adminsitrative	$ 297,001	$ 274,771	$ 261,139
Marketing	53,675	47,066	38,585
Corporate Overhead and Management Fees	56,733	48,216	42,104
Total Selling, General and Adminisitrative Expenses	$ 407,409	$ 370,053	$ 341,828

17. Income and Other Taxes

All operations are held through Cequel and its direct and indirect subsidiaries. The Company and several of its subsidiaries are not subject to federal income tax. Additionally, certain subsidiaries are corporations, and thus, subject to federal, state and local income tax. In 2007, the Company's Texas based operations became subject to the state's gross margins tax. The Texas Comptrollers' office has been reviewing the methodology for calculating the gross margins tax as it applies to the cable industry. Any future changes to the methodology could cause a change in the Company's tax position.

Components of the Company's provision for income taxes for the years ended December 31, 2011, 2010 and 2009 were as follows (dollars in thousands):

	Year Ended December 31,		
	2011	2010	2009
Current Tax Expense:			
Federal	$ -	$ -	$ -
State	5,790	1,895	1,879
Total Current	5,790	1,895	1,879
Deferred Tax Expense:			
Federal	1,636	1,719	1,773
State	159	167	172
Total Deferred	1,795	1,886	1,945
Total Provision for Income Taxes	$ 7,585	$ 3,781	$ 3,824

The Company's provision for income taxes differs from the expected tax expense amount computed by applying the statutory federal income tax rate of 34% to loss before income taxes as a result of the following:

	Year Ended December 31,		
	2011	2010	2009
Tax at U.S. statutory rate	34.0 %	34.0 %	34.0 %
State taxes, net of benefit	(6.3)	3.3	3.3
Losses allocated to limited liability companies not subject to income taxes	(153.7)	(77.9)	(51.8)
Uncertain tax position	(21.0)	-	-
Decrease in valuation allowance	100.6	32.5	4.4
Distribution to option holders	3.0	-	-
Return to provision	(3.7)	-	-
Other, net	0.2	(1.4)	0.4
Effective tax rate	(46.9) %	(9.5) %	(9.7) %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows as of December 31 (dollars in thousands):

	2011	2010
Deferred tax assets:		
Net operating loss carryforwards	$ 129,088	$ 123,882
Tax over book basis of amortizable assets	-	-
Alternative minimum tax credit carryforwards	5,858	5,858
Indirect tax benefit	108	-
Other	1,597	1,595
Total gross deferred tax assets	136,651	131,335
Less valuation allowance	(66,708)	(82,974)
Net deferred tax asset	69,943	48,361
Deferred tax liabilities:		
Book over tax basis of depreciable assets	(79,100)	(60,956)
Book over tax basis of amortizable assets	(17,823)	(12,590)
Other	-	-
Gross deferred tax liabilities	(96,923)	(73,546)
Net deferred tax liabilities	$ (26,980)	$ (25,185)

The Company's corporate subsidiaries have approximately $346.1 million and $332.1 million of net operating loss carryforwards in 2011 and 2010, respectively, which will expire at various dates through 2031. A valuation allowance was established because it was determined that it was more likely than not that the deferred tax asset would not be realized. The net operating loss carryforwards are subject to certain possible limitations arising from changes in ownership rules under the Internal Revenue Code.

The Company has recorded deferred tax liabilities of approximately $27.0 million primarily related to certain of the differences between the book and tax amortization of the Company's franchise rights. While provision for this deferred tax liability is required by existing accounting literature, these potential taxes may only become payable in the event that the Company sells certain assets at some future date for an amount in excess of both the tax basis of the assets at that time and the unexpired and unused net operating tax loss carryforwards.

On January 1, 2009, the Company adopted guidance for accounting for uncertainty in income taxes. This statement prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company recognizes income tax benefits for those income tax provisions determined more likely than not to be sustained upon examination, based on the technical merits of the positions. Changes in the Company's reserve for uncertain income tax positions, excluding the related accrual for interest and penalties are presented below (dollars in thousands):

	2011	2010	2009
Balance as of January 1	92,155	95,288	96,218
Additions for tax positions related to prior years	1,019	-	-
Reductions for tax positions related to prior years	(323)	(3,133)	(930)
Additions for tax positions related to the current year	2,361	-	-
Reductions for tax positions related to the current year	-	-	-
Reductions due to settlements with taxing authorities	-	-	-
Reductions due to expiration of statute of limitations	-	-	-
Balance as of December 31	95,212	92,155	95,288

If the Company were to recognize the benefits of these uncertain income tax positions, $3.4 million will impact the effective rate.

As a result of adoption, the Company recognized a net reduction of approximately $19.3 million to the January 1, 2009 member's equity balance. This reduction is a result of uncertain tax positions which relate to a prior acquisition and is net of valuation allowances that were established against those deferred tax balances related to those positions.

The Company files income tax returns, including returns for our subsidiaries, with federal and state jurisdictions. The Company's Federal income tax returns from 2008 through 2010 remain subject to examination. In addition, certain carryforward attributes that were generated prior to 2008 may still be adjusted upon examination by the IRS to the extent utilized in a period open to examination. Various state jurisdiction tax years remain open to examination as well, though the Company believes any additional assessment will be immaterial to the consolidated financial statements. In addition, certain states and localities have imposed or are considering imposing new or additional taxes or fees on the Company's services or changing the methodologies or base on which certain fees and taxes are computed. Such potential changes include additional taxes or fees on our services which could impact our customers, combined reporting and other changes to general business taxes, central/unit-level assessment of property taxes and other matters that could increase our income, franchise, sales, use and/or property tax liabilities.

We adjust our tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and precedent. We recognize interest and penalties related to uncertain tax positions in income tax expense. The income tax provision for the year ended December 31, 2011 includes interest and penalties of $0.02 million. For the years ended December 31, 2010 and 2009, we have no amounts accrued for interest or penalties.

The Company does not anticipate that the uncertain tax positions will change significantly within the next twelve months. However, various events could cause the Company's current expectations to change in the future.

18. Related Party Transactions

On May 5, 2006, Cequel Holdings and Cequel III, LLC entered into a management agreement, whereby Cequel III, LLC provides certain executive, including the services of our CEO, administrative and managerial services to the broadband systems owned by Cequel Holdings and its subsidiaries. Compensation under the terms of the agreement is an annual base fee of $5.3 million, paid quarterly in arrears. The base fee increases 5% annually on the anniversary date of the management agreement. The Cequel Holdings Board of Directors approved an additional incentive fee of $1.5 million and $1.5 million to Cequel III, LLC during 2011 and 2010, respectively.

Total compensation paid to Cequel III, LLC under the management agreement for the years ended December 31, 2011, 2010 and 2009 was approximately $8.2 million, $7.8 million and $6.5 million, respectively, included in the selling, general and administrative line in the accompanying consolidated statements of operations. Cequel III, LLC enters into various contracts with vendors, including programming contracts, on behalf of the Company where such costs are paid directly by the Company. The Company had approximately $3.2 million recorded as a payable to Cequel III, LLC, primarily related to management and incentive fees, at December 31, 2011 and 2010.

The Chief Executive Officer of the Company has a direct equity interest in Cequel Holdings, the Company's parent, and an indirect equity interest through equity interests he holds in two separate entities that are investors in Cequel Holdings. One of these entities has an equity put right in the event of a termination of the amended and restated management agreement with Cequel III, LLC under certain circumstances, and either the termination circumstances or the decision to terminate the agreement are within the control of Cequel Holdings. The put right, if triggered, would require Cequel Holdings to repurchase the equity interest of such investor using cash in the first year, and after the first year, using either cash or by issuing a note payable based on the fair market value of the equity interest at the time the put right is exercised. The Company is not directly liable for honoring the put right as any repurchase of the equity interest is a requirement of Cequel Holdings. As of December 31, 2011, the management agreement had not been terminated.

An affiliate of a unit holder of Cequel Holdings served as joint book-runner and lead arranger for the 2011, 2010 and 2009 issuances of Senior Notes. For these services, this affiliate received fees of approximately $2.2 million, $2.7 million and $3.6 million, for the years ended December 31, 2011, 2010 and 2009, respectively, which are included in the deferred financing costs line in the accompanying balance sheets and are being amortized over the related terms of the debt.

An equity holder in one of the investors in Cequel Holdings is senior counsel in a legal firm that provided legal services to the Company. For the years ended December 31, 2011, 2010 and 2009, the legal fees for services provided by this firm were approximately $0.6 million, $1.8 million and $1.8 million, respectively.

19. Employee Benefit Plan

The Company's employees may participate in a 401(k) plan that is administered by Cequel III, LLC, Employees that qualify for participation can contribute up to 15% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches 50% of the first 6% of participant contributions. For the years ended December 31, 2011, 2010 and 2009, the Company contributed approximately $4.1 million, $3.1 million and $2.9 million respectively, to the 401(k) plan.

20. Equity Based Compensation

In May 2006, Cequel Holdings adopted the Suddenlink Communications 2006 Management Unit Option Plan ("the Option Plan") to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. The Option Plan provides the holder of unit options the opportunity to acquire a nonvoting proprietary interest in the Company pursuant to the terms and conditions of the plan. The Option Plan provides that unit options representing an aggregate of five percent of the aggregate equity value of Cequel Holdings on the date of adoption of the Option Plan may be granted to participants. As of December 31, 2011, 4,769,187 options were available to be granted. The unit options generally have a ten year term and vest ratably over the first four years. The Company accounts for all share-based payments to employees, including grants of employee equity awards, to be recognized as compensation expense in the financial statements based on their fair values.

The following table summarizes the activity of the Option Plan for the year ended December 31, 2011:

	2011	
	Shares	**Weighted Average Exercise Price**
Options outstanding, beginning of period	4,599,000	$ 10.34
Granted	150,000	$ 11.00
Forfeited, cancelled or exercised	(125,000)	$ 8.80
Options outstanding, end of period	4,624,000	$ 8.45 (1)
Weighted average remaining contractual life	5.3 years	
Options exercisable, end of period	4,082,875	$ 8.27

(1) On January 1, 2011, concurrent with the $491.8 million equity distribution to Cequel Holdings, the existing outstanding options were partially repriced. See additional discussion of this equity distribution within Footnote 21.

The following table summarizes the weighted average fair value of options granted for the years ended December 31, 2011, 2010 and 2009. These fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2011	2010	2009
Fair value per share	$ 1.82 - 4.34	$ 5.81 - 8.05	$ 5.60 - 5.83
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	27.46 - 67.89%	51.95 - 53.91%	50.79 - 51.68%
Risk free interest rate	0.23 - 0.77%	1.84 - 2.75%	2.03 - 3.11%
Expected option life	2.5 years	6.3 years	6.3 years

During 2011, 2010 and 2009, using an expected 5.0% forfeiture rate, the aggregate fair value of options granted was $0.5 million, $0.9 million and $1.7 million, respectively. The Company recognized non-cash unit option compensation expense of approximately $2.1 million, $5.3 million and $7.3 million in 2011, 2010 and 2009, respectively. The measurement date value of remaining unvested options, less a provision for estimated forfeitures, totals approximately $2.0 million and is expected to be recognized based upon future vesting as non-cash compensation expense in the following years: 2012 – $1.1 million, 2013 – $0.6 million, 2014 – $0.2 million and 2015 – $0.1 million. At December 31, 2011, approximately 145,200 options remain available for grant.

On March 4 and December 13, 2010, Cequel Holdings awarded restricted stock units ("RSUs") to two senior executives, our current COO and CFO. These awards reflect the Cequel Holdings board of directors' general desire to supplement the granting of stock options with RSUs to these executives. The value of these awards is based on the fair market value of the RSUs consistent with past awards of stock options, while the vesting conditions - 100% only after five years subject to acceleration for the executive's death or a change in corporate control - are longer than past stock option grants, and not pro rata like past stock options, in order to maximize the RSUs' retention value for the award recipients. The Cequel Holdings board of directors may make further awards of RSUs in the future, and may customize the terms of these awards to our needs and objectives. As a result, future awards of RSUs may have different vesting and other conditions.

21. Equity Distribution

On January 20, 2011, in connection with the issuance of the January Additional Notes, we distributed $491.8 million to Cequel Holdings. Cequel Holdings used this distribution to repay $357.1 million of capital contributions to holders of common units, representing a portion of the capital contributions made by holders of common units, and $124.7 million of capital contributions to holders of preferred units, representing the repayment of all the capital contributions made by holders of preferred units. In addition, Cequel Holdings paid $9.4 million to option and restricted unit holders.

22. Subsequent Events

The Company has updated its review of subsequent events as of March 8, 2012 noting the following event which requires disclosure.

On February 14, 2012, Suddenlink entered into the Credit Facility which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility and $500.0 million revolving loan facility. The revolving credit facility is scheduled to mature on February 14, 2017. The term loan facility is scheduled to mature on February 14, 2019. If the senior secured leverage ratio under the Credit Agreement for the four fiscal quarter period ending June 30, 2017 is greater than or equal to 2.50:1.00 and more than 20% of the original issued amount of the Notes remain outstanding, the term loan facility will mature on August 15, 2017. The interest rate on the term loans outstanding under the Credit Facility will equal the prime rate plus 2.00% or the LIBOR rate plus 3.00%, with a LIBOR floor of 1.00%, while the interest rate on the revolver loans will equal the prime rate plus 1.50% or the LIBOR rate plus 2.50%, with no LIBOR floor. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, with the remainder due at maturity. The debt under the Credit Facility is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the Credit Agreement. The Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

Suddenlink used the proceeds from the term loan facility of the Credit Facility to repay in full and terminate the Old Credit Facility and expects to use a portion of these proceeds plus additional revolver borrowings under the Credit Facility to make distributions to Cequel Holdings of $370.0 million in March 2012 and up to an additional $70.0 million in May 2012, following delivery of the financial statements for the first quarter of 2012 required under the Credit Agreement. Cequel Holdings is expected to use such distributions to repay a portion of the capital contributions made by holders of common units of Cequel Holdings and to make certain payments to holders of options and restricted units of Cequel Holdings.

The future maturities of the February 14, 2012 Credit Facility term loans of $2.2 billion, as of December 31, 2011 are (dollars in thousands):

Year	Amount
2012	$ 16,500
2013	$ 22,000
2014	$ 22,000
2015	$ 22,000
2016	$ 22,000
Thereafter	$ 2,095,500
Total debt	$ 2,200,000

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Auditors

To the Member and Board of Directors of
Cequel Communications Holdings I, LLC

In our opinion, the accompanying consolidated balance sheet as of December 31, 2011 and the related consolidated statements of operations, changes in member's equity, comprehensive income and cash flows for the period from January 1, 2012 to November 15, 2012 and for the two years in the period ended December 31, 2011 present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries (Predecessor) at December 31, 2011 and the results of their operations and their cash flows for the period from January 1, 2012 to November 15, 2012 and for each of the two years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
March 7, 2013

Independent Auditor's Report

To the Member and Board of Directors of
Cequel Communications Holdings I, LLC

We have audited the accompanying consolidated financial statements of Cequel Communications Holdings I, LLC and its subsidiaries (Successor), which comprise the consolidated balance sheet as of December 31, 2012 and the related consolidated statements of operations, changes in member's equity, comprehensive income and cash flows for the period from November 16, 2012 to December 31, 2012.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cequel Communications Holdings I, LLC and its subsidiaries at December 31, 2012, and the results of their operations and their cash flows for the period from November 16, 2012 to December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

/s/ PricewaterhouseCoopers LLP

St. Louis, Missouri
March 7, 2013

Cequel Communications Holdings I, LLC

Consolidated Balance Sheets

(in thousands)

	Successor December 31, 2012	Predecessor December 31, 2011
ASSETS		
Cash and cash equivalents	$ 208,482	$ 128,663
Accounts receivable, net	181,783	167,539
Deferred tax asset	9,742	-
Prepaid expenses and other assets	19,267	18,580
Total current assets	419,274	314,782
Property, plant and equipment	1,948,970	2,915,264
Less - accumulated depreciation	(55,903)	(1,518,897)
Property, plant and equipment, net	1,893,067	1,396,367
Deferred financing costs, net	14,909	41,287
Intangible assets:		
Subscriber relationships, net	466,611	20,799
Franchise rights, net	3,048,881	1,725,353
Trade Names	188,676	-
Goodwill	1,551,473	575,750
Total intangible assets, net	5,255,641	2,321,902
Other long-term assets	5,825	7,916
Total assets	$ 7,588,716	$ 4,082,254
LIABILITIES AND MEMBER'S EQUITY		
Liabilities:		
Accounts payable	$ 16,846	$ 17,827
Due to affiliates	2,643	3,203
Due to parent	64,600	-
Deferred revenue	138,465	130,072
Accrued expenses	169,902	163,627
Accrued interest	47,948	38,418
Current portion of capital leases and other obligations	4,279	3,940
Current portion of long-term debt	22,000	20,382
Other current liabilities	-	29,607
Total current liabilities	466,683	407,076
Long-term deferred revenue	3,136	2,749
Long-term deferred tax liability	697,011	26,980
Long-term portion of capital leases and other obligations	2,188	6,218
Long-term debt	4,893,262	3,766,347
Other long-term liabilities	321	343
Total liabilities	6,062,601	4,209,713
Commitments and contingencies (Note 13)		
Member's equity		
Member's equity	1,543,677	448,000
Accumulated deficit	(17,562)	(542,701)
Accumulated other comprehensive loss	-	(32,758)
Total member's equity/(deficit)	1,526,115	(127,459)
Total liabilities and member's equity	$ 7,588,716	$ 4,082,254

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC

Consolidated Statements of Operations

(In thousands)

	Year Ended December 31, Successor Period Ended December 31, 2012	Predecessor Period Ended November 15, 2012	Predecessor Year Ended December 31, 2011	Predecessor Year Ended December 31, 2010
Revenues	$ 264,504	$ 1,790,280	$ 1,900,736	$ 1,689,145
Costs and expenses:				
Operating (excluding depreciation and amortization)	106,190	733,482	788,775	707,124
Selling, general and administrative	51,296	404,140	407,409	370,053
Depreciation and amortization	82,007	350,199	415,486	362,114
Loss/(gain) on sale of cable assets	1,195	221	(736)	(4,051)
Total costs and expenses	240,688	1,488,042	1,610,934	1,435,240
Income from operations	23,816	302,238	289,802	253,905
Interest expense, net	(33,270)	(253,732)	(297,194)	(259,626)
Loss on termination of derivative instruments	-	(6,565)	-	(17,774)
Loss on extinguishment of debt	(18,945)	(14,202)	-	(16,344)
Other expenses	-	(46,045)	-	-
Loss before income taxes	(28,399)	(18,306)	(7,392)	(39,839)
Benefit/(provision) for income taxes	10,837	(7,409)	(7,585)	(3,781)
Net loss	$ (17,562)	$ (25,715)	$ (14,977)	$ (43,620)

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, Successor Period Ended December 31, 2012	Year Ended December 31, Predecessor Period Ended November 15, 2012	Predecessor Year Ended December 31, 2011	Predecessor Year Ended December 31, 2010
Net loss	$ (17,562)	$ (25,715)	$ (14,977)	$ (43,620)
Reclassification of comprehensive loss (1)	-	25,705	-	-
Termination of swap contracts	-	-	-	17,774
Change in fair value of derivative instruments (1)	-	7,053	79,791	41,227
Comprehensive income	$ (17,562)	$ 7,043	$ 64,814	$ 15,381

(1) See Note 12

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Cash Flows
(in thousands)

	Successor Period Ended December 31, 2012	Predecessor Period Ended November 15, 2012	Predecessor 31, 2011	2010
	Year Ended December 31,			
Cash flows from operating activities:				
Net loss	$ (17,562)	$ (25,715)	$ (14,977)	$ (43,620)
Adjustments to reconcile net loss to cash flows from operating activities				
Loss/(gain) on sale of cable assets	1,195	221	(736)	(4,051)
Depreciation and amortization	82,007	350,199	415,486	362,114
Amortization of deferred financing costs	16	8,635	12,796	12,004
Accretion of revolver discount	350	-	-	-
(Amortization)/Accretion of bond premium/discount	(2,521)	(2,092)	(1,979)	630
(Amortization)/Accretion of term loan premium/discount	(245)	2,405		
Bond premium received	30,000	-	17,969	12,000
Repayment of paid in kind debt interest	-	-	-	(112,254)
Write-off of debt disount/premium	(31,329)	-	-	-
Write-off of deferred financing costs	-	14,202	-	6,599
Non-cash equity compensation expense	-	3,344	2,106	5,331
Loss on termination of derivative instruments	-	6,565	-	-
Deferred income (provision)/tax expense	(11,562)	1,538	1,795	1,886
Unrecognized tax benefit	-	-	3,400	-
Changes in assets and liabilities, excluding acquisitions:				
Accounts receivable	(10,624)	(958)	(19,921)	(20,545)
Prepaid expenses	2,118	122	1,885	(2,609)
Accounts payable	5,752	(7,236)	2,934	(28,811)
Deferred revenue	7,339	1,683	17,313	11,181
Accrued expenses	(50,077)	57,503	22,432	5,331
Accrued interest	38,333	(28,803)	(417)	(8,500)
Net cash provided by operating activities	43,190	381,613	460,086	196,686
Cash flows from investing activities:				
Purchase of property, plant and equipment	(31,697)	(317,079)	(368,027)	(354,124)
Acquisition earnout payment	-	(4,000)	(3,921)	(4,000)
Acquisition of cable systems and service companies	(11,163)	-	(348,448)	(20,298)
Net proceeds from sale of cable systems	4,782	-	-	4,530
Other	(19)	(3)	(29)	(31)
Net cash used in investing activities	(38,097)	(321,082)	(720,425)	(373,923)
Cash flows from financing activities:				
Issuance of long term debt	1,000,000	2,678,000	625,000	600,000
Borrowing/(Payment) on revolving credit facility	(160,000)	160,000	-	-
Repayments of long-term debt	(717,899)	(1,952,397)	(20,382)	(380,096)
Repayments of capital lease obligation	(95)	(3,867)	(3,634)	(343)
Equity contribution	-	27,736	-	-
Equity distribution	(520,001)	(440,000)	(491,849)	-
Financing costs	(14,925)	(42,357)	(9,818)	(9,642)
Net cash (used in)/provided by financing activities	(412,920)	427,115	99,317	209,919
(Decrease)/increase in cash and cash equivalents	(407,827)	487,646	(161,022)	32,682
Cash and cash equivalents, beginning of period	616,309	128,663	289,685	257,003
Cash and cash equivalents, end of period	$ 208,482	$ 616,309	$ 128,663	$289,685
Supplemental cash flow disclosures:				
Cash paid for interest	$ 8,507	$ 273,722	$ 287,074	$255,864
Cash paid for taxes	$ 5	$ 7,029	$ 2,530	$ 2,440
Cash paid to terminate interest swaps	$ -	$ -	$ -	$ 17,774
Notes/Debt call premium	$ 50,273	$ -	$ -	$ 9,745
Noncash transactions:				
Acquisition earnout payable at future date	$ -	$ -	$ (4,000)	$ (3,921)
Other obligations	$ -	$ -	$ 10,582	$ -
Due to parent	$ 64,600	$ -	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Consolidated Statements of Changes in Member's Equity
(in thousands)

	Member's Equity	Accumulated Deficit	Accumulated Other Comprehensive Income/(Loss)	Total Member's Equity
PREDECESSOR:				
Balance, December 31, 2009 Predecessor	$ 932,412	$ (484,104)	$ (171,550)	$ 276,758
Net loss	-	(43,620)	-	(43,620)
Non-cash equity compensation	5,331	-	-	5,331
Termination of swap contracts	-	-	17,774	17,774
Change in fair value of cash flow hedges and interest rate caps	-	-	41,227	41,227
Balance, December 31, 2010 Predecessor	$ 937,743	$ (527,724)	$ (112,549)	$ 297,470
Net loss	-	(14,977)	-	(14,977)
Non-cash equity compensation	2,106	-	-	2,106
Equity distribution	(491,849)	-	-	(491,849)
Change in fair value of cash flow hedges and interest rate caps	-	-	79,791	79,791
Balance, December 31, 2011 Predecessor	$ 448,000	$ (542,701)	$ (32,758)	$ (127,459)
Net loss	-	(25,715)	-	(25,715)
Non-cash equity compensation	3,344	-	-	3,344
Equity distribution	(440,000)	-	-	(440,000)
Equity contribution	27,736	-	-	27,736
Change in fair value of derivative instruments	-	-	7,053	7,053
Reclassification of comprehensive loss	-	-	25,705	25,705
Balance, November 15, 2012	$ 39,080	$ (568,416)	$ -	$ (529,336)
SUCCESSOR:				
Balance, November 16, 2012 Successor	$ 2,128,278	$ -	$ -	$ 2,128,278
Net loss	-	(17,562)	-	(17,562)
Accrued distribution to parent	(64,600)	-	-	(64,600)
Equity distribution	(520,001)	-	-	(520,001)
Balance, December 31, 2012 Successor	$ 1,543,677	$ (17,562)	$ -	$ 1,526,115

The accompanying notes are an integral part of these consolidated financial statements.

Cequel Communications Holdings I, LLC
Notes to Consolidated Financial Statements
December 31, 2012, 2011 and 2010

1. Organization

Cequel Communications Holdings I, LLC ("Cequel") through its subsidiaries (together with Cequel, the "Company") is a leading owner, operator and acquirer of broadband communication systems serving a diversified mix of markets. Cequel is a wholly owned subsidiary of Cequel Communications Holdings, LLC, a Delaware limited liability company ("Cequel Holdings") and our ultimate parent Cequel Corporation, a Delaware Corporation ("Cequel Corporation"). Cequel Capital Corporation is a wholly owned subsidiary of Cequel (and together with Cequel, the "Issuers"). Cequel Communications, LLC, a Delaware limited liability company, doing business as Suddenlink Communications ("Suddenlink") is an indirect wholly owned subsidiary of Cequel.

The Issuers are holding companies and conduct no operations. Accordingly, the Issuers will depend on the cash flow of their subsidiaries in order to make payments on, or repay or refinance, the notes. The terms of the Credit Agreement generally restrict Suddenlink and its restricted subsidiaries from making dividends and other distributions to the Issuers subject to satisfaction of certain conditions, including pro forma compliance with maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. However, the Credit Agreement permits Suddenlink to make dividends and distributions for the payment of regularly scheduled interest payments on the Issuers' 8.625% Senior Notes due 2017 (the "2017 Notes"), without restrictions. The 2017 Notes and the Issuers' 6.375% Senior Notes due 2020 (the "2020 Notes" and together with the 2017 Notes, the "Notes") are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

2. Liquidity and Capital Resources

The Company has significant indebtedness and has incurred net losses of $17.6 million, $25.7 million, $15.0 million and $43.6 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively. The Company's net cash flows from operating activities were $43.2 million, $381.6 million, $460.1 million and $196.7 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

The Company requires significant cash to fund debt service requirements, capital expenditures and ongoing operations. The Company's capital expenditures include those necessary to maintain existing operations as well as discretionary spending for upgrading and expanding existing broadband plant technologies. The discretionary portion of the Company's capital expenditures can be deferred or otherwise eliminated in the near term which also provides additional flexibility in managing liquidity requirements. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its $2.7 billion credit facility (the "Credit Facility"), sales of assets, issuances of debt, and cash on hand. However, the mix of funding sources changes from period to period. For the successor period ended December 31, 2012, the Company generated $43.2 million of cash flows from operating activities after paying cash interest of $8.5 million. In addition, the Company used $31.7 million for purchases of property, plant and equipment. For the predecessor period ended November 15, 2012, the Company generated $381.6 million of cash flows from operating activities after paying cash interest of $273.7 million. In addition, the Company used $317.1 million for purchases of property, plant and equipment.

The Company expects that cash on hand, cash flows from operating activities and available credit under its revolving credit facility will be adequate to meet its operating cash needs in 2013.

3. Summary of Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Effective November 16, 2012, the Company applied business combination accounting which requires certain assets and liabilities to be reflected at fair value. For a summary of the application and valuation of business combination accounting, see Footnote 4.

The financial information set forth in this report, unless otherwise set forth or as the context otherwise indicates, includes the accounts of Cequel and its subsidiaries for the period from November 16, 2012 ("Successor"), and of Cequel and its subsidiaries for the periods through November 15, 2012 ("Predecessor").

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. All significant intercompany accounts and transactions have been eliminated in consolidation. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform to the current period presentation.

Revenue Recognition

Revenues from video, high-speed Internet, telephone and security services are recognized when the related services are provided. Installation revenue is recognized in the period the service is performed to the extent of direct selling costs, with the remaining amount deferred over the term of the contract. Subscriber services paid for in advance are recorded as income when earned. Advertising sales are recognized in the period that the advertisements are broadcast.

Local or state government authorities impose franchise fees on the majority of the Company's systems ranging up to a federally mandated maximum of 5% of gross revenues as defined in the franchise agreements. Such fees are collected on a monthly basis from the Company's customers and are periodically remitted to franchise authorities. Because franchise fees are the Company's obligation, the Company presents them on a gross basis in revenue with a corresponding operating expense. Franchise fees reported on a gross basis in revenue amounted to approximately $5.7 million, $38.9 million, $41.9 million and $37.4 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

Allowance for Doubtful Accounts

The allowance for doubtful accounts represents the Company's best estimate of probable losses in the accounts receivable balance. The allowance is based on the number of days outstanding, customer balances, historical experience and other currently available information.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and accounts receivable. Concentrations of credit risk with respect to the Company's cash balance is limited. The Company maintains or invests its cash with highly qualified financial institutions. With respect to the Company's receivables, credit risk is limited due to the large number of customers, individually small balances and short payment terms.

Programming Costs

The Company purchases certain analog, digital and premium programming provided by program suppliers whose compensation is typically based on a flat fee per customer at the negotiated rates included in the programming contracts. The cost of the right to provide network programming under such arrangements is recorded in operating expenses in the month the programming is distributed. Programming costs are paid each month based on calculations performed by the Company and are subject to adjustment based on periodic audits performed by the programmers. Net programming costs included in the operating costs line item in the accompanying consolidated statements of operations was $71.7 million, $500.1 million, $542.0 million and $480.7 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense, included in the selling, general and administrative expense line item in the accompanying consolidated statements of operations, was approximately $3.7 million, $34.8 million, $35.2 million and $32.7 million, for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

Equity Based Compensation

Cequel Holdings, Cequel's parent, maintained a management unit option plan to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. Unit options provided the holder the opportunity to acquire a nonvoting proprietary interest in Cequel Holdings pursuant to the terms and conditions of the plan. The Company accounted for the options in accordance with share-based payment financial accounting standards which requires all share-based payments to employees, including grants of employee equity awards, to be recognized in the consolidated financial statements based on their fair values (see Footnote 21). The plan was terminated on November 15, 2012.

In connection with the consummation of the Acquisition, the general partners of the partnerships that hold the shares of Cequel Corporation (collectively, the "Carry Interest Partnerships"), each adopted separate carried interest plans (see Footnote 21).

Income Taxes

Cequel is a single member limited liability company, and as such is disregarded for income tax purposes. The Company's operating activities are generally included in consolidated income tax returns filed by Cequel Corporation. Based on the preceding sentence, the Company's accounting policy is to provide for income taxes on a separate return basis in accordance with existing guidance from the Financial Accounting Standards Board ("FASB"). Under this guidance, estimated income taxes are provided for amounts payable or refundable on current year income tax returns, as well as the estimated future tax effects attributable to temporary differences and carryforwards. This guidance also requires that a valuation allowance be recorded against deferred tax assets when it is more likely than not that some portion or all of the deferred income tax asset will not be realized in the future. Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowances recorded. (See Footnote 18)

Cash and Cash Equivalents

For financial reporting purposes, the Company considers all highly liquid investments with original maturities at purchase of three months or less to be cash equivalents. These investments are carried at cost, which approximates market value.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including all material, labor and certain indirect costs associated with the construction of cable transmission and distribution facilities (or fair value at date of Acquisition). While the Company's capitalization is based on specific activities, once capitalized, costs are tracked by fixed asset category at the cable system level and not on a specific asset basis. For assets that are sold or retired, the estimated historical cost and related accumulated depreciation is removed. Costs associated with initial customer installations and the additions of network equipment necessary to enable advanced services are capitalized. Costs capitalized as part of initial customer installations include materials, labor and certain indirect costs. Indirect costs are associated with the activities of the Company's personnel who assist in connecting and activating the new service. Indirect costs include employee benefits and payroll taxes, direct variable costs associated with capitalizable activities, consisting of installation and construction vehicle costs, the cost of dispatch personnel and indirect costs directly attributable to capitalizable activities. Leasehold improvements are amortized over the shorter of their estimated life or the term of the related leases. Costs for repairs and maintenance are charged to operating expense as incurred, while plant and equipment replacements, including replacement of cable drops, are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	7-30 years
Customer equipment and installations	3-7 years
Capitalized leases	6-12 years
Vehicles	3-5 years
Broadband distribution systems	3-20 years
Office furniture, tools and equipment	3-7 years

Capitalized Internal Costs

Costs capitalized as part of new customer installations include materials, subcontractor costs and internal direct labor costs, including service technicians and internal overhead costs incurred to connect the customer to the plant from the time of installation scheduling through the time service is activated and functioning. The internal direct labor cost capitalized is based on a combination of the actual and estimated time to complete the installation. Overhead capitalized consists mainly of employee benefits directly associated with that portion of the capitalized labor and vehicle operating costs related to capitalizable activities. Capitalized internal payroll costs were approximately $2.1 million, $39.9 million, $39.0 million and $35.6 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively. Related capitalized overhead were approximately $1.6 million, $30.2 million, $30.1 million and $26.9 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

Deferred Financing Costs

Deferred financing costs are being amortized to interest expense using the effective interest method over the terms of the related debt.

Intangible Assets

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized against earnings but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances (see Footnote 14). Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Accounting for Long-Lived and Intangible Assets

Long-lived Assets

Long-lived assets (e.g., property, plant and equipment) do not require that an annual impairment test be performed; instead, long-lived assets are tested for impairment upon the occurrence of a triggering event. Triggering events include the more likely than not disposal of a portion of such assets or the occurrence of an adverse change in the market involving the business employing the related assets. Once a triggering event has occurred, the impairment test is based on whether the intent is to hold the asset for continued use or to hold the asset for sale. If the intent is to hold the asset for continued use, the impairment test first requires a comparison of estimated undiscounted future cash flows generated by the asset group against the carrying value of the asset group. If the carrying value of the asset group exceeds the estimated undiscounted future cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. Fair value is generally determined by discounting the future cash flows associated with that asset. If the intent is to hold the asset for sale and certain other criteria are met (e.g., the asset can be disposed of currently, appropriate levels of authority have approved the sale, and there is an active program to locate a buyer), the impairment test involves comparing the asset's carrying value to its estimated fair value. To the extent the carrying value is greater than the asset's estimated fair value, an impairment charge is recognized for the difference.

Significant judgments in this area involve determining whether a triggering event has occurred, determining the future cash flows for the assets involved and selecting the appropriate discount rate to be applied in determining estimated fair value.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested annually for impairment during the fourth quarter or earlier upon occurrence of a triggering event. Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of the Company to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value using a combination of a discounted cash flow ("DCF") analysis and a market-based approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the Company. If the estimated fair value of the Company exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of the Company exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the goodwill with the goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the Company is allocated to all of the assets and liabilities of the Company (including any unrecognized intangible assets) as if the Company had been acquired in a business combination and the fair value of the Company was the purchase price paid. If the carrying amount of the Company's goodwill exceeds the implied fair value of that goodwill, an impairment charge is recognized in an amount equal to that excess.

Other intangible assets not subject to amortization, primarily cable franchise rights, are tested annually for impairment during the fourth quarter or earlier upon the occurrence of a triggering event. The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the asset group exceeds the estimated undiscounted cash flows, the asset would be deemed to be impaired. The impairment charge would then be measured as the difference between the estimated fair value of the asset and its carrying value. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF valuation analysis. The DCF methodology used to value cable franchise rights entails identifying the projected discrete cash flows related to such cable franchise rights and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates, estimating the amount and timing of estimated future cash flows attributable to cable franchise rights and identification of appropriate terminal growth rate assumptions. The discount rates used in the DCF analyses are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

The results of the Company's impairment analyses completed in the fourth quarters of 2012 and 2011 indicated no impairment of its goodwill.

Asset Retirement Obligations

Accounting for asset retirement obligations, requires that a liability be recognized for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. If a lease or franchise agreement is not renewed, certain of the Company's franchise agreements and leases contain provisions requiring the Company to remove equipment or restore facilities. The Company expects to continually renew its franchise agreements and has concluded that the related franchise right is an indefinite lived intangible asset. The Company would be required to incur substantial restoration or removal costs related to these franchise agreements in the unlikely event a franchise agreement containing such a provision were no longer expected to be renewed. The Company would record an estimated liability at the time that it became probable that a franchise agreement would not be renewed. The obligations related to the removal provisions contained in the Company's lease agreements or any disposal obligations related to the Company's operating assets are not material to the Company's consolidated financial condition or results of operation or are not estimable.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate fair value because of their short maturities (see Footnote 11).

Derivative Financial Instruments

Accounting for derivative financial instruments requires that all derivative instruments be recognized on the balance sheet at fair value. Suddenlink previously used interest rate risk management derivative instruments, such as interest rate swap agreements and interest rate caps, as permitted under the terms of the Credit Facility. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. The Company does not hold or issue derivative instruments for trading or speculative purposes. See Footnote 13 for further discussion of accounting for derivative and hedging activities.

Recently Issued Accounting Pronouncements

In July 2012, the FASB issued guidance that simplifies how companies test indefinite-lived assets for impairment. Under the new guidance, companies can first assess qualitative factors to determine whether it is necessary to perform a quantitative indefinite-lived intangible asset impairment test. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 with early adoption permitted. This guidance is not expected to have a material impact on the Company's consolidated financial statements.

In February 2013, the FASB issued amendments to previously issued guidance on the presentation of reclassification of items out of accumulated other comprehensive income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. For nonpublic entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted. This guidance is not expected to have a material impact on the Company's consolidated financial statements.

4. Acquisition

On November 15, 2012, Cequel Corporation acquired all of the outstanding common equity interests in Cequel Holdings pursuant to the Purchase and Sale Agreement ("the Purchase Agreement"), and all other equity interests in Cequel Holdings (including preferred equity interests), and rights to purchase equity interests in Cequel Holdings, were retired, redeemed or otherwise terminated (the "Acquisition"). Cequel Corporation is owned by limited partnerships affiliated with each of CIE Management IX Limited, (collectively "BC Partners"), CPP Investment Board (USRE II) Inc. ("CPPIB" and BC Partners each a "Sponsor" and collectively the "Sponsors"), and Jerald L. Kent, our Chairman and Chief Executive Officer, Thomas P. McMillin, our Executive Vice President and Chief Operating Officer and Mary E. Meduski, our Executive Vice President and Chief Financial Officer, (collectively, the "Management Investors"). Cequel Corporation beneficially owns 100% of the voting stock of Cequel Holdings. The purchase price for the Acquisition was approximately $2.485 billion, comprised of an aggregate of approximately $1.92 billion of cash equity contributions by limited partnerships affiliated with the Sponsors, a $65.1 million contribution by a limited partnership affiliated with the Management Investors, consisting of approximately $53.1 million of cash equity contributions and an approximate $12.0 million contribution of all of the capital stock of Excell Communications, Inc., ("Excell"), and the remainder from Cequel Holdings, funded from the net proceeds of the offering of the 2020 Notes on October 25, 2012, (the "October 2020 Notes") and cash on hand. The purchase price of $2.485 billion, plus debt assumed as of March 31, 2012, valued the Company at approximately $6.6 billion.

On October 25, 2012, Cequel Communications Escrow I, LLC ("Escrow LLC") and Cequel Communications Escrow Capital Corporation ("Escrow Corporation" and with Escrow LLC, the "Escrow Issuers") issued $500.0 million aggregate principal amount of the October 2020 Notes. On November 15, 2012, (i) Escrow LLC merged with and into Cequel and Escrow Corporation merged with and into Cequel Capital, which mergers resulted in the surviving entities assuming each respective Escrow Issuer's obligations under the Indenture governing the 2020 Notes (the "2020 Indenture") and the October 2020 Notes (the "Notes Assumption"), (ii) the proceeds from the sale of the October 2020 Notes and other amounts deposited into the escrow account established pursuant to the Escrow and Security Agreement, dated as of October 25, 2012, (the "Escrow Agreement"), by and among the Escrow Issuers, Cequel and the U.S. Bank National Association, as escrow agent, were released to Cequel and (iii) following such release, the Escrow Agreement was terminated. Upon the release of the funds from the escrow account, Cequel used the net proceeds from the sale of the October 2020 Notes and cash on hand to make a distribution to Cequel Holdings, which used such distribution to fund a portion of the purchase price required to be paid by Cequel Holdings under the Purchase Agreement, to pay Cequel Holdings' estimated fees and expenses relating to the Acquisition and for general corporate purposes.

In July 2012, we received an acknowledgment from the lenders under the Credit Facility that a proposed amendment to the termination provisions of the Management Agreement was not materially adverse. This amendment to the Management Agreement was entered into on November 15, 2012. In exchange for this acknowledgement, we paid the lenders who executed the acknowledgement an aggregate fee of approximately $12.9 million, which is included in other expenses on the consolidated statement of operations.

In August, we received consent from the holders of the 2017 Notes to an amendment to the Indenture governing the 2017 Notes (the "2017 Indenture") which (i) permitted us to make an additional $400 million of restricted payments under the 2017 Notes Indenture to Cequel Holdings from the proceeds of the October 2020 Notes offering and (ii) will reduce the restricted payment basket by $100 million at each of June 30, 2013 and September 30, 2013. In exchange for this consent, on November 15, 2012, we paid holders who consented to the amendment an aggregate fee of approximately $13.5 million, which is included in other expenses on the consolidated statement of operations, and the amendment to the 2017 Indenture became operative.

On November 15, 2012, all of the capital stock of Excell, a tower services business, was contributed to Cequel Corporation by a limited partnership affiliated with the Management Investors, and Cequel Corporation contributed all of such capital stock of Excell to Suddenlink. Following such contribution, Excell became a subsidiary of Suddenlink.

We accrued $64.6 million to make a distribution to Cequel Corporation in April 2013, which will be used by Cequel Corporation to pay the Deferred Fee (the "Deferred Fee").

As a result of the Acquisition, the Company recorded certain non-recurring expenses associated with the transaction. The Company recorded $19.9 million of non-recurring expenses in Selling, General and Administrative Expense on the consolidated statement of operations for the predecessor period ended November 15, 2012. These expenses primarily related to compensation and other employee related expenses resulting from completion of the Acquisition. In addition, the Company recorded $46.0 million of financing and other transaction related expenses in Other Expense on the consolidated statement of operations for the predecessor period ended November 15, 2012.

We applied business combination accounting for the Acquisition. This resulted in the Company having a new accounting basis in the identifiable assets and liabilities and no retained earnings or accumulated losses. Accordingly, the consolidated financial statements on or after November 16, 2012 are not comparable to the consolidated financial statements prior to that date. The financial statements for the periods ended prior to November 15, 2012 do not include the effect of any changes in our corporate structure or changes in the fair value of assets and liabilities as a result of business combination accounting.

The Company applied business combination accounting on November 16, 2012. Business combination accounting provides, among other things, for a determination of the value to be assigned to the equity of the company as of a date selected for financial reporting purposes. The value of the Company was set forth at approximately $6.6 billion. The value was based upon the purchase price that BC Partners and CPPIB paid for the Company on November 15, 2012, and including liabilities assumed. Further, discounted cash flows ("DCF") analysis was completed for purchase price allocation purposes. A more detailed explanation of the DCF analysis is discussed below.

The basis for the DCF analysis was the Company's projections. These seven–year projections were based on management's assumptions including among others, penetration rates for basic and digital video, high speed Internet, and telephone; revenue growth rates; operating margins; and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The DCF analysis was completed using a discount rate of approximately 9.5% based on the Company's cost of equity and after–tax cost of debt and perpetuity growth rates of 1.9% – 2.4%. The value is highly dependent on the achievement of the future financial results contemplated in the projections. The estimates and assumptions made in the valuation are inherently subject to significant uncertainties, many of which are beyond our control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would have significantly affected the value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized. The following table summarizes the estimates of the fair values of the assets acquired and liabilities assumed in the Acquisition.

(dollars in millions)		Amounts Recognized as of November 16, 2012
Current assets	$	83.5
Accounts receivable		171.4
Property, plant and equipment		1,924.7
Goodwill		1,551.5
Intangible assets		3,729.9
Other noncurrent assets		6.1
Current liabilities		(368.5)
Long-term debt		(4,774.9)
Deferred income taxes		(709.0)
Other noncurrent liabilities		(6.4)
Total	$	1,608.3

The significant assumptions related to the valuations of our assets and liabilities in connection with business combination accounting include the following:

Property, plant and equipment was valued at fair value of $1.9 billion as of November 16, 2012. In establishing fair value for the vast majority of the Company's property, plant and equipment, the cost approach was utilized. The cost approach considers the amount required to replace an asset by constructing or purchasing a new asset with similar utility, then adjusts the value in consideration of physical depreciation, and functional and economic obsolescence as of the appraisal date. The cost approach relies on management's assumptions regarding current material and labor costs required to rebuild and repurchase significant components of our property, plant and equipment along with assumptions regarding the age and estimated useful lives of our property, plant and equipment.

The Company identified the following intangible assets to be valued: franchise rights, trade names and subscriber relationships. Franchise rights were valued using the greenfield method and were valued at $3,048.9 million as of November 16, 2012. Trade names were valued using a deviation of the income approach, known as the royalty savings method, and were valued at $188.7 million as of November 16, 2012. Subscriber relationships were valued using a deviation of the excess earnings method and were valued at $492.4 million as of November 16, 2012. (See Footnote 14)

Long–term debt was valued at fair value as of November 16, 2012 using quoted market prices.

The carrying value of most other assets and liabilities approximated fair value as of November 16, 2012. The contractual value of accounts receivable as of November 16, 2012 is approximately $185.0 million, compared to a fair value of $171.4 million.

As a result of applying business combination accounting, the Company recorded goodwill of $1.6 billion, which represents the excess of organization value over amounts assigned to the other identifiable tangible and intangible assets, arising from expectations of future operational performance and cash generation. The purchase allocation is preliminary and subject to change.

5. Acquisition of Broadband Systems and Service Companies

On August 1, 2010, the Company completed the acquisition of the Greenwood, Mississippi cable system from Windjammer Communications, LLC, purchasing the assets of the cable system, which serves approximately 8,000 basic video customers, for approximately $20.3 million.

On April 1, 2011, the Company completed its acquisition from News-Press & Gazette Company of all of the issued and outstanding capital stock of NPG Cable, Inc., Mercury Voice & Data Company and NPG Digital Phone, Inc. (collectively, "NPG"), for a purchase price of $348.4 million (the "NPG Acquisition"). NPG served approximately 208,8000 RGUs, consisting of approximately 81,700 basic, 46,300 digital, 61,700 high-speed Internet and 19,100 telephony customers at the time of consummation of the NPG Acquisition. The operating results of NPG have been consolidated from the date of acquisition and have a material impact on our year-over-year operating results as well as metrics.

6. Divestiture of Broadband Systems

On November 30, 2010, the Company completed the divestiture of two broadband systems serving approximately 2,800 basic video customers. Cash proceeds from this transaction were approximately $4.5 million. The Company recognized a net gain of approximately $2.9 million on the sale of these assets.

On December 31, 2012, we completed the divestiture of systems in Indiana and Illinois serving approximately 2,800 basic video customers. Cash proceeds from this transaction were approximately $4.8 million. The Company recognized an immaterial net loss on the sale of these systems.

7. Accounts Receivable

Accounts receivable consisted of the following as of December 31 (dollars in thousands):

	Successor 2012	Predecessor 2011
Accounts receivable - trade	$ 185,711	$ 180,261
Allowance for doubtful accounts	(3,928)	(12,722)
Accounts receivable, net	$ 181,783	$ 167,539

On November 16, 2012, the Company applied business combination accounting and as such adjusted its accounts receivable to reflect fair value. (See Footnote 4)

8. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of December 31 (dollars in thousands):

	Successor 2012	Predecessor 2011
Land	$ 24,224	$ 18,052
Buildings and improvements	93,200	85,507
Capitalized Leases	1,492	4,548
Vehicles	35,981	72,881
Broadband distribution systems	1,730,321	2,630,172
Office furniture, tools and equipment	63,752	104,104
	1,948,970	2,915,264
Less accumulated depreciation	(55,903)	(1,518,897)
Property, plant and equipment, net	$ 1,893,067	$ 1,396,367

Depreciation expense was $56.2 million, $340.0 million $394.9 million and $332.1 million for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively. Depreciation expense for assets that will be taken out of service primarily in connection with a significant three year bandwidth expansion plan that commenced in 2009 ("Project Imagine"), and which was completed as of September 30, 2012, was $0.6 million, $7.5 million and $11.4 million for predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively. No such amount was necessary for the successor period ended December 31, 2012.

On November 16, 2012, the Company applied business combination accounting and as such adjusted its property, plant and equipment to reflect fair value and adjusted remaining useful lives for existing property, plant and equipment. (See Footnote 4)

9. Capital Lease and Other Obligations

Capital lease and other obligations consist of capital leases related to facilities and a multi-year vendor service agreement. On January 1, 2011, the Company entered into a vendor service agreement which includes a three year financing commitment totaling approximately $10.6 million, of which $3.8 million was outstanding at December 31, 2012. The service agreement is cancelable with 45 days written notice.

10. Long Term Debt

Outstanding debt consisted of the following at December 31 (dollars in thousands):

	Successor 2012		Predecessor 2011	
Credit Facility	$	2,196,937	$	1,941,398
8.625% Senior Notes due 2017		1,183,405		1,845,331
6.375% Senior Notes due 2020		1,534,920		-
Total Debt		4,915,262		3,786,729
Less: Current Portion		22,000		20,382
Long-Term Debt	$	4,893,262	$	3,766,347

Credit Facility

On February 14, 2012, Suddenlink, Cequel Communications Holdings II, LLC ("Holdings II"), Cequel's direct subsidiary and the direct parent of Suddenlink, certain subsidiaries of Suddenlink and a syndicate of lenders entered into a Credit and Guaranty Agreement, (the "Credit Agreement"), which provides for up to $2.7 billion of loans in the aggregate, consisting of a $2.2 billion term loan facility funded at closing and a $500.0 million revolving credit facility (collectively, the "Credit Facility"). The revolving credit facility is scheduled to mature on February 14, 2017. The term loan facility is scheduled to mature on February 14, 2019. If the senior secured leverage ratio under the Credit Agreement for the four fiscal quarter period ending June 30, 2017 is greater than or equal to 2.50:1.00 and more than 20% of the original issued amount of the 2017 Notes remains outstanding, the term loan facility will mature on August 15, 2017. The interest rate on the term loans outstanding under the Credit Agreement equals the prime rate plus 2.00% or the LIBOR rate plus 3.00%, with a LIBOR floor of 1.00%, while the interest rate on the revolver loans will equal the prime rate plus 1.50% or the LIBOR rate plus 2.50%. The term loan facility requires quarterly repayments in annual amounts equal to 1.00% of the original principal amount, with the remainder due at maturity. The debt under the Credit Agreement is secured by a first priority security interest in the capital stock of Suddenlink and substantially all of the present and future assets of Suddenlink and its restricted subsidiaries, and is guaranteed by Holdings II, as well as all of Suddenlink's existing and future direct and indirect subsidiaries, subject to certain exceptions set forth in the Credit Agreement. The Credit Agreement contains customary representations, warranties and affirmative covenants. In addition, the Credit Agreement contains restrictive covenants that limit, among other things, the ability of Suddenlink and its subsidiaries to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, and make acquisitions and dispose of assets. The Credit Agreement also contains a maximum senior secured leverage maintenance covenant. Additionally, the Credit Agreement contains customary events of default, including failure to make payments, breaches of covenants and representations, cross defaults to other indebtedness, unpaid judgments, changes of control and bankruptcy events. The lenders' commitments to fund amounts under the revolving credit facility are subject to certain customary conditions.

Suddenlink used the proceeds from the term loan facility of the Credit Facility to repay in full and terminate its existing $2.525 billion credit facility (the "Old Credit Facility"), which had a balance of $1.941 billion as of February 14, 2012. The Company also used a portion of the proceeds from the term loan facility of the Credit Facility plus additional borrowings of $160.0 million under the revolving credit facility of the Credit Facility to make a distribution to Cequel Holdings of $370.0 million in March 2012. Cequel Holdings used this distribution to repay a portion of the capital contributions made by holders of common units of Cequel Holdings and to make certain payments to holders of options and restricted units of Cequel Holdings.

8.625% Senior Notes Due 2017

On November 4, 2009, the Issuers issued $600.0 million aggregate principal amount of 2017 Notes. The 2017 issued in November 2009 were sold at an offering price of 98.580%, which yielded an effective interest rate of 8.875%. We used the net proceeds of the 2017 Notes and cash on hand to prepay $300.0 million of the Old Credit Facility and $300.0 million of the tranche B term loan of our then outstanding debt in conjunction with our second lien guaranty and credit agreement (the "2nd Lien Credit Facility"), along with related fees and expenses of that offering. On May 4, 2010, the Issuers issued an additional $600.0 million aggregate principal amount of 2017 Notes under a supplemental indenture to the 2017 Indenture, which form a part of the same series as the 2017 Notes issued in November 2009. These additional 2017 Notes were sold at an offering price of 102.00%, which yielded an effective interest rate of 8.167%. We used the net proceeds of these additional 2017 Notes to repay in full all borrowings under a $675.0 million 2nd Lien Credit Facility, along with related fees and expenses of that offering and for general corporate purposes.

On January 19, 2011, the Issuers issued additional $625.0 million aggregate principal amount of 2017 Notes. These additional 2017 Notes form a part of the same series of notes as the 2017 Notes issued in November 2009 and additional 2017 Notes issued in May 2010. These 2017 Notes were sold at an offering price of 102.875%, which yielded an effective interest rate of 7.892%. The Issuers used the proceeds of the 2017 Notes issued in January 2011 to (i) make a distribution to Cequel Holdings which Cequel Holdings used to repay all of the original capital contributions made by holders of preferred interests of Cequel Holdings, and a portion of the capital contributions made by holders of common interests of Cequel Holdings, make certain bonus payments, make certain payments to holders of options and restricted common units issued by Cequel Holdings and (ii) pay related fees and expenses of that offering. On April 1, 2011 we used the remaining portion of the proceeds and cash on hand to consummate the NPG Acquisition.

The Issuers have no ability to service interest or principal on the 2017 Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of the Credit Agreement. However, the Credit Agreement permits Suddenlink to make dividends and distributions subject to satisfaction of certain conditions, including pro forma compliance with maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. The 2017 Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

On December 28, 2012, we repaid $712.4 million aggregate principal amount of the 2017 Notes, pursuant to a tender offer, described below.

6.375% Senior Notes Due 2020

On October 25, 2012, the Escrow Issuers, each subsidiaries of Cequel, issued $500.0 million aggregate principal amount of the October 2020 Notes. The October 2020 Notes were sold at an offering price of 100%. Interest is payable on the October 2020 Notes semi-annually in cash on March 15 and September 15, commencing on March 15, 2013. The proceeds of the October 2020 Notes were placed in an escrow account along with interest payable through March 11, 2013. Upon consummation of the Acquisition, Cequel and Cequel Capital become obligors under the October 2020 Notes.

On December 28, 2012, the Issuers issued $1.0 billion aggregate principal amount of the December 2020 Notes. The December 2020 Notes were sold at an offering price of 103%. Interest is payable on the December 2020 Notes semi-annually in cash on March 15 and September 15, commencing on March 15, 2013. The Issuers used the net proceeds from the sale of the December 2020 Notes to (i) purchase $712.4 million aggregate principal amount of the Issuers' 2017 Notes pursuant to a tender offer for such notes, (ii) make a capital contribution to Cequel Communications, LLC, an indirect subsidiary of Cequel ("Suddenlink"), which was used to repay all outstanding borrowings under Suddenlink's revolving credit facility and for working capital and general corporate purposes, and (iii) pay related costs, fees and expenses.

The Issuers have no ability to service interest or principal on the 2020 Notes, other than through any dividends or distributions received from Suddenlink. Suddenlink is restricted in certain circumstances, from paying dividends or distributions to the Issuers by the terms of the Credit Agreement. However, the Credit Agreement permits Suddenlink to make dividends and distributions subject to satisfaction of certain conditions, including pro forma compliance with maximum senior secured leverage ratio, and that no event of default has occurred and is continuing, or would be caused by the making of such dividends or other distributions, and based on, among other things, availability under a restricted payment basket. The 2020 Notes are unsecured and are not guaranteed by any subsidiaries of the Issuers, including Suddenlink.

December 2012 Tender Offer

On December 13, 2012, the Company commenced a tender offer (the "Tender Offer") for up to $750.0 million of the 2017 Notes. The Tender Offer expired on January 11, 2013, and included an early settlement date of December 28, 2012. The Tender Offer was for a price of 104.057, however, any 2017 Notes that tendered prior to December 28, 2012 received a tender price of 107.057. At December 28, 2012 the Company repaid $712.4 million of tendered 2017 Notes, and paid a tender call premium of approximately $50.3 million, which is included in the calculation of loss on extinguishment of debt. No additional 2017 Notes were tendered by the tender close date of January 11, 2013. (See Footnote 23)

Old Credit Facility

On April 4, 2007, Suddenlink entered into the Old Credit Facility, consisting of a $2.325 billion term loan facility and $200.0 million revolving loan facility. On November 4, 2009, Suddenlink prepaid $300.0 million of term loans under the Old Credit Facility from a portion of the proceeds from the issuance of the 2017 Notes that was contributed to Suddenlink by Cequel. On February 14, 2012, all remaining borrowings under the Old Credit Facility were repaid from a portion of the proceeds of the term loan facility of the Credit Facility.

Loss on Extinguishment of Debt

We recorded an $18.9 million and $14.2 million loss on the extinguishment of debt for the successor period ended December 31, 2012 and the predecessor period ended November 15, 2012, respectively. In the successor period ended December 31, 2012, we recorded a $14.0 million loss on the pay down of the revolving credit facility and a $4.9 million loss on the partial repayment of the 2017 Notes, in conjunction with the December 28, 2012 issuance of the 6.375% Notes. In the predecessor period ended November 15, 2012, we recorded a $14.2 million loss on the extinguishment of debt in conjunction with our repayment of the Old Credit Facility. For the year ended December 31, 2010, the Company recorded a $16.3 million loss on the extinguishment of debt, in conjunction with the Company's repayment of its second lien guaranty and credit agreement (the "2nd Lien Credit Facility"), from the proceeds of the offering of the Notes issued on May 4, 2010. There was no loss on extinguishment of debt for the year ended December 31, 2011.

The Company's debt agreements include restrictive covenants such as restrictions on additional indebtedness. The Credit Agreement also requires the Company to satisfy a financial maintenance covenant. The Company was in compliance with that covenant as of December 31, 2012.

The future maturities of long-term debt, excluding premiums and discounts, as of December 31, 2012 are (dollars in thousands):

Year	Amount
2013	$ 22,000
2014	22,000
2015	22,000
2016	22,000
2017	1,134,601
Thereafter	3,573,500
Total debt	$ 4,796,101

On November 16, 2012, we applied business combination accounting and as such adjusted our debt to reflect fair value. (See Footnote 4)

The Company's debt had an estimated fair value of $4,950.7 million and $3,829.4 million as of December 31, 2012 and 2011, respectively. The estimated fair value of the Company's debt is based on quoted market prices for the debt (Level 2). Unrealized gains or losses on debt do not result in the realization or expenditure of cash and are not recognized for financial reporting purposes.

11. Fair Value of Financial Instruments

The Company has established a process for determining fair value of its financial assets and liabilities using available market information or other appropriate valuation methodologies. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date.

Fair value guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carry amounts of cash, receivables and payables approximate fair value (Level 3) because of the short maturity of those instruments.

The Company's financial assets and liabilities that are accounted for at fair value on a recurring basis as of December 31, 2011 are presented in the table below (dollars in thousands). The interest rate cap agreements were terminated on March 30, 2012 and the interest rate swap agreements expired on October 7, 2012 (see Footnote 12).

	Predecessor Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Other long-term assets:				
Interest rate caps	$ -	$ 13	$ -	$ 13
Other current and long-term liabilities:				
Interest rate swaps	$ -	$ 26,207	$ -	$ 26,207

12. Derivative Instruments

The Company used interest rate risk management derivative instruments as permitted under the terms of the Credit Agreement. The Company's policy was to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements with reputable counterparties, the Company effectively converted a portion of Suddenlink's floating-rate debt to a fixed-rate basis, thus reducing the impact of interest rate changes on future interest expense. The interest rate swap agreements expired on October 7, 2012. Suddenlink had interest rate swap agreements totaling a notional amount of $1.350 billion at December 31, 2011.

The Company formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. Changes in the fair value of derivative instruments related to the effective portion of interest rate hedges is recorded in accumulated other comprehensive loss. Changes in fair value of derivative instruments related to the ineffective portion of interest rate hedges, and changes in the fair value of derivative instruments not designated as hedges are recorded in the consolidated statements of operations.

The Company did not hold or issue derivative instruments for trading or speculative purposes. Suddenlink's interest rate derivative instruments, which expired on October 7, 2012, were designated as cash flow hedges. The fair value of Suddenlink's interest rate swaps was a liability of $26.2 million at December 31, 2011. The fair value is included in other current and liabilities.

On February 14, 2012, in conjunction with Suddenlink entering into the Credit Agreement, the Company lost hedge effectiveness accounting treatment related to its derivative instruments, including interest rate swaps and caps, as the underlying debt that the derivative instruments were associated with was repaid. On February 14, 2012, the Company reclassified $19.1 million of accumulated other comprehensive loss associated with the accumulated changes in fair value of the interest rate swaps to changes in fair value of derivative instruments on the income statement. Subsequent changes in the fair market value of interest rate agreements flow through the income statement. From February 14, 2012 to October 7, 2012, the Company recorded a $19.1 million increase, in the fair value of the interest rate swaps on the income statement. The increases were due primarily to the change in the fair value of the remaining interest rate swap agreements, as well as the expiration of interest rate swap agreements in April and October 2012.

On August 25, 2009, Suddenlink entered into two interest rate caps to protect against increased interest rates. These interest rate caps would not have become effective until April 7, 2012 after a portion of the aforementioned interest rate swaps expired, and would have terminated on January 7, 2013. The notional amounts of the interest rate caps totaled $1.1 billion. On February 14, 2012, the Company reclassified $6.6 million of accumulated other comprehensive loss associated with the accumulated changes in fair value of the interest rate caps to changes in fair value of derivative instruments on the income statement.

On March 30, 2012, Suddenlink terminated these two interest rate caps. Upon Suddenlink's voluntary termination of the interest rate caps, previously designated as hedging instruments, Suddenlink reversed the $6.6 million loss associated with the interest rate caps included in changes in fair value of derivative instruments, and recorded a $6.6 million loss on termination of derivative instruments. At December 31, 2011, the fair value of the interest rate caps was approximately $0.1 million and is reflected in other short-term assets.

Suddenlink recorded $6.6 million and $17.8 million, in predecessor periods of 2012 and 2010, respectively, of expense related to our voluntary termination of certain derivative instruments, previously designated as hedging instruments. No such expense was incurred for the year ended December 31, 2011.

Derivatives designated as hedging instruments, Predecessor period ended December 31, 2011

	Liabilities			
	Other Current Liabilities		Other Long-Term Liabilities	
Cash flow interest rate hedges	$	26,207	$	-
	Assets			
	Other Current Assets		Other Long-Term Assets	
Interest rate caps	$	13	$	-

13. Commitments and Contingencies

Letters of Credit

At December 31, 2012 and 2011, the Company had approximately $16.4 million and $16.0 million, respectively, of outstanding letters of credit. The outstanding letters of credit reduced the availability under the $500.0 million revolving credit facility of the Credit Facility to approximately $483.6 million.

Lease Arrangements

The Company, as an integral part of its broadband operations, has entered into lease contracts for site leases and office space. At December 31, 2012, future minimum lease payments are approximately $6.2 million in 2013, $3.5 million in 2014, $2.7 million in 2015, $2.3 million in 2016, $1.5 million in 2017, and $2.0 million thereafter. Rent expense for site leases and office space was approximately $1.0 million, $6.2 million, $6.7 million and $6.3 million for the successor period ended December 31, 2012, the predecessor period ended November 15, 2012, and the predecessor years ended December 31, 2011 and 2010, respectively.

The Company also rents utility poles used in its operations. Generally pole rentals are cancellable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole rental attachments was approximately $1.7 million, $10.2 million, $11.3 million and $11.1 million for the successor period ended December 31, 2012, the predecessor period ended November 15, 2012, and the predecessor years ended December 31, 2011 and 2010, respectively.

Litigation

We are defendants or co-defendants in several lawsuits claiming infringement of various patents relating to various aspects of our businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, we expect that any potential liability would be the responsibility of our equipment vendors pursuant to applicable contractual indemnification provisions.

In the event that a court ultimately determines that we infringe on any intellectual property rights, we may be subject to substantial damages and/or an injunction that could require us or our vendors to modify certain products and services we offer to our subscribers, as well as negotiate royalty or license agreements with respect to the patents at issue. We intend to defend the actions vigorously, but can give no assurance that any adverse outcome would not be material to our consolidated financial condition, results of operations, or liquidity.

From time to time, the Company is involved in other litigation and regulatory proceedings arising out of our operations. Management believes that the Company is not currently a party to any other legal or regulatory proceedings, the adverse outcome of which, individually or in the aggregate, would materially adversely affect the Company's business, financial position, results of operations or liquidity.

14. Intangible Assets

The Company does not amortize indefinite lived intangible assets. Accordingly, all franchises that qualify for indefinite life treatment are not amortized against earnings but instead are tested for impairment annually, or more frequently as warranted by events or changes in circumstances. Based on testing of impairment of indefinite lived intangible asset guidance, franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which the franchise rights are associated and tracked. Management believes such grouping represents the highest and best use of those assets for purposes of evaluating impairment of its franchises. The impairment test for intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. The Company determines the fair value of the intangible asset using a DCF analysis, which utilizes significant unobservable inputs (Level 3) within the fair value hierarchy. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, perpetual growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market-based approach.

The Company performs its impairment assessment of its goodwill at the same inseparable asset group level as franchises discussed above. The asset groups generally represent geographic clustering of the Company's broadband systems into groups by which such systems are managed and by which goodwill is tracked. The impairment test for goodwill involves a comparison of the estimated fair value to its carrying amount, including goodwill. The Company determines its fair value using a combination of a DCF analysis and a market-based approach, which utilize significant unobservable inputs (Level 3) within the fair value hierarchy.

On November 16, 2012, the Company applied business combination accounting and adjusted its franchise, goodwill and other intangible assets including trademarks and customer relationships to reflect fair value. As a result of applying business combination accounting, the Company recorded goodwill, which is tax deductible, of $1.6 billion, which represents the excess of organization value over amounts assigned to the other assets and liabilities. (See Footnote 4)

The Company determined the estimated fair value utilizing an income approach model based on the present value of the estimated discrete future cash flows attributable to each of the intangible assets identified for each unit assuming a discount rate. This approach makes use of unobservable factors such as projected revenues, expenses, capital expenditures, and a discount rate applied to the estimated cash flows. The determination of the discount rate was based on a weighted average cost of capital approach, which uses a market participant's cost of equity and after-tax cost of debt and reflects the risks inherent in the cash flows.

The Company estimated discounted future cash flows using reasonable and appropriate assumptions including among others, penetration rates for basic and digital video, high speed Internet, and telephone, revenue growth rates, operating margins and capital expenditures. The assumptions are derived based on the Company's and its peers' historical operating performance adjusted for current and expected competitive and economic factors surrounding the cable industry. The estimates and assumptions made in the Company's valuations are inherently subject to significant uncertainties, many of which are beyond its control, and there is no assurance that these results can be achieved. The primary assumptions for which there is a reasonable possibility of the occurrence of a variation that would significantly affect the measurement value include the assumptions regarding revenue growth, programming expense growth rates, the amount and timing of capital expenditures and the discount rate utilized.

Franchises, for valuation purposes, are defined as the future economic benefits of the right to solicit and service potential customers (customer marketing rights), and the right to deploy and market new services, such as interactivity and telephone, to potential customers (service marketing rights). Franchises rights of $3.0 billion were recorded as a result of the application of business combination accounting. Franchises are expected to generate cash flows indefinitely and as such will continue to be tested for impairment annually.

Subscriber relationships, for valuation purposes, represent the value of the business relationship with existing customers (less the anticipated customer churn), and are calculated by projecting the discrete future after-tax cash flows from these customers, including the right to deploy and market additional services to these customers. The Company recorded $492.4 million of customer relationships in connection with the application of business combination accounting. Subscriber relationships will be amortized on an accelerated method over useful lives of four to six years based on the period over which current customers are expected to generate cash flows.

The Company recorded $188.7 million in trade names in connection with the application of business combination accounting. The fair value of trade names was determined using the relief from royalty method which applies a fair royalty ratio to estimated revenue. As the Company expects to continue to use each trade name indefinitely, trade names have been assigned an indefinite life and will be tested annually for impairment.

The results of the Company's analysis of indefinite-lived intangible assets as of December 31, 2012 and 2011 indicated no impairment of the carrying value of those assets and no accumulated impairment of goodwill existed.

Indefinite-lived and finite-lived intangible assets are presented in the following table at December 31 (dollars in thousands):

	Successor 2012			Preecessor 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible						
Franchises	$ 3,048,862	$ -	$ 3,048,862	$ 1,724,571	$ -	$ 1,724,571
Trade Names	$ 188,676	$ -	$ 188,676	$ -	$ -	$ -
Goodwill	$ 1,551,473	$ -	$ 1,551,473	$ 575,750	$ -	$ 575,750
	$ 4,789,011	$ -	$ 4,789,011	$ 2,300,321	$ -	$ 2,300,321
Finite-lived intangible						
Franchises	$ 20	$ (1)	$ 19	$ 1,018	$ (236)	$ 782
Subscriber relationships	$ 492,378	$ (25,767)	$ 466,611	$ 65,549	$ (44,750)	$ 20,799
	$ 492,398	$ (25,768)	$ 466,630	$ 66,567	$ (44,986)	$ 21,581

Franchise amortization expense represents the amortization related to franchises that did not qualify for indefinite-life treatment, including costs associated with franchise renewals. Franchise amortization expense for the successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010 was immaterial. Subscriber relationships amortization expense was $25.8 million, $10.2 million, $20.6 million and $29.9 for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

A summary of the changes in the carrying value of the Company's goodwill for the successor period ended December 31, 2012 and the predecessor period ended November 15, 2012 and the predecessor year ended December 31, 2011 (dollars in thousands):

	Predecessor Ended November 15, 2012			Predecessor Ended December 31, 2011		
	Gross	Accumulated Impairment Charge	Carrying Value	Gross	Accumulated Impairment Charge	Carrying Value
Balance at beginning of year	$ 575,750	$ -	$ 575,750	$ 516,344	$ -	$ 516,344
CoStreet Earnout	1,332	-	1,332	2,678	-	2,678
NPG Acquisition	-	-	-	56,728	-	56,728
Balance at end of period	$ 577,082	$ -	$ 577,082	$ 575,750	$ -	$ 575,750

	Successor Ended December 31, 2012		
	Gross	Accumulated Impairment Charge	Carrying Value
Balance at beginning of period	$ 1,551,473	$ -	$ 1,551,473
Balance at end of period	$ 1,551,473	$ -	$ 1,551,473

In the predecessor periods of 2012 and 2011, the Company recorded $1.3 million and $2.7 million of goodwill related to the CoStreet earnout. During 2011, the Company recorded $56.7 million related to the NPG Acquisition. The Company recorded $1.6 billion of goodwill related to the Acquisition and business combination accounting. The Acquisition valuations were determined utilizing discounted cash flow methodology based upon management's estimates as discussed above.

The Company has upgraded the technological state of many of its broadband systems since the commencement of operations and has experience with local franchise authorities where the franchises exist and believes all franchises will be renewed indefinitely.

The following table sets forth the estimated amortization expense on intangible assets for the fiscal years ending December 31 (dollars in thousands):

Year	Amount
2013	$ 195,044
2014	111,221
2015	65,869
2016	52,263
2017	29,176
Thereafter	13,057
	$ 466,630

15. Revenues

Revenue by service offering consisted of the following (dollars in thousands):

	Successor Ended December 31, 2012	Predecessor Ended November 15, 2012	Predecessor Year Ended December 31, 2011	2010
Video	141,833	981,597	1,081,457	997,234
High Speed Internet	74,082	487,449	493,159	412,240
Telephone	24,513	164,666	163,867	129,111
Advertising Sales	11,350	77,752	78,777	76,157
Other	12,726	78,816	83,476	74,403
Total Revenues	264,504	1,790,280	1,900,736	1,689,145

In the first quarter of 2012, we reclassified certain revenue categories from Other revenue to Video revenue, High-speed Internet revenue and Telephone revenue, as applicable, to better align certain revenues historically categorized as Other revenue with their related products. Video revenue now includes reclassified revenue related to converter and equipment rentals, retransmission pass through, franchise fee, copyright fee and other miscellaneous video revenues. High-speed Internet revenue now includes reclassified revenue related to home networking, modem and other data equipment rental. Telephone revenue now includes reclassified revenue related to telephone regulatory fees. Prior periods were reclassified to conform to the current presentation.

16. Operating Expenses

Operating expenses by key expense components consisted of the following (dollars in thousands):

	Successor Ended December 31, 2012	Predecessor Ended November 15, 2012	Predecessor Year Ended December 31, 2011	2010
Programming	71,688	500,072	542,034	480,670
High Speed Internet	6,129	42,009	45,267	41,957
Telephony	7,080	47,816	49,898	50,078
Plant and Operating	21,293	143,585	151,576	134,419
Total Operating Expenses	106,190	733,482	788,775	707,124

17. Selling, General and Administrative Expenses

Selling, general and administrative expenses by key expense components consisted of the following (dollars in thousands):

	Successor Ended December 31, 2012	Predecessor Ended November 15, 2012	Predecessor Year Ended December 31, 2011	2010
General and Administrative	38,083	280,546	297,001	274,771
Marketing	6,096	52,397	53,675	47,066
Corporate Overhead and Management Fees	7,117	53,461	56,733	48,216
Total Seeling, General and Administrative Expenses	51,296	386,404	407,409	370,053

18. Income and Other Taxes

All operations are held through Cequel and its direct and indirect subsidiaries. Cequel is a single-member limited liability company and is disregarded for income tax purposes. The Company's operating activities are generally included in consolidated filings of Cequel Corporation. As such, the Company records a tax provision reflective of its inclusion in a consolidated corporate return.

In 2007, for state income taxes, the Company's Texas based operations became subject to the state's gross margins tax. During 2012, the Company and the Texas Comptroller's office agreed on a methodology for calculating the gross margins tax. As a result of this agreement, the Company no longer requires a provision for an uncertain tax position related to the gross margins tax.

Components of the Company's provision for income taxes for the years ended December 31, 2012, 2011 and 2010 were as follows (dollars in thousands):

	Successor Period Ended December 31, 2012	Predecessor Period Ended November 15, 2012	Predecessor Year Ended December 31, 2011	2010
Current Tax Expense:				
Federal	$ -	$ -	$ -	$ -
State	724	5,871	5,790	1,895
Total Current	724	5,871	5,790	1,895
Deferred Tax Expense:				
Federal	(10,715)	1,402	1,636	1,719
State	(846)	136	159	167
Total Deferred	(11,561)	1,538	1,795	1,886
Total Provision for Income Taxes	$ (10,837)	$ 7,409	$ 7,585	$ 3,781

The Company's provision for income taxes differs from the expected tax expense amount computed by applying the statutory federal income tax rate to the loss before income taxes as a result of the following:

	Successor Period Ended December 31, 2012	Predecessor Period Ended November 15, 2012	Predecessor Year Ended December 31,	
			2011	2010
Tax at U.S. statutory rate	35.0 %	34.0 %	34.0 %	34.0 %
State taxes, net of benefit	1.1	7.4	(6.3)	3.3
Losses allocated to limited liability companies not subject to income taxes	-	(31.6)	(153.7)	(77.9)
Uncertain tax position	-	-	(21.0)	-
Decrease in valuation allowance	-	(4.9)	100.6	32.5
Distribution to restricted units and option holders	3.2	0.5	3.0	-
Return to provision	-	(4.2)	(3.7)	-
Other, net	(1.1)	2.1	0.2	(1.4)
Effective tax rate	38.2 %	3.3 %	(46.9) %	(9.5) %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets are as follows as of December 31 (dollars in thousands):

	2012	2011
Deferred tax assets:		
Net operating loss carryforwards	$ 168,552	$ 129,088
Tax over book basis of amortizable assets	-	-
Alternative minimum tax credit carryforwards	-	5,858
Indirect tax benefit	-	108
Other	9,769	1,597
Total gross deferred tax assets	178,321	136,651
Less valuation allowance	-	(66,708)
Net deferred tax asset	178,321	69,943
Deferred tax liabilities:		
Book over tax basis of depreciable assets	(277,211)	(79,100)
Book over tax basis of amortizable assets	(588,379)	(17,823)
Other	-	-
Gross deferred tax liabilities	(865,590)	(96,923)
Net deferred tax liabilities	$ (687,269)	$ (26,980)

The Company has approximately $452.7 million and $346.1 million of net operating loss carryforwards in 2012 and 2011, respectively, which will expire at various dates through 2032. The net operating loss carryforwards are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code. The Company does not expect the limitations to impact the ability to utilize the losses prior to their expiration. As part of the Acquisition, Cequel Corporation acquired approximately $940 million of net operating loss carryforwards which will expire at various dates between 2025 and 2032. The acquired net operating loss carryforwards from the Acquisition are subject to certain limitations arising from changes in ownership rules under the Internal Revenue Code as well, and are not reflected in the financial statements of the Company as they reside at Cequel Corporation. The Company does expect to utilize the acquired net operating loss carryforwards as a result of inclusion in the consolidated tax return of Cequel Corporation for periods subsequent to the Acquisition. The utilization of the Company net operating losses and the acquired net operating losses will be determined based on the ordering rules required by the applicable taxing jurisdiction.

The Company accounts for uncertain tax positions in accordance with the accounting guidance for such items. This guidance prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues. The Company recognizes income tax benefits for those income tax provisions determined more likely than not to be sustained upon examination, based on the technical merits of the positions. Changes in the Company's reserve for uncertain income tax positions, excluding the related accrual for interest and penalties are presented below (dollars in thousands):

	Successor Period Ended December 31, 2012	Predecessor Period Ended November 15, 2012	Predecessor Year Ended December 31, 2011	2010
Balance as of beginning of period	33,127	95,212	92,155	95,288
Additions for tax positions related to prior years	-	-	1,019	-
Reductions for tax positions related to prior years	-	(26)	(323)	(3,133)
Additions for tax positions related to the current year	-	-	2,361	-
Reductions for tax positions related to the current year	-	-	-	-
Reductions due to settlements with taxing authorities	-	(3,380)	-	-
Reductions due to expiration of statute of limitations	-	-	-	-
Balance as of end of period	33,127	91,806	95,212	92,155

After consideration of the uncertain tax positions characteristics, the Company has concluded that none of the unrecognized tax benefits, if recognized, would affect the effective tax rate.

No tax years for the Company are currently under examination for income taxes. Tax years ending 2008 through 2011 remain subject to examination and assessment. In addition, certain carryforward attributes that were generated prior to 2008 may still be adjusted upon examination by the IRS to the extent utilized in a period open to examination.

We adjust our tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and precedent. We recognize interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2012 we have no accrued interest or penalties related to uncertain tax positions.

The Company does not anticipate that the uncertain tax positions will change significantly within the next twelve months. However, various events could cause the Company's current expectations to change in the future.

19. Related Party Transactions

Pursuant to the Amended and Restated Cequel Communications Management Agreement, dated as of February 14, 2012 (the "Management Agreement"), Cequel III, LLC ("Cequel III") provides certain executive, including the services of our CEO, administrative and managerial services to the broadband systems owned by Cequel Holdings and its subsidiaries. Compensation under the terms of the agreement is an annual base fee of $5.3 million, set in 2006, paid quarterly in arrears. The base fee increases 5% annually on each anniversary date of the Management Agreement. The Cequel Holdings Board of Directors approved an additional incentive fee of $0.3 million, $0.5 million, $1.5 million and $1.5 million to Cequel III, LLC for the successor period ended December 31, 2012, the predecessor period ended November 15, 2012 and the predecessor years ended December 31, 2011 and 2010.

Total compensation paid to Cequel III, LLC under the Management Agreement for the successor period ended December 31, 2012, the predecessor period ended November 15, 2012 and the predecessor years ended December 31, 2011 and 2010 was approximately $2.0 million, $5.7 million, $8.2 million and $7.8 million, respectively, included in the selling, general and administrative line in the accompanying consolidated statements of operations. Cequel III enters into various contracts with vendors, including programming contracts, on behalf of the Company in which such costs are included in the Company's financial statements and are paid directly by the Company. At December 31, 2012 and 2011, the Company had approximately $2.6 million and $3.2 million, respectively, recorded as a payable to Cequel III, LLC, primarily related to management and incentive fees, at December 31, 2012 and 2011.

Prior to the consummation of the Acquisition, the Chief Executive Officer of the Company had a direct equity interest in Cequel Holdings, the Company's parent, and an indirect equity interest through equity interests he held in two separate entities that were investors in Cequel Holdings.

On November 15, 2012, all of the capital stock of Excell, a tower service business, was contributed to Cequel Corporation by a limited partnership affiliated with the Management Investors, and Cequel Corporation contributed all of such capital stock of Excell to Suddenlink. Following such contribution, Excell became a subsidiary of Suddenlink.

On November 15, 2012, Cequel Corporation entered into a Transaction Fee Agreement with the Sponsors and the Management Investors, pursuant to which Cequel Corporation will pay the Sponsors and the Management Investors the Deferred Fee or advisory services the Sponsors and the Management Investors provided in connection with the Acquisition. We accrued $64.6 million to make a distribution to Cequel Corporation in April 2013, which will be used by Cequel Corporation to pay the Deferred Fee.

On November 15, 2012, Cequel Corporation entered into an Advisory Agreement with each Sponsor, pursuant to which Cequel Corporation will pay each Sponsor an annual fee of $1 million beginning in 2013 for providing advisory and consulting services in relation to the business, finances, operations and other affairs of Cequel Corporation and its subsidiaries.

A new director is chief executive officer and founder of a financial advisory firm that Cequel Holdings engaged in connection with the Acquisition. On November 15, 2012, our parent paid this firm $15 million. This firm is also an investor in BC Partners.

An affiliate of a former unit holder of Cequel Holdings served as joint book-runner and lead arranger for the 2012 Credit Agreement, 2012 Acquisition and certain of the 2012, 2011 and 2010 issuances of Notes. For these services, this affiliate received fees of approximately $5.8 million, $2.2 million and $2.7 million, for the predecessor periods ended November 15, 2012 and the predecessor years ended December 31, 2011 and 2010, respectively, which were included in the deferred financing costs line in the accompanying balance sheets. In addition, Cequel Holdings paid $5.0 million for financial advisory services related to the Acquisition to an affiliate of a former unit holder of Cequel Holdings.

An equity holder who held 5% or more of Cequel Holdings' common units, prior to the consummation of the Acquisition, is senior counsel in a legal firm that provided legal services to the Company. For the predecessor periods ended November 15, 2012 and the predecessor years ended December 31, 2011 and 2010, the legal fees for services provided by this firm were approximately $1.3 million, $0.6 million and $1.8 million, respectively. Additionally, on November 15, 2012, our parent paid this firm $2.0 million.

20. Employee Benefit Plan

The Company's employees may participate in a 401(k) plan that is administered by Cequel III, LLC, Employees that qualify for participation can contribute up to 15% of their salary, on a pre-tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches 50% of the first 6% of participant contributions. The Company contributed approximately $0.6 million, $4.5 million, $4.1 million and $3.1 million, to the 401(k) plan for successor period ended December 31, 2012, predecessor period ended November 15, 2012, and the predecessor years of 2011 and 2010, respectively.

21. Equity Based Compensation

Option Plan

In May 2006, Cequel Holdings, Cequel's parent, adopted the Suddenlink Communications 2006 Management Unit Option Plan ("the Option Plan") to award certain employees unit options of Cequel Holdings as an incentive to enhance their long-term performance as well as an incentive to join or remain with the Company. The Option Plan was terminated on November 15, 2012. The Option Plan provided the holder of unit options the opportunity to acquire a nonvoting proprietary interest in the Company pursuant to the terms and conditions of the plan. The Option Plan provided that unit options representing an aggregate of five percent of the aggregate equity value of Cequel Holdings on the date of adoption of the Option Plan could be granted to participants. The unit options generally had a ten year term and vested ratably over the first four years. The Company accounted for all share-based payments to employees, including grants of employee equity awards, as compensation expense in the financial statements based on their fair values at the time of grant.

The following table summarizes the activity of the Option Plan for the Predecessor period ended November 15, 2012:

	Predecessor Period Ended November 15, 2012	
	Shares	Weighted Average Excerise Price
Options outstanding, beginning of period	4,624,000	$ 8.45
Granted	190,000	$ 12.01
Forfeited, cancelled or exercised	(4,814,000)	
Options oustanding, end of period	-	

The following table summarizes the weighted average fair value of options granted for the predecessor period ended November 15, 2012 and the predecessor years ended December 31, 2011 and 2010. These fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Predecessor Period Ended November 15, 2012	Predecessor Period Ended December 31,	
	2012	2011	2010
Fair value per share	$1.60 - $2.44	$1.82 - $4.34	$5.81 - $8.05
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	25.50% - 26.96%	27.46% - 67.89%	51.85% - 53.91%
Risk free interest rate	0.29% - 0.35%	0.23% - 0.77%	1.84% - 2.75%
Expected option life	2.25 years	2.25 years	6.3 years

During predecessor period ended November 15, 2012 and predecessor years 2011 and 2010, using an expected 5.0% forfeiture rate, the aggregate fair value of options granted was $0.3 million, $0.5 million and $0.9 million, respectively. The Company recognized non-cash unit option compensation expense of approximately $3.4 million, $2.1 million and $5.3 million in predecessor period ended November 15, 2012 and predecessor years 2011 and 2010, respectively.

In 2010 and on January 19, 2012, Cequel Holdings awarded restricted stock units ("RSUs") to two senior executives, our COO and CFO. These awards reflected the former Cequel Holdings board of directors' general desire to supplement the granting of stock options with RSUs to these executives. The value of these awards was based on the fair market value of the RSUs consistent with past awards of stock options, while the vesting conditions - 100% only after five years subject to acceleration for the executive's death or a change in corporate control - were longer than past stock option grants, and not pro rata like past stock options, in order to maximize the RSUs' retention value for the award recipients.

As a result of the Acquisition, all unvested options and unvested restricted units as of November 15, 2012 immediately vested, and were cashed out and cancelled in a reorganization of our parent company structure following the consummation of the Acquisition. Compensation expense of approximately $2.2 million related to the accelerated unvested options was recognized in the period ended November 15, 2012.

Carried Interest Plan

In connection with the Acquisition, the Carry Interest Partnerships each adopted separate carried interest plans (collectively the "Carried Interest Plan"). The purpose of the Carried Interest Plan is to provide participation in our long-term success and growth as an incentive to our executives, key employees, directors and other individuals who are responsible for and contribute to our management, growth and profitability, ("participants"), and to attract, retain and reward such participants.

Pursuant to the Carried Interest Plan, each Carry Interest Partnership is permitted to issue no more than 1,000,000 carry units. The Carry Interest Partnerships issued an aggregate of approximately 964,100 carry interests on December 14, 2012. The awarded carry units that are forfeited or cancelled in accordance with the Carried Interest Plan are available, under certain terms and conditions, for reissue in subsequent awards. In certain instances following cessation of their services on behalf of us, the participants have put rights or the Carry Interest Partnerships have call rights, with respect to such participants' carry units.

The carry units will vest in quarterly installments over four years. Certain adjustments to the vesting schedules and/or certain distributions may occur in respect of certain specified events in connection with the Carried Interest Plan, which include: (i) a sale or series of sales by BC Partners or CPPIB to the other resulting in the transferring sponsor owning less than 35% of its original total sponsor ownership interest following such transaction, (ii) a sale or series of sales by the Sponsors to third parties resulting in the sponsors together owning less than 35% of their aggregate original Sponsor ownership interests, (iii) a sale or series of sales by either BC Partners or CPPIB to third parties resulting in such Sponsor owning less than 35% of its original total Sponsor ownership interest, or (iv) a sale of substantially all of the assets of Cequel Corporation or a sale of substantially all of its shares.

The Carried Interest Plan entitles participants to receive certain percentages of net cash proceeds received by the Carry Partnerships in connection with sales by the Carry Partnerships of common stock of Cequel Corporation, dividends from Cequel Corporation or amounts received upon liquidation or dissolution of Cequel Corporation. The amounts are paid to participants once threshold amounts have been received by the Carry Partnerships and paid to the Sponsors and Management Investors in Cequel Corporation, and the percentage of cash proceeds to which the participants are entitled increases as the return to the Sponsors and such Management Investors increases.

22. Equity Distributions

On January 20, 2011, in connection with the issuance of the 2017 Notes, we distributed $491.8 million to Cequel Holdings. Cequel Holdings used this distribution to repay $357.1 million of capital contributions to holders of common units, representing a portion of the capital contributions made by holders of common units, and $124.7 million of capital contributions to holders of preferred units, representing the repayment of all of the capital contributions made by holders of preferred units. In addition, Cequel Holdings paid $9.4 million to the option and restricted unit holders.

On March 13, 2012, we used a portion of the proceeds from the term loan facility of the Credit Facility plus additional borrowings of $160.0 million under the revolving credit facility to make a distribution to Cequel Holdings of $370.0 million. Cequel Holdings used such distribution to repay a portion of the capital contributions made by holders of common units of Cequel Holdings and to make certain bonus payments and certain payments to holders of options and restricted units of Cequel Holdings.

On May 11, 2012, we used cash on hand to make a distribution to Cequel Holdings of $70.0 million. Cequel Holdings used this distribution to repay a portion of the capital contributions made by holders of common units of Cequel Holdings and to make certain payments to holders of options and restricted units of Cequel Holdings.

In connection with the consummation of the Acquisition, all of the outstanding common equity interests in Cequel Holdings were purchased by Cequel Corporation and all other equity interests in Cequel Holdings (including preferred equity interests), and rights to purchase equity interests in Cequel Holdings, were retired, redeemed or otherwise terminated.

On November 15, 2012, the former owners of Cequel Holdings contributed $27.7 million to the Company to pay certain transaction fees and expenses of the Acquisition.

In November 2012, the Company distributed $520.0 million to Cequel Holdings, which was used in part to fund a portion of the purchase price of the Acquisition, pay for certain transaction fees and expenses of the Sponsor related to the Acquisition, and for general corporate purposes.

We accrued $64.6 million to make a distribution to Cequel Corporation in April 2013, which will be used by Cequel Corporation to pay the Deferred Fee.

23. Subsequent Events

The Company has updated its review of subsequent events as of March 7, 2013 noting the following event which requires disclosure.

December Tender Offer

As discussed in Footnote 10, the Company's tender offer for up to $750 million of the 2017 Notes closed on January 11, 2013. No additional amounts were tendered in 2013 after the early settlement date of December 28, 2012.

Exhibit H

A forward-looking management narrative discussing <u>any significant activity</u> that may impact either the Income Statement or Balance Sheet provided.

Cebridge Telecom KS, LLC does not anticipate any future significant activity that would impact its financial statements.

Exhibit I

As an attachment, please provide state of incorporation and proof of incorporation in the state.

Applicant is duly organized in Delaware as a limited liability company. A copy of the Applicant's Articles of Organization are attached hereto.

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "CEBRIDGE TELECOM KS, LLC", FILED IN THIS OFFICE ON THE EIGHTH DAY OF NOVEMBER, A.D. 2006, AT 12:02 O'CLOCK P.M.

SECRETARY'S OFFICE DELAWARE

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

4247900 8100

061022853

AUTHENTICATION: 5179128

DATE: 11-08-06

State of Delaware
Secretary of State
Division of Corporations
Delivered 12:02 PM 11/08/2006
FILED 12:02 PM 11/08/2006
SRV 061022853 - 4247900 FILE

Certificate of Formation
of
Cebridge Telecom KS, LLC

This Certificate of Formation is being duly executed and filed by the undersigned authorized person to form a limited liability company under the Delaware Limited Liability Company Act (the "Act"). It is hereby certified as follows:

FIRST. The name of the limited liability company (the "Company") is: Cebridge Telecom KS, LLC.

SECOND. The address of the registered office of the Company in the State of Delaware is: c/o The Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware 19801. The name of the registered agent of the Company at such address is: The Corporation Trust Company.

THIRD. The purpose of the Company is to engage in any lawful act or activity for which a limited liability company may be organized under the Act.

FOURTH. In furtherance and not in limitation of the powers conferred by the Act, the Company shall be governed by a limited liability company agreement.

FIFTH. The Company shall to the fullest extent permitted by the provisions of Section 18-108 of the Act, as the same may be amended and supplemented, indemnify any and all persons whom it shall have the power to indemnify under said Section 18-108 from and against any and all matters, and the indemnification provided for herein shall not be deemed exclusive of any other right to which any person may be entitled under the Company's limited liability company agreement, or otherwise.

IN WITNESS WHEREOF, the undersigned authorized person has executed this Certificate of Formation as of November 8, 2006.

/s/ Marsha Robinson-Page
Marsha Robinson-Page
Authorized Person

Exhibit J

As an attachment, please provide proof of registration with the Kansas Secretary of State (must maintain registry and remain in good standing).

A copy of Applicant's foreign limited liability company certificate is attached hereto.

STATE OF KANSAS
OFFICE OF
SECRETARY OF STATE
KRIS W. KOBACH

I, KRIS W. KOBACH, Secretary of State of the state of Kansas, do hereby certify, that according to the records of this office.

Business Entity ID Number: 4002853

Entity Name: CEBRIDGE TELECOM KS, LLC

Entity Type: FOR: LTD LIABILITY COMPANY

State of Organization: DE

Resident Agent: C T CORPORATION SYSTEM

Registered Office: 112 SW 7TH STREET SUITE 3 C, TOPEKA, KS 66603

was filed in this office on November 14, 2006, and is in good standing, having fully complied with all requirements of this office.

No information is available from this office regarding the financial condition, business activity or practices of this entity.

In testimony whereof I execute this certificate and affix the seal of the Secretary of State of the state of Kansas on this day of April 11, 2013

Kris W. Kobach

KRIS W. KOBACH
SECRETARY OF STATE

Certificate ID: 572722 - To verify the validity of this certificate please visit https://www.kansas.gov/bess/flow/validate and enter the certificate ID number.

Exhibit K

As an attachment, please provide a sample copy or exhibit of the customer bill.

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Watch On Demand Premieres Weeks Before Netflix or Redbox.

Upcoming Movies

Django Unchained	Apr. 16
Broken City	Apr. 23
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The Guilt Trip	Apr. 30

Learn more today.
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Service Period	Due Date	Amount Due
04/16 - 05/15	04/26/2013	[redacted]

Access Code - 9317 [redacted]
Account Number: [redacted]

PREVIOUS STATEMENT BALANCE	[redacted]
TOTAL PAYMENTS	[redacted]
MONTHLY CHARGES	[redacted]
PARTIAL MONTHLY CHARGES	[redacted]
TAXES AND FEES	[redacted]
TOTAL DUE	[redacted]

By bundling, you saved $64.90 this month!
Save easy!
Includes promotional savings and package discounts.

Thank you for being a VIPperks customer.
Priority # 866-659-2861
VIP=Video, Internet & Phone

Please detach and enclose this coupon with your payment

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3015 SSE LOOP 323
TYLER TX 75701

Account Number	Payment Due Date	Total Amount Due	Amount Paid
[redacted]	04/26/2013	[redacted]	

Please allow up to 3 days to process your payment once it is received. Payment of this bill confirms your acceptance of the Residential Services Agreement, viewable at suddenlink.com

6040 0106 NO RP 16 04102013 YYNNNNNY 01 013620 0044

[redacted]

052030011066139519054200020865

SUDDENLINK
PO BOX 660365
DALLAS, TX 75266-0365

suddenlink

Charge detail for billing period Apr 16 - May 15

PREVIOUS ACTIVITY

Previous Statement Balance
04/08/13 Payment - Thank You [redacted]

SUDDENLINK SPECIAL VALUES [redacted]

Triple Play
Includes: Limited Basic, Expanded Service, Digital Gateway, Internet Service, High Speed Internet 15M, Telephone Modem, Telephone Line, Calling Features, Unlimited Long Distance Calling
Digital Tier Offer [redacted]
Includes: Digital Movie, Sports & Info Tier, Family Package

MONTHLY CHARGES [redacted]

	Qty	
Digital Gateway	1	[redacted]
The Cable Guide	1	
Digital Converter-DVR/HD	2	
Broadcast Station Surcharge	1	
Bundled Home Security Monitoring	1	
Telephone service for: 417-551-4173		
Non-published Telephone Number	1	[redacted]

PARTIAL MONTHLY CHARGES [redacted]

Changes in Your Services This Period (03/25-04/15) [redacted]
Includes: Digital Gateway

MOVIES AND EVENTS [redacted]

Skyfall HD (04/06) [redacted]

How would you like to pay your Suddenlink bill automatically each month? It's easy! Pay your monthly bill directly through your bank account or credit card. To sign up, please give us a call or logon to www.suddenlink.net. It's automatic, secure, and effortless.

Please note that there has been a change to some taxes and fees, so your total balance may be different from your previous month's bill.

Pay your bill automatically.

Save your stamps with Suddenlink EZ pay
Have your payment automatically deducted from your checking or savings account. Log on each month to view and pay your bill. For more information, visit www.suddenlink.net.

Have questions you would like answered in person? Want to try out our services before you decide? Visit your local Suddenlink store at 769 N. 20th, Ozark, between the hours of 8 am and 5:30 pm Monday through Friday, and talk to one of our knowledgeable sales associates today.

FRANCHISING AUTHORITY: CITY OF OZARK 205 NORTH 1ST PO BOX 295 OZARK, MO., 65721

VIDEO CLOSED CAPTION - Please call 314-315-9645 to report a Video Closed Caption issue. You may also fax your issue to 314-315-8261, email it to closedcaption@suddenlink.net, or send it to Customer Experience Manager, 6151 Paluxy Drive, Tyler TX 75703.

Electronic Check Conversion: When you provide a check as payment, you authorize us to either use the information from your check to make a one-time electronic funds transfer from your account or to process the payment as a check transaction.

Payments not received by the due date on this statement may be treated as delinquent and assessed a late fee as set forth in your annual notice. If disconnected, additional fees and a deposit may be required to reconnect.

suddenlink

CONTACT US: 1-866-659-2861 | suddenlink.com

Account Number: [redacted]

Charge detail for billing period Apr 16 - May 15

TAXES AND FEES [redacted]

Video

- Franchise Fee
- Sales Tax
- FCC Fee
- Copyright Fee

[redacted]

Telephone

- State Sales Tax
- Federal Universal Service Fee
- State Universal Service Fund
- City Sales Tax
- County Sales Tax
- Public Utility Fee
- State TRS Fee
- FCC Regulatory Fee
- Federal Cost Recovery Fee

[redacted]

TOTAL DUE [redacted]

Watch TV on your schedule.

Video On Demand

- ☑ TURN TO CHANNEL 1.
- ☑ WATCH TONS OF FREE SHOWS FROM THE MOST POPULAR CHANNELS.
- ☑ GET ACCESS TO THE HOTTEST NEW MOVIE RELEASES AND EVENTS.
- ☑ START AND STOP THE PROGRAM WHENEVER YOU WANT.

Start getting the most out of your connection.

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Exhibit L

Complete, sign and attach the KCC Telecommunications Carrier Code of Conduct form as part of this application.

Telecommunications Carrier Code of Conduct
Kansas Corporation Commission

As a provider of telecommunications services in the state of Kansas, Applicant, by and through its undersigned officer, commits to comply with the following:

- If applying for certification to provide local telecommunications service, provide:
  Access to 911 and E911 services;
  White page directory listings;
  Access to telephone relay services;
  Access to directory assistance;
  Access to operator services;
  Kansas Lifeline service discounts;
  Link-Up service discounts (via the federal program);
  Equal access to interLATA long distance carriers;
  Free blocking of 900- and 700-type services
  Interconnection on a nondiscriminatory basis with other local exchange carriers

- If requesting Eligible Telecommunications Carrier (ETC) designation, provide all applicable federal Lifeline discounts.

- Follow all applicable Commission rules and regulations, including but not limited to, billing practice standards as set out in the October 5, 2010 order in Docket No. 06-GIMT-187-GIT and subsequent billing practice standards approved by the Commission.

- Local exchange and competitive local exchange carriers will follow quality of service standards as set out in an order dated May 23, 2008 in Docket No. 95-GIMT-047-GIT and subsequent billing standards approved by the Commission.

- Maintain required registration with the Office of the Kansas Secretary of State. To contact the Kansas Secretary of State: Memorial Hall, First Floor, 120 SW 10 Ave., Topeka, KS 66612-1594 (785) 296-4564 or www.kssos.org.

- File annual reports with the Commission in accordance with K.S.A. 66-123.

- Pay all assessments due to the Commission and/or the Citizen's Utilities Ratepayer Board (CURB) pursuant to K.S.A. 66-1501, 66-1502, 66-1503, and 66-1504.

- File reports and pay assessments to the Kansas Universal Service Fund (KUSF) as set forth in K.S.A. 66-2008(a) and the Commission's December 27, 1996 Order in Docket No. 94-GIMT-478-GIT. KUSF instructions and remittance forms may be obtained online at www.gvnw.com/usf/kansas/index.htm.

- A competitive local exchange carrier wishing to discontinue service shall notify customers and the Commission in accordance with K.A.R. 82-13-2. An inter-exchange carrier providing service in Kansas wishing to discontinue service shall notify customers in accordance with FCC regulations.

- Promptly notify the Commission of any change of address and contact information.

- Treat each customer equally to all other similarly situated customers, free of prejudice or disadvantage.

- Respect customers' right to select different telecommunications services and vendors.

- Administer procedures to prevent deceptive and unfair marketing practices aimed at potential or existing customers.

- Protect customers' right to privacy, by safeguarding records and personal information against unauthorized use.

- Respond to consumer complaints or inquiries submitted by Commission Staff thoroughly and quickly.

Verification

I, Timothy A. Thompson, of lawful age, and being first duly sworn, now state: As an officer of the Applicant, I am authorized to and do hereby make the above commitment. Further, I acknowledge that failure to comply with the above commitments or other lawful requirements of the Commission will subject Applicant to potential fines, penalties, revocation of certification, or other sanctions and remedies.

Subscribed and sworn to before me on this 15th Day of May, 2013

Notary Public

(Revised 01/20/2012)

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

LASZLO LERANT
My Commission Expires
March 3, 2016
St. Charles County
Commission #12381059