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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): **May 18, 2016**

LIBERTY BROADBAND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-36713
(Commission
File Number)

47-1211994
(I.R.S. Employer
Identification No.)

12300 Liberty Blvd.
Englewood, Colorado 80112
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(720) 875-5700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01. Completion of Acquisition or Disposition of Assets.

On May 18, 2016, pursuant to the Agreement and Plan of Mergers, dated as of May 23, 2015, by and among Time Warner Cable Inc. ("TWC"), Charter Communications, Inc. ("Legacy Charter"), CCH I, LLC ("New Charter"), then a wholly owned subsidiary of Legacy Charter, Nina Corporation I, Inc. ("Merger Subsidiary One"), Nina Company II, LLC ("Merger Subsidiary Two"), a wholly owned subsidiary of New Charter, and Nina Company III, LLC ("Merger Subsidiary Three"), a wholly owned subsidiary of New Charter, the parties completed a series of transactions pursuant to which, among other things, (i) following the exchange of shares contemplated by the Charter Contribution Agreement (as defined below), Merger Subsidiary One merged with and into TWC, with TWC continuing as the surviving corporation (the "First Company Merger"), (ii) immediately after the First Company Merger, TWC merged with and into Merger Subsidiary Two, with Merger Subsidiary Two continuing as the surviving entity (the "Second Company Merger"), and (iii) immediately after the Second Company Merger, Legacy Charter merged with and into Merger Subsidiary Three, with Merger Subsidiary Three continuing as the surviving entity and a wholly owned subsidiary of New Charter (the "Third Merger" and collectively, the "TWC Transactions"), which resulted in Legacy Charter and TWC becoming wholly owned subsidiaries of New Charter.

Also on May 18, 2016, pursuant to the First Amendment to the Contribution Agreement, dated May 23, 2015, by and among New Charter, Advance/Newhouse Partnership ("A/N"), A/NPC Holdings LLC, and Charter Communications Holdings, LLC ("Charter Holdco"), New Charter completed a previously announced transaction whereby New Charter acquired Bright House Networks, LLC ("Bright House") from A/N (the "Bright House Transactions").

In connection with the TWC Transactions and the Bright House Transactions, Liberty Broadband Corporation ("Liberty Broadband") completed the previously announced transactions described below.

Transactions Completed in connection with the TWC Transactions

Charter Investment Agreement

On May 18, 2016, Liberty Broadband completed its previously announced investment in New Charter in accordance with the Investment Agreement, dated May 23, 2015 (the "Charter Investment Agreement"), by and among Liberty Broadband, New Charter and Legacy Charter. Pursuant to the Charter Investment Agreement, immediately following the consummation of the TWC Transactions, Liberty Broadband purchased from New Charter \$4.3 billion of shares of New Charter Class A common stock, par value \$0.001 per share ("New Charter Shares"), at a price per share of \$195.70 following adjustment by the applicable exchange ratio (the "New Charter Investment"). Liberty Broadband received 21,972,648 New Charter Shares as a result of the New Charter Investment.

Charter Contribution Agreement

Also on May 18, 2016, pursuant to the Contribution Agreement, dated May 23, 2015 (the "Charter Contribution Agreement"), by and among Liberty Broadband, Liberty Interactive Corporation ("LIC"), Legacy Charter, New Charter and Merger Subsidiary One, immediately prior to the effective time of the First Company Merger, Liberty Broadband and LIC exchanged, in a tax-free transaction (the "Exchange"), each share of TWC common stock held by each company for shares of Merger Subsidiary One which, pursuant to the TWC Transactions, resulted in each of Liberty Broadband and LIC receiving one New Charter Share for each share of TWC common stock so exchanged. In the Exchange, Liberty Broadband received 2,364,956 New Charter Shares and LIC received 5,358,401 New Charter Shares.

Pursuant to the Proxy and Right of First Refusal Agreement, dated May 23, 2015, as amended (the “LIC Proxy Agreement”), by and between Liberty Broadband and LIC, LIC granted an irrevocable proxy to vote all New Charter Shares owned beneficially or of record by LIC following the closing of the TWC Transactions, subject to certain limitations. So long as the LIC Proxy Agreement is in effect, Liberty Broadband also has a right of first refusal to purchase all or a portion of any shares of TWC common stock which LIC proposes to transfer, subject to certain limitations.

Investment Agreements with Third Party Investors

Liberty Broadband funded the New Charter Investment, in part, using the proceeds from certain Amended and Restated Investment Agreements (the “Investment Agreements”) entered into with LIC, JANA Nirvana Master Fund, L.P. (“JANA Nirvana Fund”), JANA Master Fund, Ltd. (“JANA Master Fund”), Coatue Offshore Master Fund, Ltd. (“Coatue”), Quantum Partners LP (“Quantum Partners”), Soroban Master Fund LP (“Soroban Master Fund”) and Soroban Opportunities Master Fund LP (“Soroban Opportunities Fund”) (collectively, the “Investors”) and an Amended and Restated Assignment and Assumption of Investment Agreement, dated May 28, 2015, among Liberty Broadband, LIC, Soroban Master Fund and Soroban Opportunities Fund (the “Assignment”), pursuant to which LIC assigned a portion of its original investment to Soroban Master Fund and Soroban Opportunities Fund. Pursuant to the Investment Agreements and the Assignment, on May 18, 2016, the Investors subscribed for 78,250,042 newly issued shares of Liberty Broadband’s Series C common stock, par value \$0.01 per share (“Liberty Series C Shares”), at a price per share of \$56.23 and an aggregate purchase price of \$4.4 billion (the “Liberty Investments”). The issuance of the Liberty Series C Shares to the Investors has not been registered under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and the rules and regulations of the SEC promulgated thereunder.

Transactions Completed in connection with the Bright House Transactions

Second Amended and Restated Stockholders Agreement

On May 18, 2016, pursuant to the Amended and Restated Stockholders Agreement, dated May 23, 2015, as amended (the “Second Amended and Restated Stockholders Agreement”), by and among Liberty Broadband, Legacy Charter, New Charter and A/N, upon the closing of the Bright House Transactions, Liberty Broadband purchased from New Charter an additional 3,658,691 New Charter Shares at a price per share of \$191.33 following adjustment by the applicable exchange ratios, for an aggregate purchase price of \$700 million. The Second Amended and Restated Stockholders Agreement became effective upon the closing of the Bright House Transactions except for certain provisions which became effective upon the execution thereof.

Proxy and Right of First Refusal Agreement

In connection with the Bright House Transaction, on May 18, 2016, Liberty Broadband entered into a Proxy and Right of First Refusal Agreement, dated as of May 18, 2016, with A/N, Legacy Charter and New Charter (the “Proxy Agreement”). Pursuant to the Proxy Agreement, subject to certain exceptions, A/N granted Liberty Broadband a 5-year irrevocable proxy (the “Proxy”) to vote that number of New Charter Shares and shares of Class B common stock of New Charter (the “Class B Common Stock”), in each case, held by A/N (such shares, the “Proxy Shares”), that results in Liberty Broadband having voting power in New Charter equal to 25.01% of the outstanding voting power of New Charter, provided, that the voting power of the Proxy Shares will be capped at 7.0% of the outstanding voting power of New Charter.

So long as the Proxy is in effect, if A/N proposes to transfer common units of Charter Holdco (which units are exchangeable into New Charter Shares and which will, under certain circumstances, result in the conversion of certain shares of Class B Common Stock into New Charter Shares) or New Charter Shares, in each case, constituting either (i) shares representing the first 7.0% of the outstanding voting power of New Charter held by A/N or (ii) shares representing the last 7.0% of the outstanding voting power of New Charter held by A/N, Liberty Broadband will have a right of first refusal (“ROFR”) to purchase all or a portion of any such securities A/N proposes to transfer. The purchase price per share for any securities sold to Liberty Broadband pursuant to the ROFR will be the volume-weighted average price of New Charter Shares for the two trading day period before the notice of a proposed sale by A/N, payable in cash. Certain transfers are permitted to affiliates of A/N, subject to the transferee entity entering into an agreement assuming the transferor’s obligations under the Proxy Agreement.

The ROFR does not apply to transfers by A/N in connection with a change of control of New Charter. Liberty Broadband may not exercise the ROFR to the extent the shares purchased would result in its ownership of securities exceeding the voting or equity limits set forth in the Second Amended and Restated Stockholders Agreement.

The Proxy Agreement will terminate on the first to occur of (i) the fifth anniversary of the closing of the Bright House Transactions, (ii) the occurrence of a 40 Act Event (as defined in the Proxy Agreement), (iii) upon a material breach by Liberty Broadband of any of its agreements contained in the Proxy (subject to certain cure rights), (iv) a Liberty Change of Control (as defined in the Second Amended and Restated Stockholders Agreement), (v) a transfer by Liberty Broadband of New Charter Shares, other than (x) certain permitted transfers (subject to certain requirements), (y) a transfer of New Charter Shares constituting less than 1% of the voting power of New Charter securities (subject to certain cure rights) or (z) a transfer of New Charter Shares following which Liberty Broadband retains no less than a 17.01% equity interest in New Charter, and (vi) the mutual agreement of Liberty Broadband and A/N.

Registration Rights Agreements

In connection with the New Charter Investment, on May 18, 2016, Liberty Broadband, A/N and New Charter entered into a Registration Rights Agreement, dated May 18, 2016 (the “New Charter Registration Rights Agreement”), which provides, among other things, that Liberty Broadband may require that New Charter register for resale the New Charter Shares issued to Liberty Broadband on the date of the New Charter Registration Rights Agreement, in certain circumstances and subject to certain thresholds and exceptions.

In connection with the issuance of the Liberty Series C Shares to the Investors in the Liberty Investments, Liberty Broadband entered into a Registration Rights Agreement, dated May 18, 2016 (the “Registration Rights Agreement”), with Quantum Partners. The Registration Rights Agreement provides that Quantum Partners may require Liberty Broadband to register for resale the Liberty Series C Shares received by Quantum Partners in the Liberty Investments, in certain circumstances and subject to certain thresholds and exceptions.

As a result of the New Charter Investment, the Exchange, Second Amended and Restated Stockholders Agreement and the proxy agreements with LIC and A/N, Liberty Broadband owns 54,072,263 New Charter Shares and is expected to control approximately 25.01% of the aggregate voting power of New Charter immediately following the completion of the TWC Transaction and the Bright House Transaction.

Item 3.02. Unregistered Sales of Equity Securities.

The information regarding the Liberty Investments set forth in Item 2.01 of this Current Report on Form 8-K under “Transactions Completed in connection with the TWC Transactions—Investment Agreements with Third Party Investors” is incorporated herein by reference. The issuance of securities pursuant to the Liberty Investments is intended to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), by virtue of the exemption provided by Section 4(a)(2) of the Securities Act.

Item 8.01. Other Events.

On May 18, 2016, Liberty Broadband issued a press release announcing, among other things, the completion of the New Charter Investment and the Liberty Investments. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference into this Item 8.01.

This press release is being filed herewith as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The financial statements of Charter Communications, Inc. for the three months ended March 31, 2016 are filed hereto as Exhibit 99.2.

The financial statements of Charter Communications, Inc. for the three years ended December 31, 2015, filed with Liberty Broadband’s Annual Report on Form 10-K for the fiscal year ended December 31, 2015 in compliance with Rule 3-05, are hereby incorporated by reference into this Item 9.01.

(b) Pro Forma Financial Information.

4

To be filed by amendment not later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits.

Exhibit No.	Description
10.1	Proxy and Right of First Refusal Agreement, dated as of May 18, 2016, by and among Liberty Broadband Corporation, Advance/Newhouse Partnership, Charter Communications, Inc. and CCH I, LLC.
10.2	Registration Rights Agreement, dated May 18, 2016, by and between Liberty Broadband Corporation and Quantum Partners LP.
99.1	Press Release, dated May 18, 2016.
99.2	Financial Statements of Charter Communications, Inc. as of and for the three months ended March 31, 2016.

5

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 20, 2016

LIBERTY BROADBAND CORPORATION

By: /s/ Wade Haufschild
Name: Wade Haufschild
Title: Vice President

6

EXHIBIT INDEX

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7

PROXY AND RIGHT OF FIRST REFUSAL AGREEMENT

This Proxy and Right of First Refusal Agreement, dated as of May 18, 2016, (this “Agreement”), is by and among Liberty Broadband Corporation, a Delaware corporation (“Liberty”), Advance/Newhouse Partnership, a New York general partnership (“A/N”), and, *for the limited purposes of the proviso to Section 2(e) and Section 7(k)*, Charter (as defined below) and New Charter (as defined below). For purposes of this Agreement, capitalized terms used and not defined herein shall have the respective meanings ascribed to such terms in the Amended and Restated Stockholders Agreement, dated as of May 23, 2015 (the “Stockholders Agreement”), by and among Liberty, A/N, Charter Communications, Inc., a Delaware corporation (“Charter”), and CCH I, LLC, a Delaware limited liability company (“New Charter”), as amended by the letter agreement among Liberty, A/N, Charter and New Charter, dated as of the date hereof, as such Stockholders Agreement is in effect on the date hereof and without giving effect to any amendments or modifications thereto unless it has been amended or modified in accordance with its terms.

WHEREAS, pursuant to the Contribution Agreement, dated March 31, 2015 (as amended) (the “Contribution Agreement”), by and among A/N, A/NPC Holdings LLC, Charter, New Charter and Charter Communications Holdings, LLC (“Charter Holdco”), A/N is contributing (a) all of the issued and outstanding limited liability company membership interests of Bright House Networks, LLC, a Delaware limited liability company, to Charter Holdco in exchange for (i) cash, (ii) preferred units of Charter Holdco (the “Preferred Units”), (iii) common units of Charter Holdco (the “Common Units,” and together with the Preferred Units, the “Holdco Units”) and (b) one share of Class B Common Stock in exchange for the sum of \$1.00;

WHEREAS, as of the date hereof, the Holdco Units are exchangeable into approximately 40,329,334 shares of Class A Common Stock (the number of shares into which the Holdco Units and shares of Class B Common Stock are convertible or exchangeable is hereinafter sometimes referred to as the “A/N Notional Shares”);

WHEREAS, the share of Class B Common Stock issued to A/N will have variable voting rights which will reflect the votes attributable to the A/N Notional Shares as if all Holdco Units and shares of Class B Common Stock had been exchanged into Class A Common Stock immediately prior to any Record Date;

WHEREAS, as a condition to Liberty’s execution of the Stockholders Agreement, A/N has agreed to grant to Liberty a proxy to vote a portion of the votes represented by the Common Shares and a right of first refusal with respect to a Transfer of shares of Class A Common Stock (or shares of Class A Common Stock underlying any Common Units) that A/N proposes to Transfer under certain circumstances, all as provided herein; and

WHEREAS, A/N and Liberty are entering into this Agreement in order to set forth the terms and conditions of the A/N Proxy and the other matters as provided herein.

1

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. CERTAIN DEFINITIONS.

As used in this Agreement, the following terms have the respective meanings set forth below.

“40 Act” means the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder.

“40 Act Event” means any action, event, change in Law, change in composition of assets or other occurrence which in the reasonable opinion of Liberty’s outside counsel results or will result in Liberty becoming required to register as an investment company under the 40 Act; provided, that in making such determination any potential grace period between the date that Liberty determines that it is required to register as an investment company under the 40 Act (or the date the applicable Governmental Entity makes such a determination with respect to Liberty) and the date such registration is required to become effective under the 40 Act shall be disregarded.

“Acquisition Cap” means the greater of (a) 26% and (b) the Voting Cap of Liberty.

“Agreement” has the meaning set forth in the Preamble.

“A/N” has the meaning set forth in the Preamble.

“A/N Notional Shares” has the meaning set forth in the Recitals.

“Beneficial Owner” and “Beneficial Ownership” has the meaning set forth in the Stockholders Agreement; provided, that, for purposes of this Agreement, (i) each holder of Holdco Units will be deemed to Beneficially Own the shares of Class A Common Stock and Class B Common Stock issuable upon the exchange of such Holdco Units (regardless of whether such Holdco Units are then directly or indirectly exchangeable for Class A Common Stock or Class B Common Stock), and (ii) shares of Class A Common Stock issuable upon exercise, conversion or exchange of any Convertible Security (other than Holdco Units and Class B Common Stock) will not be deemed Beneficially Owned by the holder of such Convertible Security until such shares are issued and outstanding following the exercise, conversion or exchange of such Convertible Security. Notwithstanding the foregoing, for purposes of determining the voting power of the Voting Securities of Charter Beneficially Owned (x) by Liberty, the voting power attributable to the Proxy Shares will be excluded from such calculation, and (y) by A/N, the voting power of the Voting Securities Beneficially Owned by it will be determined without duplication as among the different type of securities owned. For the avoidance of doubt, references to the Beneficial Ownership by Liberty or A/N of any securities or control of any voting power will be deemed to refer to the ownership of such securities or control of such voting power by the Liberty Parties collectively or the A/N Parties collectively, as the case may be.

2

“Board” means the Board of Directors of Charter.

“Business Day” means a day, other than a Saturday or Sunday, on which commercial banks in New York City are open for the general transaction of business.

“Certificate” means the Amended and Restated Certificate of Incorporation of Charter, as in effect at the Effective Time (as the same may be amended from time to time).

A “Change of Control” means,

- (i) with respect to Charter, the occurrence of an event described in clause (i) of Company Change of Control; and
- (ii) with respect to Liberty, a Liberty Change of Control.

“Charter” has the meaning set forth in the Preamble, provided that Charter means (a) until immediately prior to the closing of the TWC Transactions, Charter, and (b) from and thereafter, New Charter, unless the context otherwise requires.

“Charter Holdco” has the meaning set forth in the Preamble.

“Class A Common Stock” means the Class A Common Stock, par value \$0.001 per share, of Charter as it will be constituted immediately following the Effective Time, and any capital stock into which such Class A Common Stock may thereafter be changed (whether as a result of a recapitalization, reorganization, merger, consolidation, share exchange or other transaction or event).

“Class B Common Stock” means the Class B Common Stock of Charter as it will be constituted immediately following the Effective Time, and any capital stock into which such Class B Common Stock may thereafter be changed (whether as a result of a recapitalization, reorganization, merger, consolidation, share exchange or other transaction or event, other than any conversion of shares of Class B Common Stock into Class A Common Stock pursuant to the Amended and Restated Certificate).

“Common Shares” means, collectively, the Class A Common Stock and the Class B Common Stock.

“Common Units” has the meaning set forth in the Recitals.

“Contribution Agreement” has the meaning set forth in the Recitals.

“Convertible Securities” means (x) any securities of a Person that are convertible into or exercisable or exchangeable for any shares of any class or series of common stock of such Person or any other Person, whether upon conversion, exercise, or exchange, pursuant to antidilution provisions of such securities or otherwise (other than, for purposes of this Agreement, the Class B Common Stock), and (y) any subscriptions, options, rights, warrants or calls (or any similar securities) or agreements or arrangements of any character, in each case to acquire common stock, preferred stock or other capital stock.

3

“Covered First Securities” means the first Common Units or shares of Class A Common Stock (but not Preferred Units or any Common Units into which the Preferred Units may be converted) proposed to be Transferred by A/N up to and including the number of such shares of Class A Common Stock underlying such Common Units and such shares of Class A Common Stock that constitute 7.0% of the Total Voting Power calculated immediately following the Effective Time; provided, that for the avoidance of doubt, following the Transfer of Class A Common Stock to Liberty or a Prospective Purchaser, such shares of Common Stock so Transferred will cease to be Covered First Securities.

“Covered Last Securities” means those Common Units or shares of Class A Common Stock constituting the last 7% of the Total Voting Power Beneficially Owned by A/N (disregarding for this purpose any Preferred Units or any Common Units into which the Preferred Units may be converted).

“Covered Securities” has the meaning set forth in Section 3(a).

“DGCL” means the General Corporation Law of the State of Delaware.

“Effective Time” means the time of the Closing.

“Equity Security” means any Class A Common Stock or Common Units.

“Excluded Matters” has the meaning set forth in the Stockholders Agreement, provided that any proposed change to the terms of the Class B Common Stock also shall be deemed an Excluded Matter for purposes hereof.

“Expiration Date” has the meaning set forth in Section 6(i).

“Holdco Units” has the meaning set forth in the Recitals.

“Liens” has the meaning set forth in Section 4(a)(ii).

“Liberty Elected Shares” has the meaning set forth in Section 3(b)(ii).

“Liberty Notice” has the meaning set forth in Section 3(b)(ii).

“LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Charter Holdco, by and among New Charter, CCH II, LLC, A/N and Charter Holdco, dated as of the date of hereof, as such agreement is in effect on the date of this Agreement.

“Notice of Foreclosure” has the meaning set forth in the LLC Agreement.

“Permitted Transferee” means any A/N Party (i) to whom Common Shares or Common Units are Transferred and (ii) who executes an A/N Assumption Instrument in connection with such Transfer.

“Preferred Units” has the meaning set forth in the Recitals.

4

“Prospective Purchaser” has the meaning set forth in Section 3(b)(i).

“Proxy” has the meaning set forth in Section 2(a)(ii).

“Proxy Percentage” means, as of any date of determination, the difference, if any, between the Target Percentage and the Voting Interest of Liberty (which, for the avoidance of doubt, shall exclude any Proxy Shares granted pursuant to this Agreement and any shares of Class A Common Stock which Liberty may purchase pursuant to any pending Preemptive Share Purchase); provided, however, that (x) in no event will the Proxy Percentage be greater than 7.0% (and any excess votes reflected by a percentage above 7% shall inure to the A/N Parties, subject to the Voting Cap of A/N) and (y) in the event the Proxy Percentage as calculated would be a negative number, the Proxy Percentage will be deemed to be zero.

“Proxy Shares” means the shares of Class A Common Stock and Class B Common Stock to the extent that Liberty has the right to vote such shares pursuant to this Agreement; provided, that the number of Proxy Shares shall equal the number of shares of Class A Common Stock and Class B Common Stock that would cause the Voting Interest of Liberty to equal the Target Percentage; provided, further, that the maximum number of Proxy Shares shall not exceed the Proxy Percentage.

“Record Date” means the date for the determination of stockholders entitled to receive notice of, and to vote at, any meeting of the stockholders of Charter, or in any other circumstances upon which stockholders are entitled to vote, consent or otherwise grant approval (including by written consent) occurs.

“ROFR” has the meaning set forth in Section 3(a).

“ROFR Notice” has the meaning set forth in Section 3(b)(i).

“Stockholders Agreement” has the meaning set forth in the Preamble.

“Subject Shares” has the meaning set forth in Section 3(b)(i).

“Target Percentage” means 25.01%; provided, that if the number of Common Shares having voting power equal to 25.01% of the Total Voting Power is not a whole number of shares, the number of Common Shares necessary to achieve the Target Percentage will be rounded up to the nearest whole number.

“Trading Day” means any day on which The Nasdaq Stock Market is open for regular trading of the Class A Common Stock.

“Transfer” has the meaning ascribed thereto in the Stockholders Agreement; provided that Transfer as used in this Agreement shall not include a Transfer (or deemed Transfer) effected by an A/N Party in compliance with Section 4.6(c), Section 4.6(d) or Section 4.6(e) of the Stockholders Agreement (it being understood, however, that any sale of Class A Common Stock by a lender following a foreclosure upon any Common Units pledged by any A/N Party in connection with a Stand Alone Margin Loan or an Equity Linked Financing or sales or other dispositions of Class A Common Stock pursuant to any put, call or exchange feature of securities sold pursuant to

5

Section 4.6(e) of the Stockholders Agreement shall be deemed to be a Transfer that is subject to the provisions of Section 3; and provided, further, that if any Permitted Transferee ceases to meet the requirements to be an A/N Party, such Person shall cease to be a Permitted Transferee and the cessation of such qualification shall constitute a Transfer to a Person other than a Permitted Transferee for purposes of Section 3.

“Transferor” has the meaning set forth in Section 3(b).

“VWAP” means, for any Trading Day, a price per share of Class A Common Stock equal to the volume-weighted average price of the Rule 10b-18 eligible trades in the shares of Class A Common Stock for the entirety of such Trading Day as determined by reference to the screen entitled “CHTR <EQUITY> AQR SEC” as reported by Bloomberg L.P. (without regard to pre-open or after hours trading outside of any regular trading session for such Trading Day).

“VWAP Price” has the meaning set forth in Section 3(b)(i).

2. PROXY AND OTHER GOVERNANCE MATTERS.

(a) Irrevocable Proxy Granted to Liberty.

(i) A/N hereby irrevocably constitutes and appoints Liberty and any officer(s) or directors of Liberty designated as proxy or proxies by Liberty as its attorney-in-fact and proxy in accordance with the DGCL (with full power of substitution and re-substitution), for and in the name, place and stead of A/N (which, for the avoidance of doubt, includes any Permitted Transferee), to vote all Proxy Shares (at any meeting of stockholders of Charter however called or at any adjournment or postponement thereof), which will be deemed, for all purposes of this Agreement, to include the right to execute and deliver a written consent in respect of such Proxy Shares from time to time.

(ii) The proxy granted pursuant to clause (i) (the “Proxy”) above is valid and irrevocable and is coupled with an interest for purposes of Section 212 of the DGCL and will terminate automatically pursuant to Section 6. The Proxy will be binding upon A/N, its successors and assigns (including, for the avoidance of doubt, any Permitted Transferee which acquires Beneficial Ownership of Common Shares), including any successor or surviving corporation resulting from any merger, consolidation or other business combination involving A/N. A/N represents that any and all other proxies heretofore given in respect of the Proxy Shares are revocable, and that such other proxies either have been revoked or are hereby revoked.

(iii) Notwithstanding the foregoing, the Proxy shall not apply (and Liberty will have no right to vote the Proxy Shares) in connection with any vote on (or consent to approve) any matter that is an Excluded Matter. For the avoidance of doubt, to the extent that more than one proposal is presented to stockholders of Charter for their consideration at a meeting (or through an action by written consent), Liberty will continue to have the right to vote the Proxy Shares on all proposals other than those relating to the Excluded Matters. Any attempt by Liberty to vote the Proxy Shares on any Excluded Matter shall be *void ab initio*.

6

(b) Notwithstanding anything to the contrary set forth herein, the A/N Proxy is personal to Liberty and may not be assigned by Liberty by operation of law or otherwise; provided, that (i) Liberty may assign the A/N Proxy and its rights pursuant to Section 7(f) and (ii) the exercise of the A/N Proxy by any duly authorized officer of Liberty (on behalf of Liberty) will not be deemed an assignment of the A/N Proxy.

(c) Voting on Certain Matters. Each of Liberty and A/N agrees to vote or act by written consent with respect to all Common Shares with respect to which it has the power to vote (whether by proxy or otherwise) in accordance with Section 3.2(h) of the Stockholders Agreement.

(d) Restrictions on Other Agreements. Liberty and A/N agree to the restrictions set forth in Section 4.2(b), (d), (e) and (g) of the Stockholders Agreement.

(e) A/N Covenant.

(i) During the term of this Agreement, A/N agrees that it will not vote in favor of the approval of any amendment to Charter's Certificate that would (i) reasonably be expected to result in a 40 Act Event occurring or (ii) prevent A/N from performing its obligations hereunder with respect to the A/N Proxy.

(ii) In the event of a change in Law that would reasonably be expected to result in a 40 Act Event occurring during the term of this Agreement, A/N will in good faith consider any amendments to the terms of the A/N Proxy as proposed by Liberty to prevent the occurrence of such 40 Act Event; provided, that any such amendment shall require the prior written consent of Charter pursuant to Section 7(k).

3. RIGHT OF FIRST REFUSAL.

(a) Grant.

(i) Subject to and on the terms and conditions set forth in this Agreement, A/N hereby grants to Liberty a right of first refusal (the "ROFR"), as provided in Section 3(b) of this Agreement, over the Covered First Securities and Covered Last Securities (collectively, the "Covered Securities") and makes the covenants for the benefit of Liberty set forth herein. Notwithstanding the foregoing, (x) Liberty shall not have a ROFR with respect to any Transfer of Covered Securities in any transaction or series of transactions constituting a Change of Control of Charter, and (y) Liberty shall not be entitled to acquire a number of Covered Securities under this Section 3 which when combined with Voting Securities of Charter Beneficially Owned by Liberty would cause Liberty to exceed the Acquisition Cap, provided, that Liberty shall be entitled to purchase up to that number of Covered Securities which would cause Liberty not to exceed the Acquisition Cap. For the avoidance of doubt, the parties agree that the ROFR shall apply only once with respect to any Covered Securities that simultaneously constitute Covered First Securities and Covered Last Securities.

(ii) Notwithstanding the foregoing, A/N may Transfer Equity Securities comprising any Covered Securities at any time during the term of this Agreement to

7

Permitted Transferees, and Permitted Transferees may thereafter Transfer any such Equity Securities to other Permitted Transferees, provided that any Permitted Transferee shall, prior to taking ownership of such Equity Securities, execute and deliver to Liberty the A/N Assumption Agreement, in which such Permitted Transferee agrees to be bound to the terms of this Agreement (including the Proxy) with respect to such Equity Securities. Any purported Transfer to a Permitted Transferee in violation of the foregoing sentence shall be *void ab initio*.

(b) Terms and Procedures. During the term of this Agreement, but subject at all times to the ability to satisfy a put of Common Units from A/N for cash in lieu of exchanging such Common Units for shares of Class A Common Stock pursuant to the LLC Agreement and Exchange Agreement (it being understood that, if and when such cash-out right is exercised in respect of Common Units, Liberty shall be entitled to purchase shares of Class A Common Stock on the terms set forth in Section 4.9 of the Stockholders Agreement), A/N (including any Permitted Transferee) (as applicable, the "Transferor") shall not Transfer any Covered Securities, except to a Permitted Transferee (subject to Section 3(a)(ii)), unless it shall first comply with the following provisions.

(i) If a Transferor determines to Transfer any Equity Securities comprising Covered Securities in a bona fide transaction to a third party purchaser or offeror, in each case, that is not a Permitted Transferee (a "Prospective Purchaser"), the Transferor will provide written notice of such determination to Liberty (a "ROFR Notice"). For the avoidance of doubt, (i) a Transferor may provide a ROFR Notice to Liberty upon its intention to sell Covered Securities to Liberty notwithstanding the absence of a Prospective Purchaser and (ii) a Transferor shall provide a ROFR Notice to Liberty contemporaneously with the delivery of a notice of exchange or a Notice of Foreclosure, as applicable, to Charter. Such ROFR Notice will specify (A) the total number and type of Equity Securities determined to be Transferred, (B) the number of shares of Class A Common Stock or Common Units comprising the Covered Securities determined to be Transferred (the "Subject Shares"), and (C) the simple average of the VWAPs of the Class A Common Stock for each of the two (2) full Trading Days immediately prior to the date of the ROFR Notice (the "VWAP Price"). The ROFR Notice will constitute a binding, irrevocable offer by the Transferor to sell any or all Subject Shares to Liberty at the VWAP Price per Subject Share.

(ii) Within three (3) Trading Days following Liberty's receipt of the ROFR Notice, Liberty may agree, by written notice to the Transferor (the "Liberty Notice"), to acquire the number and type of Subject Shares specified in the Liberty Notice (the "Liberty Elected Shares") at a cash price per share equal to the VWAP Price. If a Liberty Notice meeting the requirements specified above is not delivered within such three Trading Day period, then Liberty will be deemed to have rejected the offer of the Subject Shares. For the avoidance of doubt, during such three Trading Day period, the Transferor may not effect the proposed Transfer to a Prospective Purchaser (unless prior to the expiration thereof, Liberty provides written notice to the Transferor that it is expressly rejecting the offer of the Subject Shares).

(iii) Upon delivery of a Liberty Notice meeting the requirements specified above within the specified period, the Transferor will be obligated to sell, and Liberty will be obligated to buy, all of the Liberty Elected Shares at the VWAP Price, payable in

8

cash by wire transfer of immediately available funds. The closing of such purchase and sale shall occur at such time and place as the parties thereto may agree, but in any event no later than the tenth (10th) Business Day after the Liberty Notice is delivered. At the closing, each of the Transferor and Liberty will represent and warrant to the other that (a) it has all requisite power and authority to consummate the purchase and sale, (b) there are no consents or notices required to be obtained or delivered to third parties or Governmental Entities (including under the HSR Act) in connection with such purchase and sale, and (c) no injunction of any Governmental Entities exists that would prevent or delay such transactions from occurring, and the Transferor will represent and warrant to Liberty that the Transferor is transferring valid title to the Liberty Elected Shares free and clear of any Lien or restriction, other than applicable federal or state securities Laws or those created by this Agreement.

(iv) If Liberty rejects or is deemed to reject the offer of the Subject Shares (or a portion of such Subject Shares) set forth in the ROFR Notice, then the Transferor will be free to Transfer or otherwise sell on the market the Subject Shares which are not Liberty Elected Shares during the period of forty-five (45) calendar days following the date of the rejection or deemed rejection of the ROFR Notice, without restriction as to price or manner of sale. If the Transferor does not complete the sale of such Subject Shares within five (5) Business Days of the expiration of such forty-five-day period, the Transferor must again comply with the terms of this Section 3 with respect to any proposed Transfer of such Subject Shares.

(v) Each Transferor covenants and agrees that, subject to the terms of the LLC Agreement and the Exchange Agreement, prior to any Transfer of Common Units to Liberty pursuant to this Section 3, the Transferor shall cause such Common Units to be exchanged for shares of Class A Common Stock pursuant to the terms of the LLC Agreement and the Exchange Agreement such that Liberty shall receive shares of Class A Common Stock (in lieu of Common Units) at the closing of the transactions contemplated by the applicable ROFR Notice.

4. REPRESENTATIONS AND WARRANTIES OF A/N; ACKNOWLEDGEMENT.

(a) A/N hereby represents and warrants to Liberty that:

(i) *Authority for this Agreement.* A/N is a general partnership duly organized, validly existing and in good standing under the Laws of the State of New York and has all necessary partnership power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by A/N and the consummation by A/N of the transactions contemplated hereby (i) will not violate or constitute a breach of or conflict with its partnership agreement and (ii) have been duly and validly authorized, and no other proceedings on the part of A/N are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by A/N and, assuming it has been duly and validly authorized, executed and delivered by Liberty, constitutes a legal, valid and binding obligation of A/N enforceable against A/N in accordance with its terms, except to the extent that

9

enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to or affecting enforcement of creditors' rights generally, and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

(ii) *Ownership of Shares.* A/N is the Beneficial Owner of all Holdco Units and Common Shares (including the Proxy Shares) received pursuant to the terms of the Contribution Agreement, in each case, free and clear of all pledges, liens, proxies, claims, charges, security interests, preemptive rights, voting trusts, voting agreements, options, rights of first offer or refusal and any other encumbrances whatsoever (collectively, "Liens") with respect to the ownership, transfer or other voting of such securities, other than encumbrances created by this Agreement and any Transaction Agreement and any restrictions on transfer under applicable federal and state securities Laws. A/N has the sole authority to direct the voting of the Common Shares in accordance with the provisions of this Agreement and the sole power of disposition with respect to the Common Shares and Holdco Units, with no restrictions (other than restrictions created by this Agreement or any Transaction Agreement and any restrictions on transfer under applicable federal and state securities Laws). Except for the Common Shares and the Holdco Units, as of the date hereof, A/N does not Beneficially Own nor owns of record (i) any other equity securities of Charter or Charter Holdco or (ii) any securities that are convertible into or exercisable or exchangeable for such equity securities.

5. REPRESENTATIONS AND WARRANTIES OF LIBERTY. Liberty hereby represents and warrants to A/N that Liberty is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Liberty and the consummation by Liberty of the transactions contemplated hereby (i) will not violate or constitute a breach of or conflict with its certificate of incorporation or bylaws and (ii) have been duly and validly authorized by, and no other proceedings on the part of, Liberty are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Liberty and, assuming it has been duly and validly authorized, executed and delivered by A/N, constitutes a legal, valid and binding obligation of Liberty enforceable against Liberty in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to or affecting enforcement of creditors' rights generally, and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

6. TERM; TERMINATION. This Agreement will terminate upon the first to occur of:

(i) the fifth (5th) anniversary of the Effective Date (the "Expiration Date"; provided that such Expiration Date may be extended upon the agreement of A/N and Liberty, to a subsequent agreed upon date, in which case such subsequent date will be deemed the Expiration Date);

(ii) upon written notice by Liberty to A/N, that a 40 Act Event, as determined in the

10

reasonable opinion of Liberty's counsel, has occurred;

(iii) upon written notice by A/N to Liberty, upon a material breach by Liberty of any of its covenants or agreements contained herein, provided that such breach shall not have been cured within ten (10) Business Days after written notice thereof shall have been received by Liberty;

(iv) a Liberty Change of Control;

(v) a Transfer by any Liberty Party of any shares of Class A Common Stock, other than (A) a Permitted Transfer, provided, that in the case of a Transfer pursuant to clause (y) of Section 4.6(b)(ix) of the Stockholders Agreement, the Voting Interest of Liberty (including the Proxy Shares) shall equal no less than the Target Percentage following the completion of such Transfer, or within six (6) months following the completion of such Transfer, Liberty acquires such number of shares of Class A Common Stock as is necessary to cause the Voting Interest of Liberty (including the Proxy Shares) to be no less than the Target Percentage; (B) a Transfer of shares of Class A Common Stock constituting 1% or less of the Total Voting Power, provided, that, (x) Liberty shall have promptly notified A/N in writing of such Transfer, (y) A/N shall promptly have provided Liberty with written notice that this Agreement will terminate unless Liberty cures such breach within forty-five (45) calendar days and (z) within thirty (30) calendar days of receipt of notice from A/N, Liberty shall have (1) acquired such number of shares of Common Stock as is necessary to cause the Voting Interest of Liberty (including the Proxy Shares) to be no less than the Target Percentage and (2) certified in writing to A/N that the Voting Interest of Liberty (including the Proxy Shares) is no less than the Target Percentage; or (C) a Transfer by Liberty of any shares of Class A Common Stock following which Transfer Liberty retains no less than an Equity Interest equal to 17.01% (it being understood and acknowledged by Liberty, for the avoidance of doubt, that nothing in this Section 6(v) shall cause the Proxy Percentage to exceed, or to be required to exceed, 7.0%); or

- (vi) upon the mutual written agreement of A/N and Liberty.

No party hereto will be relieved from any liability for breach of this Agreement by reason of such termination.

7. MISCELLANEOUS.

(a) Remedies. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the Court of Chancery of the State of Delaware or any federal court sitting in the State of Delaware, without bond or other security being required, this being in addition to any other remedy to which they are entitled at law or in equity.

(b) Further Assurances. Each party shall cooperate and take such actions as may be reasonably requested by another party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

11

(c) Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with the transactions contemplated by this Agreement shall be paid by the party incurring such costs and expenses.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware.

(e) Jurisdiction. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in the Court of Chancery of the State of Delaware, or, if the Court of Chancery lacks subject matter jurisdiction, in any federal court sitting in the State of Delaware, and the parties hereto hereby irrevocably submit to the exclusive jurisdiction of such courts (and, in the case of appeals, appropriate appellate courts there from) in any such action or proceeding and irrevocably waive the defense of an inconvenient forum to the maintenance of any such action or proceeding. The consents to jurisdiction set forth in this paragraph shall not constitute general consents to service of process in the State of Delaware and shall have no effect for any purpose except as provided in this paragraph and shall not be deemed to confer rights on any Person other than the parties hereto. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT.

(f) Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned or delegated in whole or in part, by operation of Law, or otherwise, by any of the parties without the prior written consent of the other parties; provided, that Liberty may assign this Agreement to a Qualified Distribution Transferee. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns. Any purported assignment or delegation not permitted under this Section 7(f) shall be null and void and shall not relieve the assigning or delegating party of any obligation hereunder.

(g) Descriptive Headings. Headings of Sections and subsections of this Agreement are for convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

(h) Entire Agreement; No Third-Party Beneficiaries. This Agreement and the Stockholders Agreement constitutes the entire agreement of the parties hereto, and supersedes all other prior agreements and understandings, both written and oral, among the parties, with respect to the subject matter hereof and thereof. Nothing in this Agreement shall be construed as giving any Person, other than the parties hereto and their respective heirs, successors, legal representatives and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof.

(i) Notices. Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given (A) when delivered in person, (B) upon transmission by electronic mail or

12

facsimile transmission as evidenced by confirmation of transmission to the sender (but only if followed by transmittal of a copy thereof by (x) national overnight courier or (y) hand delivery with receipt, in each case, for delivery by the second (2nd) Business Day following such electronic mail or facsimile transmission), (C) on receipt after dispatch by registered or certified mail, postage prepaid and addressed, or (D) on the next Business Day if transmitted by national overnight courier, in each case as set forth to the parties as set forth below:

If to A/N, to:

Advance/Newhouse Partnership
c/o Sabin Bermant & Gould LLP
One World Trade Center, 44th Floor
New York, NY 10007
Attention: Managing Partner
Phone: (212) 381-7013
Facsimile: (212) 381-7232
E-Mail: rhuber@sabinfirm.com

with a copy (which shall not constitute notice) to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Facsimile: (212) 291-9067
Attention: Brian E. Hamilton
Scott B. Crofton
E-Mail: hamiltonb@sullcrom.com

If to Liberty, to:

Liberty Broadband Corporation
12300 Liberty Boulevard
Englewood, CO 80112
Facsimile: (720) 875-5401
Attention: Richard N. Baer
E-Mail: legalnotices@libertymedia.com

with a copy (which shall not constitute notice) to:

Baker Botts L.L.P.
30 Rockefeller Plaza
New York, New York 10112
Facsimile: (212) 259-2500
Attention: Frederick H. McGrath
Renee L. Wilm
E-Mail: frederick.mcgrath@bakerbotts.com
renee.wilm@bakerbotts.com

or such other address, email address or facsimile number as such party may hereafter specify by like notice to the other parties hereto.

(j) Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(k) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers of or consents to departures from the provisions hereof may not be given, unless approved in writing by Liberty and A/N; provided, that any amendment to the terms of the A/N Proxy (other than the extension on the same terms hereof pursuant to Section 6(i) hereof) shall require the prior written consent of Charter following the approval of such amendment by a majority of the Unaffiliated Directors, which consent shall not be unreasonably withheld, conditioned or delayed, except that Charter may withhold such consent pursuant to the fiduciary duties of the Unaffiliated Directors under applicable Law. For the avoidance of doubt, Charter shall have no rights as a party hereto (including any consent right with respect to any amendments to the terms of the ROFR or the execution of any purchases thereunder, subject to the compliance by Liberty and A/N with their respective obligations under the Stockholders Agreement), except those rights expressly set forth in Section 2(e) and this Section 7(k).

(l) No Implied Waivers. No action taken pursuant to this Agreement, including any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained herein or made pursuant hereto. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any preceding or succeeding breach and no failure by any party to exercise any right or privilege hereunder shall be deemed a waiver of such party's rights or privileges hereunder or shall be deemed a waiver of such party's rights to exercise the same at any subsequent time or times hereunder.

(m) Interpretation. When a reference is made in this Agreement to a Section, Exhibit or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. When this Agreement contemplates a certain number of securities, whether Common Shares or otherwise, as of a particular date, such number of securities shall be deemed to be appropriately adjusted to account for stock splits, dividends, recapitalizations, combinations of shares or other change affecting the such securities.

(n) Counterparts. This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

[signature page follows]

IN WITNESS WHEREOF, each of the undersigned has executed this agreement as of the date first above written.

LIBERTY BROADBAND CORPORATION

By: /s/ Craig Troyer
Name: Craig Troyer
Title: Vice President, Deputy General Counsel and Assistant Secretary

ADVANCE/NEWHOUSE PARTNERSHIP

By: /s/ Steven A. Miron
Name: Steven A. Miron
Title: Chief Executive Officer

For the limited purposes of the proviso to Section 2(e) and Section 7(k):

CHARTER COMMUNICATIONS, INC.

By: /s/ Richard R. Dykhouse
Name: Richard R. Dykhouse
Title: Executive Vice President, General Counsel and Corporate Secretary

CCH I, LLC

By: /s/ Richard R. Dykhouse
Name: Richard R. Dykhouse
Title: Executive Vice President, General Counsel and Corporate Secretary

[Signature Page to Proxy and Right of First Refusal Agreement]

REGISTRATION RIGHTS AGREEMENT

by and between

LIBERTY BROADBAND CORPORATION

and

QUANTUM PARTNERS LP

Dated May 18, 2016

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of May 18, 2016, by and between Liberty Broadband Corporation, a Delaware corporation (the "Company"), and Quantum Partners LP, a Cayman Islands exempted limited partnership (the "Purchaser").

RECITALS

WHEREAS, the Company and Purchaser are parties to that certain Amended and Restated Investment Agreement, dated May 29, 2015 (the "Investment Agreement"), pursuant to which the Purchaser has purchased, and the Company has issued and sold to Purchaser, 8,895,050 shares (the "Purchased Shares") of the Company's Series C common stock, par value \$0.01 per share (the "Series C Stock");

WHEREAS, the Company has entered into one or more Other Investment Agreements (as defined in the Investment Agreement) with other equity financing sources (the "Other Investors") pursuant to which the Other Investors have purchased, and the Company has issued and sold to such Other Investors, an aggregate of 69,357,992 shares of Series C Stock;

WHEREAS, as a material condition to Purchaser entering in the Investment Agreement, the Company agreed to enter into a registration rights agreement that provides Purchaser with the registration rights set forth on Schedule 1 to the Investment Agreement, and which includes such other customary terms and conditions that are reasonably acceptable to the Company and Purchaser; and

WHEREAS, this Agreement is the registration rights agreement contemplated by the Investment Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1. Definitions.

As used in this Agreement, the following terms have the meanings ascribed thereto below. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings given such terms in the Investment Agreement.

"Affiliate" of a Person has the meaning set forth in Rule 12b-2 under the Exchange Act. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Agreement" has the meaning set forth in the preamble of this Agreement, as it may be amended, supplemented or restated from time to time.

Form S-3. "ASR Eligible" means the Company meets or is deemed to meet the eligibility requirements to file an ASRS as set forth in General Instruction I.D. to

"Available Remedies" has the meaning set forth in Section 24(b) of this Agreement.

"ASRS" means an "automatic shelf registration statement" as defined in Rule 405 promulgated under the Securities Act.

Stock. "Common Stock" means the Company's Series A Common Stock, par value \$0.01 per share, Series B Common Stock, par value \$0.01 per share, or Series C

"Company" has the meaning set forth in the preamble of this Agreement.

"Company Registration Rights Indemnitee" has the meaning set forth in Section 10(a)(ii) of this Agreement.

"Contested Claim" has the meaning set forth in Section 10(e) of this Agreement.

“controlling person” has the meaning set forth in Section 10(a)(i) of this Agreement.

“Damages” means any and all claims, demands, suits, actions, causes of actions, losses, costs, damages, liabilities, judgments, and out-of-pocket expenses incurred or paid, including reasonable attorneys’ fees, costs of investigation or settlement, other professionals’ and experts’ fees, court or arbitration costs, but specifically excluding consequential damages, lost profits, indirect damages, punitive damages, exemplary damages and any taxes incurred as a result of any recovery received.

“Demand Registration” has the meaning set forth in Section 2(a)(i) of this Agreement.

“Demand Registration Request” has the meaning set forth in Section 2(a)(i) of this Agreement.

“Disclosure Package” means, with respect to any offering of Registrable Securities, (i) the preliminary Prospectus, (ii) each Free Writing Prospectus and (iii) all other information, in each case, that is deemed, under Rule 159 under the Securities Act, to have been conveyed to purchasers of Registrable Securities at the time of sale of such securities.

“Effectiveness Period” has the meaning set forth in Section 5(k) of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“FINRA” means the Financial Industry Regulatory Authority, Inc. or any successor regulatory organization.

“Free Writing Prospectus” means any “free writing prospectus” as defined in Rule 405 under the Securities Act.

“Investment Agreement” has the meaning set forth in the recitals of this Agreement.

“Law” means any applicable law, statute, constitution, principal of common law, ordinance, code, rule, regulation, ruling or other legal requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority.

“Notice of Reg Rights Claim” has the meaning set forth in Section 10(b)(i) of this Agreement.

“Other Investors” has the meaning set forth in the recitals of this Agreement.

“Participating Holder” has the meaning set forth in Section 2(a)(iv) of this Agreement.

“Permitted Transferee” has the meaning set forth in Section 12 of this Agreement.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, business trust, joint stock company, trust, unincorporated organization or other entity or government or agency or political subdivision thereof.

“Primary Registration Statement” has the meaning set forth in Section 2(b)(i) of this Agreement.

“Prospectus” means the prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

“Purchased Shares” has the meaning set forth in the recitals of this Agreement.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Reg Rights Claim” has the meaning set forth in Section 10(b)(i) of this Agreement.

“Reg Rights Indemnified Person” has the meaning set forth in Section 10(b)(i) of this Agreement.

“Reg Rights Indemnifying Person” has the meaning set forth in Section 10(b)(i) of this Agreement.

“Registration Rights Indemnitee” has the meaning set forth in Section 10(a)(i) of this Agreement.

“Registrable Securities” means the Purchased Shares sold and delivered to the Purchaser pursuant to the Investment Agreement (as adjusted for stock splits, combinations, recapitalizations, exchange or readjustment of such shares after the date hereof); *provided* that any such shares will cease to be Registrable Securities when (i) they are sold pursuant to a Registration Statement (including a Primary Registration Statement or a Secondary Registration Statement) or (ii) they have otherwise been sold, transferred or disposed of by Purchaser other than to a Permitted Transferee.

“Registration Expenses” means (i) (whether or not any Registration Statement is declared effective or any of the transactions described herein is consummated) all expenses incurred by the Company in filing a Registration Statement, including, all registration and filing fees, fees and disbursements of counsel for the Company, SEC or FINRA registration and filing fees, all applicable ratings agency fees, expenses of the Company’s independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, fees and expenses of compliance with securities or “blue sky” Laws, listing application fees, printing, transfer agent’s and registrar’s fees, cost of distributing Prospectuses in preliminary and final form as well as any supplements thereto, the Company’s internal expenses, the expense of any annual audit or quarterly review, the expenses and fees for listing the securities to be registered on each securities exchange on which the Company’s Series C Stock is then listed and all other expenses incident to the registration of the Registrable Securities and (ii) the reasonable fees and disbursements of one counsel for Purchaser reasonably acceptable to Company (and the Company acknowledges that Willkie Farr & Gallagher LLP is and will be acceptable to the Company); *provided*, that the Company shall not be responsible for the reasonable fees and disbursements of more than one counsel for both Purchaser and any Other Investors named in any Registration Statement (such counsel to be selected by the Purchaser and such Other Investors and reasonably acceptable to the Company); and *provided further*, that the term “Registration Expenses” does not include, and the Company shall not be responsible for, Selling Expenses.

“Registration Statement” means a registration statement of the Company on an appropriate form under the Securities Act filed with the SEC covering the resale of Registrable Securities, including the Prospectus, amendments and supplements to such Registration Statement, including post-effective amendments, all exhibits and all materials incorporated by reference or deemed to be incorporated by reference in such Registration Statement.

“Related Party” and “Related Parties” have the meanings set forth in Section 24(b) of this Agreement.

“Requesting Stockholders” has the meaning set forth in Section 2(b)(ii) of this Agreement.

“SEC” means the Securities and Exchange Commission or any successor agency administering the Securities Act and the Exchange Act at the time.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Series C Stock” has the meaning set forth in the recitals.

“Selling Expenses” means all underwriter discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities.

“settlement” and “settle” have the meanings set forth in Section 10(c)(iv) of this Agreement.

“Suspension Period” has the meaning set forth in Section 4 of this Agreement.

“Third-Party Reg Rights Claim” an Action brought or threatened (whether orally or in writing) by a third party against any Reg Rights Indemnified Person.

“Underwriter Cutback” has the meaning set forth in Section 2(a)(iv) of this Agreement.

Section 2. Registration Rights.

(a) Demand Registrations.

(i) *Demand Registration Requests*. Subject to the terms and conditions of this Agreement, at any time following the Closing Date, Purchaser may, by providing written notice to the Company (a “Demand Registration Request”), request to sell all or a portion of the Registrable Securities held by Purchaser pursuant to a Registration Statement in the manner specified in such notice, *provided* that the aggregate offering price for such Registrable Securities, as such amount is determined on the cover page of the Registration Statement, shall not be less than \$100,000,000 (a “Demand Registration”). Each Demand Registration Request shall specify the number of Registrable Securities intended to be offered and sold pursuant to the Demand Registration and the intended method of disposition thereof, including whether the registration requested is for an underwritten offering. A Demand Registration shall be effected by way of a Registration Statement on Form S-3 or any similar short-form registration to the extent the Company is permitted to use such form at such time. If the Company is then ASR Eligible, the Company shall use commercially reasonable best efforts to cause the Registration Statement to be an ASRS containing a Prospectus naming Purchaser as a selling shareholder and registering the offering and sale of the Registrable Securities by Purchaser on a delayed or continuous basis pursuant to Rule 415 (a “Resale Shelf Registration Statement”). The Company shall use its commercially reasonable best efforts to cause any Registration Statement filed pursuant to this Section 2(a) to be declared effective by the SEC or otherwise become effective under the Securities Act as promptly as practicable after the filing thereof.

(ii) *Number of Demand Registrations*. Purchaser shall have the right to request a total of two (2) Demand Registrations pursuant to this Section 2(a); *provided*, that the Company shall not be obligated to effect more than one Registration Statement pursuant to this Section 2(a) (which, for the avoidance of doubt, shall not include any registration statement effected in response to any demand by one or more Other

Investors) in any one hundred eighty (180)-day period; *provided, further*, that such obligation shall be deemed satisfied only when a Registration Statement covering all shares of Registrable Securities specified in a Demand Registration Request shall have become effective and (A) if the method of disposition thereof is a firm commitment underwritten public offering, all such shares (less any reduced due to an Underwriter Cutback) shall have been sold pursuant thereto and (B) in any other case, such Registration Statement shall have remained effective for the Effectiveness Period. Purchaser may revoke a request for a Demand Registration prior to the effective date of the corresponding Registration Statement; *provided*, that such request shall count as one of Purchaser’s requests for a Demand Registration unless Purchaser reimburses the Company for all out-of-pocket expenses (including Registration Expenses) incurred by the Company relating to such Registration Statement; *provided, further*, if Purchaser notifies the Company in writing that it revokes its request for a Demand Registration within two (2) Business Days after notice in writing has been received by Purchaser that the number of Registrable Securities it has requested to be included in such Registration Statement is to be reduced pursuant to an Underwriter Cutback, (1) such request shall not count as one of its requests for a Demand Registration and (2) Purchaser will not be obligated to reimburse the Company for any of its out-of-pocket expenses relating to such Registration Statement, including Registration Expenses.

(iii) *Selection of Underwriters*. If a Demand Registration is an underwritten offering, Purchaser shall have the right to select the investment banking firm(s) to act as the managing underwriter(s) in connection with such offering, subject to the approval of the Company (which approval shall not be unreasonably withheld, conditioned or delayed).

(iv) *Inclusion of other Securities; Priority*. The Company shall be entitled to include in any Registration Statement requested pursuant to this Section 2(a) shares of Common Stock to be sold by the Company for its own account. Each Other Investor, subject to the prior consent of Purchaser, shall be permitted to include shares of Series C Stock in any Demand Registration (any such Other Investor, a “Participating Holder”). If a Demand Registration is an underwritten offering, then the Company and each Participating Holder whose shares are included in the Registration Statement must sell such shares in such underwritten offering, and each Participating Holder must agree to sell its shares pursuant to an underwriting agreement on the same terms and conditions as Purchaser. In the event the managing underwriter shall be of the opinion that the number of shares requested to be included in an underwritten offering would adversely affect the marketing of such offering (including the price at which shares may be sold), then the number of shares to be included in such underwritten offering will be reduced (an “Underwriter Cutback”), with the shares to be included in such offering based on the following priority: (i) first, the number of Registrable Securities requested to be included by Purchaser, up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); (ii) second, in addition to shares included pursuant to the preceding clause (i), the number of shares of Common Stock requested to be included by the Company up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); and

(iii) third, in addition to shares included pursuant to the preceding clauses (i) and (ii), the number of shares requested to be included by each Participating Holder, on a pro rata basis (based on the number of shares of Series C Stock owned by each Participating Holder) up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold).

(v) *Resale Shelf Registration Statement.*

(i) The Company hereby represents that, as of the date hereof, it is a Well-Known Seasoned Issuer (have the meaning given thereto pursuant to Rule 405 promulgated under the Securities Act) and eligible to use Form S-3. The Company shall use its commercially reasonable best efforts to continue to be ASR Eligible during the term of this Agreement.

(ii) After the effectiveness of any Resale Shelf Registration Statement, upon the request of a Permitted Transferee, the Company shall promptly update the applicable information in the existing Resale Shelf Registration Statement by post-effective amendment or prospectus supplement thereto in order to permit such Permitted Transferee to sell the Registrable Securities held by such Permitted Transferee thereunder.

(b) Piggyback Registrations.

(i) *Primary Piggyback Registration; Priority.* Subject to the terms and conditions of this Agreement, if the Company at any time following the Closing Date proposes to file a registration statement (a "Primary Registration Statement") for the primary sale of Common Stock under the Securities Act (except with respect to registration statements on Forms S-4, S-8 or another form not available for registering the Registrable Securities for sale to the public), it will give prompt written notice to Purchaser (and the Other Investors) of its intention to do so (such notice to be given not less than ten (10) Business Days prior to the anticipated filing date of the Primary Registration Statement). Upon the written request of Purchaser, received by the Company within five (5) Business Days after the giving of such notice by the Company, to include Registrable Securities in a Primary Registration Statement, the Company will use commercially reasonable best efforts to cause the Registrable Securities as to which inclusion shall have been so requested to be included in the Primary Registration Statement. Purchaser shall be entitled to sell the Registrable Securities included in a Primary Registration Statement in accordance with the method of distribution requested by Purchaser; *provided*, if the Primary Registration Statement relates to an underwritten offering, then (i) the Company shall be entitled to select the underwriters in its sole discretion and (ii) Purchaser must sell all Registrable Securities included on the Primary Registration Statement in such underwritten offering pursuant to an underwriting agreement containing terms and conditions that are customary for secondary offerings. In the case of an underwritten offering, if the managing underwriter shall be of the opinion that an Underwriter Cutback is required, then the shares to be included in such underwritten offering will be based on the following priority: (i) first, the number of

shares of Common Stock the Company seeks to include, up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); (ii) second, in addition to shares included pursuant to the preceding clause (i), the number of Registrable Securities and other shares of Series C Stock requested to be included by Purchaser and any Other Investor, on a pro rata basis (based on the number of shares of Series C Stock owned by the Purchaser and the Other Investor(s) and purchased pursuant to the Investment Agreement and the Other Investment Agreements, respectively), up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); and (iii) third, in addition to shares included pursuant to the preceding clauses (i) and (ii), the number of shares sought to be included by any other Person(s) in the underwritten offering with the permission of the Company, up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold). The Company may withdraw a Primary Registration Statement prior to its being declared effective without incurring any Liability to Purchaser, and shall not be required to keep a Primary Registration Statement effective for longer than the period contemplated by the intended manner of distribution for the shares to be sold by the Company described in the Prospectus included in the Primary Registration Statement.

(ii) *Secondary Piggyback Registration; Priority.* Subject to the terms and conditions of this Agreement, if the Company at any time following the Closing Date proposes to file a registration statement (a "Secondary Registration Statement") for the secondary sale of Common Stock under the Securities Act on behalf of one or more selling stockholders of the Company (the "Requesting Stockholders"), the Company will give prompt written notice to Purchaser of its intention to do so (such notice to be given not less than ten (10) Business Days prior to the anticipated filing date of the Secondary Registration Statement) *provided*, that Purchaser shall not be entitled to include any Registrable Securities on a Secondary Registration Statement to be filed at the request of an Other Investor without the prior written consent of such Other Investor. Upon the written request of Purchaser, received by the Company within five (5) Business Days after the giving of such notice by the Company, to include Registrable Securities in a Secondary Registration Statement, the Company will use commercially reasonable best efforts to cause the Registrable Securities as to which inclusion shall have been so requested to be included in the Secondary Registration Statement. Purchaser shall be entitled to sell the Registrable Securities included in a Secondary Registration Statement in accordance with the method of distribution requested by Purchaser; *provided*, if the Secondary Registration Statement relates to an underwritten offering, then (i) the Requesting Stockholders (or the Company) shall be entitled to select the underwriters and (ii) Purchaser must sell all Registrable Securities included on the Secondary Registration Statement in such underwritten offering pursuant to an underwriting agreement on the same terms and conditions as those applicable to the Requesting Stockholders. In the case of an underwritten offering, if the managing underwriter shall be of the opinion that an Underwriter Cutback is required, then the shares to be included in such underwritten offering will be based on the following priority: (i) first, the number of shares of Common Stock the Requesting Stockholders seek to include, up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the

offering (including the price at which shares may be sold); (ii) second, in addition to shares included pursuant to the preceding clause (i), the number of shares sought to be included by the Company up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); (iii) third, in addition to shares included pursuant to the preceding clauses (i) and (ii), the number of shares requested to be included by Purchaser and any Other Investors (that are not also Requesting Stockholders), on a pro rata basis (based on the number of shares of Series C Stock owned by Purchaser and such Other Investor(s) and purchased pursuant to the Investment Agreement and the Other Investment Agreements, respectively) up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold); and (iv) fourth, in addition to shares included pursuant to the preceding clauses (i), (ii) and (iii), the number of shares sought to be included by any other Persons permitted to participate in the underwritten offering, up to the number that, in the opinion of the managing underwriter, would not adversely affect the marketing of the offering (including the price at which shares may be sold). The Requesting Stockholders or the Company may withdraw a Secondary Registration Statement prior to its being declared effective without incurring any Liability to Purchaser, and the Company shall not be required to keep a Secondary Registration Statement effective for longer than the period contemplated by the intended manner of distribution for the sale of shares by the Requesting Stockholders described in the Prospectus included in the Secondary Registration Statement.

Except as specifically provided herein, all Registration Expenses incurred in connection with the registration of the Registrable Securities shall be borne by the Company, and all Selling Expenses shall be borne by Purchaser.

Section 4. Suspensions.

Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, by providing written notice to Purchaser, to delay the filing or effectiveness of a Registration Statement or require Purchaser to suspend the use of the Prospectus for sales of Registrable Securities under an effective Registration Statement for a reasonable period of time not to exceed one hundred twenty (120) consecutive days or one hundred eighty (180) days in the aggregate in any twelve (12)-month period (a “Suspension Period”), if the Board of Directors of the Company (or the executive committee thereof) determines in good faith that such filing, effectiveness or use would (A) require the public disclosure of material non-public information concerning any transaction or negotiations involving the Company that would interfere with such transaction or negotiations or (B) otherwise interfere with financing plans, acquisition activities or business activities of the Company, *provided*, that, if at the time of receipt of such notice Purchaser shall have sold Registrable Securities (or have signed a firm commitment underwriting agreement with respect to the purchase of such shares) pursuant to an effective Registration Statement and the reason for the Suspension Period is not of a nature that would require a post-effective amendment to the Registration Statement, then the Company shall use its commercially reasonable best efforts to

take such action as to eliminate any restriction imposed by federal securities Laws on the timely delivery of such shares. Immediately upon receipt of such notice, Purchaser shall discontinue the disposition of Registrable Securities under an effective Registration Statement and Prospectus relating thereto until such Suspension Period is terminated. The Company agrees that it will terminate any such Suspension Period as promptly as reasonably practicable and will promptly notify Purchaser of such termination. After the expiration of any Suspension Period in the case of an effective Registration Statement, and without any further request from Purchaser, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Registration Statement or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If a Suspension Period occurs during the Effectiveness Period for a Registration Statement, such Effectiveness Period shall be extended for a number of days equal to the total number of days during which the distribution of Registrable Securities is suspended under this Section 4. If the Company notifies Purchaser of a Suspension Period with respect to a Registration Statement requested pursuant to Section 2(a) that has not yet been filed or declared effective, (A) Purchaser may by notice to the Company withdraw such request without such request counting as a Demand Request and (B) Purchaser will be not obligated to reimburse the Company for any of its out-of-pocket expenses, including Registration Expenses.

Section 5. Procedures for Registration.

If and whenever the Company is required by the provisions of Sections 2(a) or 2(b) to use commercially reasonable best efforts to effect the registration of any Registrable Securities under the Securities Act, the Company will, as expeditiously as possible:

- (a) Prepare and promptly file with the SEC a Registration Statement with respect to such securities and use commercially reasonable best efforts to cause such Registration Statement to become effective as soon as practicable thereafter and remain effective for the period of the distribution contemplated thereby (but in no event longer than the Effectiveness Period) and before filing a Registration Statement or Prospectus or any amendments or supplements thereto, furnish to the Purchaser and the underwriter or underwriters, if any, copies of all such documents proposed to be filed, and Purchaser shall have the opportunity to object to any information pertaining to Purchaser that is contained therein;
- (b) Prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the period specified in paragraph (a) above and comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement in accordance with Purchaser’s intended method of disposition set forth in such Registration Statement for such period;
- (c) Furnish to Purchaser and any underwriters (without charge) such number of copies of the Registration Statement, each amendment and supplement thereto, the Prospectus included therein (including each preliminary prospectus) as such Persons reasonably may request

in order to facilitate the public sale or other disposition of the Registrable Securities covered by such Registration Statement;

- (d) Use commercially reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under the securities or “blue sky” Laws of such jurisdictions as Purchaser or, in the case of an underwritten public offering, the managing underwriter reasonably shall request and do any and all other acts and things which may be reasonably necessary or advisable to enable Purchaser to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller; *provided, however*, that the Company shall not for any such purpose be required to qualify generally to transact business as a foreign corporation in any jurisdiction where it is not so qualified or to consent to general service of process in any such jurisdiction;
- (e) Use commercially reasonable best efforts to list the Registrable Securities covered by such Registration Statement with any securities exchange on which the Series C Stock is then listed or, if such Registrable Securities are not then listed with a securities exchange, on a national securities exchange selected by the Company;
- (f) Provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such Registration Statement;
- (g) Immediately notify Purchaser, at any time when a Prospectus is required to be delivered under the Securities Act, of the occurrence or happening of any event as a result of which the Prospectus contained in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and at the request of Purchaser prepare and furnish to Purchaser a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;
- (h) If the offering is underwritten and at the request of Purchaser, (x) enter into such customary agreements (including underwriting agreements in customary form) and take all such other actions as Purchaser reasonably requests in order to expedite or facilitate the disposition of such Registrable Securities (including making executive officers of the Company available, on reasonable advance notice, to participate in, and cause them to cooperate with the underwriters in connection with, one “road-show” per underwritten offering and underwriter due diligence calls and (y) use commercially reasonable best efforts to furnish on the date that Registrable Securities are delivered to the underwriters for sale: (A) an opinion of counsel to the Company, dated such date, addressed to the underwriters and to Purchaser, covering such matters as are

typically included in an opinion to underwriters for a comparable secondary transaction, including, without limitation, stating that such Registration Statement has become effective under the Securities Act and that (1) to the knowledge of such counsel, no stop order suspending the effectiveness thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Securities Act and (2) the Registration Statement, the related Prospectus and each amendment or supplement thereof comply as to form in all material

respects with the requirements of the Securities Act (except that such counsel need not express any opinion as to financial statements or financial or statistical data contained therein) and (B) a letter dated such date from the independent public accountants retained by the Company (and brought down to the closing under the underwriting agreement), addressed to the underwriters and to Purchaser, stating that they are independent public accountants within the meaning of the Securities Act and the applicable rules and regulations adopted by the SEC thereunder, and otherwise in customary form and covering such financial and accounting matters as are customarily covered by letters of the independent certified public accountants delivered in connection with a comparable secondary transaction, including, without limitation, that, in the opinion of such accountants, the financial statements of the Company included in the Registration Statement or the Prospectus, or any amendment or supplement thereof, comply as to form in all material respects with the applicable accounting requirements of the Securities Act, and such letter shall additionally cover such other financial matters (including information as to the period ending no more than five (5) Business Days prior to the date of such letter) with respect to such registration as such underwriters or Purchaser may reasonably may request;

(i) Use commercially reasonable best efforts to cooperate with Purchaser in the disposition of the Registrable Securities covered by such Registration Statement;

(j) In connection with the preparation and filing of each Registration Statement registering Registrable Securities under the Securities Act, and before filing any such Registration Statement or any other document in connection therewith, give reasonable consideration to the inclusion in such documents of any comments reasonably and timely made by Purchaser or its legal counsel; participate in and make documents available for the reasonable and customary due diligence review of underwriters during normal business hours, on reasonable advance notice and without undue burden or hardship on the Company; *provided* that (A) any party receiving confidential materials shall execute a confidentiality agreement on customary terms if reasonably requested by the Company and (B) the Company may in its sole discretion restrict access to competitively sensitive or legally privileged documents or information;

(k) Cooperate with Purchaser and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(l) Use its commercially reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to use reasonable efforts to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify Purchaser of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose; and

(m) Otherwise use commercially reasonable best efforts to comply with the Securities Act, the Exchange Act and any other applicable rules and regulations of the SEC and reasonably cooperate with Purchaser in the disposition of its Registrable Securities in accordance with the method of distribution described in the Prospectus included in any Registration Statement. Such cooperation shall include the endorsement and transfer of any certificates representing

Registrable Shares (or a book-entry transfer to similar effect) transferred in accordance with this Agreement.

For purposes of Section 5(a), the period of distribution of Registrable Securities in a firm commitment underwritten public offering shall be deemed to extend until each underwriter participating in the offering has completed the distribution of all securities purchased by it, and the period of distribution of Registrable Securities pursuant to a Registration Statement for any other manner of distribution shall be deemed to extend until the earlier of the sale of all Registrable Securities covered thereby and ninety (90) days after the effective date thereof (such period, including any extension pursuant to Section 4 or Section 7 of this Agreement, the “Effectiveness Period”).

Section 6. Earnings Statement.

The Company will use commercially reasonable best efforts to make available to its security holders, as promptly as reasonably practicable, an earnings statement (which need not be audited) covering the period of twelve (12) months commencing upon the first disposition of Registrable Securities pursuant to a Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the SEC promulgated thereunder.

Section 7. Suspension of Sales.

Upon receipt of notice from the Company pursuant to Section 5(g), Purchaser shall immediately discontinue disposition of Registrable Securities pursuant to the applicable Registration Statement and Prospectus relating thereto until Purchaser (i) has received copies of a supplemented or amended Prospectus or prospectus supplement pursuant to Section 5(g) or (ii) is advised in writing by the Company that the use of the Prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Purchaser shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies then in Purchaser’s possession, of the Prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. If the Company shall give such notice with regards to any Registration Statement requested pursuant to Section 2(a), the Effectiveness Period in respect of such Registration Statement shall be extended by the number of days during the period from and including the date such notice is given by the Company to the date when the Company shall have (1) made available to Purchaser a supplemented or amended Prospectus or prospectus supplement pursuant to Section 5(g) or (2) advised Purchaser in writing that the use of the Prospectus and, if applicable, prospectus supplement may be resumed.

Section 8. Free Writing Prospectuses.

Purchaser shall not use any Free Writing Prospectus in connection with the sale of Registrable Securities without the prior written consent of the Company.

Section 9. Information.

It shall be a condition precedent to the Company’s obligation to file a Registration Statement or any prospectus supplement with the SEC that Purchaser shall first furnish to the Company such information regarding Purchaser, the Registrable Securities held by it, the intended method of disposition of such securities and such further

Section 10. Indemnification.

(a) Indemnification Rights.

(i) The Company shall indemnify and hold harmless Purchaser and each Person, if any, that controls Purchaser within the meaning of the Section 15 of the Securities Act (each a “controlling person”) and the respective officers, directors, stockholders, partners, members and Affiliates of Purchaser and each controlling person (each, a “Registration Rights Indemnitee”), to the fullest extent lawful, from and against any and all Damages, directly or indirectly caused by, relating to, arising out of, based upon or in connection with (A) any untrue statement of material fact contained in any Disclosure Package, any Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus, or in any amendment or supplement thereto, or (B) any omission or alleged omission to state in any Disclosure Package, any Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus, or in any amendment or supplement thereto, any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Registration Rights Indemnitee to the extent that any such Damages are directly caused by an untrue statement or omission made in such Disclosure Package, Registration Statement, Prospectus (including any preliminary Prospectus), Free Writing Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by or on behalf of Purchaser and approved expressly for use therein. This indemnity agreement shall be in addition to any Liability which the Company may otherwise have.

(ii) Purchaser agrees to indemnify the Company and its officers and directors and each Person, if any, that controls the Company (each, a “Company Registration Rights Indemnitee”), against any and all Damages directly caused by any untrue statement of material fact contained in any Disclosure Package, any Registration Statement, any Prospectus (including any preliminary Prospectus), any Free Writing Prospectus or any amendments or supplements thereto or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading, in each case, to the extent that such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of Purchaser expressly for use therein.

(iii) If the indemnification provided for in Section 10(a)(i) or (ii) is unavailable to a Registration Rights Indemnitee or a Company Registration Rights Indemnitee, as applicable, with respect to any Damages referred to therein or is unenforceable or insufficient to hold the Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, harmless as contemplated therein, then the Company or Purchaser, as applicable, in lieu of indemnifying such Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, shall contribute to the amount paid or payable by such Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, as a result of such Damages in such proportion as is appropriate to reflect the relative fault of the Registration Rights Indemnitee or the Company Registration Rights Indemnitee, as applicable, on the one hand, and the Company or Purchaser, as applicable, on the other hand, in connection with the statements or omissions which resulted in such Damages as well as any other relevant equitable considerations. The relative fault of the Company or Purchaser, as applicable, on the one hand, and of the Registration Rights Indemnitee or Company Registration Rights Indemnitee, as applicable, on the other hand, shall be determined by reference to, among other factors, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by or on behalf of the Company or by or on behalf of the Purchaser, as applicable, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and Purchaser agree that it would not be just and equitable if contribution pursuant to this Section 10(a)(iii) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 10(a)(iii). No Registration Rights Indemnitee or Company Registration Rights Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company or Purchaser, as applicable, if the Company or Purchaser, as applicable, was not guilty of such fraudulent misrepresentation. Notwithstanding anything herein to the contrary, in no event shall the liability of Purchaser be greater in amount than the amount of net proceeds received by Purchaser upon such sale or the amount for which such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under Section 10(a)(i) or 10(a)(ii) hereof had been available under the circumstances.

(b) Notice of Reg Rights Claim.

(i) As used in this Agreement, the term “Reg Rights Claim” means a claim for indemnification by any Company Registration Rights Indemnitee or any Registration Rights Indemnitee, as the case may be, for Damages under Section 10(a) (such Person making a Reg Rights Claim, “Reg Rights Indemnified Person”). A Company Registration Rights Indemnitee or a Registration Rights Indemnitee shall give notice of a Reg Rights Claim under this Agreement (and in the case of a Registration Rights Indemnitee whether for its own Damages or for Damages incurred by any other Registration Rights Indemnitee) pursuant to a written notice of such Reg Rights Claim executed by the Company or Purchaser, as applicable (a “Notice of Reg Rights Claim”), and delivered to the other of them (such receiving party, the “Reg Rights Indemnifying Person”), within twenty (20) days after such Reg Rights Indemnified Person becomes

aware of the existence of any potential claim by such Reg Rights Indemnified Person for indemnification under Section 10(b), arising out of or resulting from any item indemnified pursuant to the terms of Section 10(a)(i) or Section 10(a)(ii); *provided*, that, the failure to timely give such notice shall not limit or reduce the Reg Rights Indemnified Person’s right to indemnification hereunder unless (and then only to the extent that) the Reg Rights Indemnifying Person’s defense of such Reg Rights Claim is materially and adversely prejudiced thereby.

(ii) Each Notice of Reg Rights Claim shall: (A) state that the Reg Rights Indemnified Person has incurred or paid Damages in an aggregate stated amount (where practicable) arising from such Reg Rights Claim (which amount may be the amount of damages claimed by a third party in an Action brought against any Reg Rights Indemnified Person based on alleged facts, which if true, would give rise to Liability for Damages to such Reg Rights Indemnified Person under Section 10(a)); and (B) contain a brief description, in reasonable detail (to the extent reasonably available to the Reg Rights Indemnified Person), of the facts, circumstances or events giving rise to the alleged Damages based on the Reg Rights Indemnified Person’s good faith belief and knowledge thereof, including the identity and address of any third party claimant (to the extent reasonably available to the Reg Rights Indemnified Person).

(iii) Following delivery of the Notice of Reg Rights Claim (or at the same time if the Reg Rights Indemnified Person so elects) the Reg Rights Indemnified Person shall deliver copies of any demand or complaint, the amount of Damages, the date each such item was incurred or paid, or the basis for such anticipated Liability, and the specific nature of the breach to which such item is related.

(c) Defense of Third Party Reg Rights Claims.

(i) Subject to the provisions hereof, the Reg Rights Indemnifying Person on behalf of the Reg Rights Indemnified Person shall have the right to elect to defend and control the defense of any Third-Party Reg Rights Claim, and, as provided by Section 10(d), the costs and expenses incurred by the Reg Rights Indemnifying Person in connection with such defense (including reasonable attorneys' fees, other professionals' and experts' fees and court or arbitration costs) shall be paid by the Reg Rights Indemnifying Person. The Reg Rights Indemnified Person (unless itself controlling the Third-Party Reg Rights Claim in accordance with this Section 10(c)) may participate, through counsel of its own choice and, except as provided herein, at its own expense, in the defense of any Third Party Reg Rights Claim.

(ii) The Reg Rights Indemnifying Person shall be entitled to assume the control and defense thereof utilizing legal counsel reasonably acceptable to the Reg Rights Indemnified Person; provided, that the Reg Rights Indemnifying Person shall not be entitled to assume control of such defense if (A) the claim for indemnification relates to or arises in connection with any criminal or governmental proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction against the Reg Rights Indemnified Person, to the extent that such defense relates to the claim for such injunction, (C) a conflict of interest between the Reg Rights Indemnifying Person and the

Reg Rights Indemnified Person exists with respect to such claim, in the opinion of counsel to such Reg Rights Indemnifying Person or (D) the Reg Rights Indemnifying Person has elected to have the Reg Rights Indemnified Person defend, or assume the control and defense of, a Third-Party Reg Rights Claim in accordance with this Section 10(c).

(iii) Any party controlling the defense of any Third-Party Reg Rights Claim pursuant hereto shall: (A) conduct the defense of such Third-Party Reg Rights Claim with reasonable diligence and keep the other parties reasonably informed of material developments in the Third-Party Reg Rights Claim at all stages thereof; (B) as promptly as reasonably practicable, submit to the other parties copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received or filed in connection therewith; (C) permit the other parties and their counsel to confer on the conduct of the defense thereof; and (D) permit the other parties and their counsel an opportunity to review all legal papers to be submitted prior to their submission. The Company and Purchaser will render to the other party such assistance as may be reasonably required in order to insure the proper and adequate defense thereof and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the other party in connection therewith; *provided, however*, that notwithstanding anything to the contrary in this Agreement, no party shall be required to disclose any information to the other party or its counsel, accountants or representatives, if doing so would be reasonably expected to violate any Law to which such Person is subject or could jeopardize (in the reasonable discretion of the disclosing party) any attorney-client privilege available with respect to such information.

(iv) If the Reg Rights Indemnifying Person controls the defense of and defends any Third-Party Reg Rights Claim under this Section 10(c), the Reg Rights Indemnifying Person shall have the right to effect a settlement of such Third-Party Reg Rights Claim on the Reg Rights Indemnified Person's behalf without the consent of the Reg Rights Indemnified Person; *provided*, that (A) such settlement does not involve any injunctive relief binding upon the Reg Rights Indemnified Person or any of its Affiliates, and (B) such settlement expressly and unconditionally releases the Reg Rights Indemnified Person and the other applicable Reg Rights Indemnified Persons (that is, each of the Company Registration Rights Indemnitees, if the Reg Rights Indemnified Person is a Company Registration Rights Indemnitee, and each of the Registration Rights Indemnitees, if the Reg Rights Indemnified Person is a Registration Rights Indemnitee) from all Liabilities with respect to such Third-Party Reg Rights Claim, without prejudice. If the Reg Rights Indemnified Person controls the defense of and defends any Third-Party Reg Rights Claim under this Section 10(c), the Reg Rights Indemnified Person shall have the right to effect a settlement of such Third-Party Reg Rights Claim with the consent of the Reg Rights Indemnifying Person (which consent shall not be unreasonably withheld, conditioned or delayed). No settlement by the Reg Rights Indemnified Person of such Third-Party Reg Rights Claim shall limit or reduce the right of any Reg Rights Indemnified Person to indemnity hereunder for all Damages they may incur arising out of or resulting from the Third-Party Reg Rights Claim to the extent indemnified in Section 10(c); *provided*, that such settlement is effected in accordance with this Section 10(c). As

used in this Section 10(c)(iv), the term "settlement" refers to any consensual resolution of the claim in question, including by consent, decree or by permitting any judgment or other resolution of a claim to occur without disputing the same, and the term "settle" has a corresponding meaning.

(d) Resolution of Claims. Each Notice of Reg Rights Claim given by Reg Rights Indemnified Person shall be resolved as follows:

(i) Admitted Claims. If, within twenty (20) Business Days after a Notice of Reg Rights Claim is delivered to the Reg Rights Indemnifying Person, the Reg Rights Indemnifying Person agrees in writing that Liability for such Claim is indemnified under Section 10(a)(i) or Section 10(a)(ii), as applicable, the full amount of the Damages specified in the Notice of Reg Rights Claim is agreed to, and that such Notice of Reg Rights Claim is timely, the Reg Rights Indemnifying Person shall be conclusively deemed to have consented to the recovery by the Reg Rights Indemnified Person of the full amount of Damages specified in the Notice of Reg Rights Claim; *provided, that*, to the extent the full amount of Damages is not known at the time such Notice of Reg Rights Claim is delivered, payment by the Reg Rights Indemnifying Person under this Section 10(d) with respect to any speculative Damages shall not be due until the actual amount of such Damages is known.

(ii) Contested Claims. If the Reg Rights Indemnifying Person does not so agree in writing to such Notice of Reg Rights Claim or gives the Reg Rights Indemnified Person written notice contesting all or any portion of a Notice of Reg Rights Claim (a "Contested Claim") within the twenty (20) Business Day period specified in Section 10(b)(i), then such Contested Claim shall be resolved by a written settlement agreement executed by the Company and Purchaser.

Section 11. Rule 144.

(i) To the extent that Registrable Securities are tradable without restriction pursuant to Rule 144 of the Securities Act, the Company will cause the removal of any restrictive legends from such Registrable Securities.

(ii) With a view to making available to Purchaser the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its commercially reasonable best efforts to: (A) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act or any similar or analogous rule promulgated under the Securities Act, at all times after the Closing Date; (B) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and (C) so long as Purchaser owns any Registrable Securities, furnish to Purchaser forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Purchaser may reasonably request in availing

itself of any rule or regulation of the SEC allowing it to sell any Registrable Securities without registration.

(iii) For the avoidance of doubt, Purchaser may sell Registrable Shares in compliance with Rule 144, regardless of whether a Registration Statement has been filed with the SEC or is effective.

Section 12. Assignment. This Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the parties hereto and their respective successors and permitted assigns. The Company shall not assign this Agreement, nor any right or obligation hereunder, without the prior written consent of Purchaser. Purchaser shall not assign this Agreement, nor any right, benefit, remedy or obligation hereunder, without the prior written consent of the Company, except that Purchaser shall be permitted, without the consent of Company, to assign its rights and obligations hereunder to any Person to which Purchaser sells or otherwise transfers 2,223,013 or more Registrable Securities (each, a “Permitted Transferee”); *provided*, that a Permitted Transferee shall execute and deliver to the Company a counterpart to this Agreement in the form attached hereto as Exhibit A. Upon execution and delivery of such counterpart, the Permitted Transferee shall have the same rights and benefits of, and shall be subject to the same restrictions contained in, this Agreement as those applicable to Purchaser at the time of such execution and delivery. If Purchaser continues to own Registrable Securities following a Permitted Transferee becoming a party to this Agreement, then Purchaser and such Permitted Transferee shall have no greater rights collectively than Purchaser has individually pursuant to this Agreement.

Section 13. Entire Agreement.

This Agreement, together with the Investment Agreement, constitutes the entire agreement between the parties hereto with respect to the registration rights to be provided to Purchaser in accordance with the Investment Agreement and supersedes any prior understandings, agreements or representations by or among the parties hereto, or any of them, written or oral, in each case, with respect to the subject matter hereof.

Section 14. Termination.

This Agreement (other than Section 3, Section 10 and Section 11) will terminate on the date on which all Purchased Shares subject to the Investment Agreement cease to be Registrable Securities.

Section 15. Notices.

Any notices or other communications required or permitted under, or otherwise in connection with this Agreement, shall be in writing and shall be deemed to have been duly given (A) when delivered in person, (B) upon transmission when sent by facsimile transmission with written confirmation of receipt, (C) upon transmission by electronic mail (but only if followed by transmittal of a copy thereof by (x) national overnight courier or (y) hand delivery with receipt, in each case, for delivery by the second (2nd) Business Day following such electronic mail), (D) on receipt after dispatch by registered or certified mail, postage prepaid and addressed, or (E) on the next Business Day if transmitted by national overnight courier, in each case as follows:

If to the Company:

Liberty Broadband Corporation
12300 Liberty Boulevard
Englewood, CO 80112
Attention: Richard N. Baer
Facsimile: (720) 875-5401
E-mail: legalnotices@libertymedia.com

with a copy (which shall not constitute notice) to:

Baker Botts L.L.P.
30 Rockefeller Plaza
New York, NY 10112
Attention: Frederick McGrath
Renee L. Wilm
Facsimile: (212) 259-2500
E-mail: frederick.mcgrath@bakerbotts.com
renee.wilm@bakerbotts.com

If to Purchaser:

Quantum Partners LP
c/o Soros Fund Management LLC
250 West 55th Street
New York, New York 10019
Attention: Jay A. Schoenfarber
Facsimile: 646-731-5584
Email: Jay.Schoenfarber@soros.com

with a copy (which shall not constitute notice) to:

Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019
Attention: Serge Benchetrit, Esq.
Adam M. Turteltaub, Esq.
Facsimile: 212-728-8111
Email: sbenchetrit@willkie.com
aturteltaub@willkie.com

Section 16. Governing Law.

This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Law of any jurisdiction other than the State of Delaware.

Section 17. Jurisdiction and Venue.

The parties hereto hereby irrevocably submit to the jurisdiction of the Delaware Court of Chancery or, in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware, or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, in the United States District Court for the District of Delaware. The parties hereto hereby consent to and grant the Delaware Court of Chancery, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, the United States District Court for the District of Delaware, jurisdiction over the person of such parties and, to the extent permitted by Law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in this Agreement or in such other manner as may be permitted by Law shall be valid and sufficient service thereof. EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS TO TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND ACKNOWLEDGMENTS IN THIS SECTION 17.

Section 18. Counterparts and Signature.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other parties, it being understood that all parties need not sign the same counterpart. This Agreement may be executed and delivered by facsimile or electronic mail transmission.

Section 19. Amendments and Waivers.

- (a) No failure or delay on the part of the Company or Purchaser in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- (b) The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless consented to in writing by the party against whom it shall be enforced.

Section 20. Interpretation.

When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement, unless otherwise indicated. The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa. Any reference to any federal, state, local or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

Section 21. No Third-Party Beneficiaries.

This Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns or to otherwise create any third-party beneficiary hereto; *provided*, each Registration Rights Indemnitee and Company Registration Rights Indemnitee is an express third-party beneficiary of this Agreement with respect to the provisions of Section 10 and is entitled to enforce the provisions thereof.

Section 22. Fees and Expenses.

Subject to Section 3, all fees and expenses incurred in connection with the preparation and negotiation of this Agreement and the consummation of the transactions contemplated by this Agreement shall be paid by the party incurring such expenses.

Section 23. Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially

adverse to any party. Upon such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be completed as originally contemplated to the fullest extent possible.

Section 24. Equitable Remedies; Limited Recourse.

(a) Neither rescission, set-off nor reformation of this Agreement shall be available as a remedy to any of the parties hereto. The parties hereto agree that irreparable damage would occur in the event any of the provisions of this Agreement were not to be performed in accordance with the terms hereof and that the parties shall be entitled, and each party hereby consents, to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms hereof, without bonds or other security being required, in addition to any other remedies at Law or in equity. In the event that a party institutes any suit or action under this Agreement, including for specific performance or injunctive relief pursuant to this Section 24, the prevailing party in such proceeding shall be entitled to receive the costs incurred thereby in conducting the suit or action, including reasonable attorneys' fees and expenses.

(b) Notwithstanding anything that may be expressed or implied in this Agreement or any document or instrument delivered contemporaneously herewith, no person (other than the Company and Purchaser and their permitted assigns (if any), to the extent provided in, and subject to the limitations of, this Agreement) shall have any obligation hereunder and, notwithstanding that the Purchaser or any of its permitted assigns may be a corporation, partnership or limited liability company, no person shall have any rights of recovery against, or recourse hereunder or in respect of any oral representations made or alleged to be made in connection herewith, against, any former, current and future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, financing sources, assignees, successors or predecessors or attorneys or other representatives of Purchaser, or any of its successors or assigns, or any former, current and future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners, financing sources, assignees, successors or predecessors or attorneys or other representatives or successors or assigns of any of the foregoing (each, a "Related Party" and together, the "Related Parties"), in each case, other than, for the avoidance of doubt, solely against Purchaser, to the extent provided in, and subject to the limitations contained in, this Agreement (collectively, the "Available Remedies"), whether by or through attempted piercing of the corporate veil, by or through any claim against any Related Party, by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Related Party for any obligations of the Purchaser under this Agreement or in respect of any oral representations made or alleged to be made in connection herewith or therewith or for any claim (whether at law or equity or in tort, contract or otherwise) based on, in respect of, or by reason of such obligations or their creation (in each case, for the avoidance of doubt, other than in respect of the Available Remedies solely against Purchaser). Under no circumstances shall Purchaser (or any of its Related Parties or assignees) be liable hereunder for any special, incidental, consequential, indirect or punitive damages to any person, including the

Company, the Company's equityholders or any of their respective Affiliates in respect of this Agreement.

Section 25. Subsequent Registration Rights. The Company (a) has not granted to Other Investors and shall not grant any registration rights to Other Investors or third parties which are more favorable than or inconsistent with the rights granted hereunder, or (b) enter into any agreement, take any action, or permit any change to occur, with respect to its securities, that violates or subordinates the rights expressly granted to Purchaser in this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LIBERTY BROADBAND CORPORATION

By: /s/ Craig Troyer
Name: Craig Troyer
Title: Vice President, Deputy General Counsel and Assistant Secretary

QUANTUM PARTNERS LP

By: QP GP LLC, its general partner

By: /s/ Thomas L. O'Grady
Name: Thomas L. O'Grady
Title: Attorney-in-Fact

[Signature Page to Registration Rights Agreement]

EXHIBIT A

Form Of Agreement Counterpart For A Permitted Transferee

Agreement Counterpart for Permitted Transferee (this "Agreement"), dated the date indicated below (the "Effective Date"), between Quantum Partners LP, a Cayman Islands exempted limited partnership ("Purchaser") and the Permitted Transferee named below.

Reference is made to the Registration Rights Agreement (the "Registration Rights Agreement") made and entered into as of May 18, 2016, by and between Liberty Broadband Corporation, a Delaware corporation (the "Company"), and Purchaser. All terms used but not otherwise defined herein have the meanings set forth in the Registration Rights Agreement.

1. Assignment and Assumption. Effective as of the Effective Date, Purchaser hereby assigns, transfers and conveys to Permitted Transferee all rights, benefits, liabilities and obligations applicable to Purchaser under the Registration Rights Agreement as to the number of Registrable Securities indicated beneath the signature of Permitted

Transferee below, and Permitted Transferee hereby accepts and assumes such rights, benefits, liabilities and obligations and agrees to be bound thereby and to perform such obligations as if Permitted Transferee had originally executed and delivered the Registration Rights Agreement.

2. No Greater Rights. If Purchaser is selling or transferring to Permitted Transferee less than all of Purchaser’s Registrable Securities, Permitted Transferee acknowledges and agrees that Purchaser and Permitted Transferee shall have no greater rights collectively than Purchaser had individually pursuant to this Agreement prior to the execution and delivery of this Agreement.

3. Third Party Beneficiary. The Company is an express third party beneficiary of this Agreement.

Dated: _____

QUANTUM PARTNERS LP

By: _____
Name:
Title:

PERMITTED TRANSFeree
Name:
Address:

By: _____
Name:
Title:

Number of
Registrable
Securities: _____

Liberty Broadband Completes \$5 Billion Investment in connection with Charter / Time Warner Cable Merger and Bright House Acquisition and Issuance of \$4.4 Billion of Shares to Liberty Interactive and Other Third Party Investors

ENGLEWOOD, Colo.—Liberty Broadband Corporation (Nasdaq: LBRDA, LBRDK) (“Liberty Broadband”) today completed its \$5 billion investment in the new public parent company (“New Charter”) of the combined legacy Charter Communications, Inc. (“Charter”), Time Warner Cable Inc. (“TWC”) and Bright House Networks. Liberty Broadband funded this investment, in part, with the proceeds from the sale of \$4.4 billion of newly issued shares of Liberty Broadband’s Series C common stock at a fixed price per share of \$56.23 to Liberty Interactive Corporation and other third party investors, all of whom invested on the same terms.

Also pursuant to the previously announced transaction agreements, each of Liberty Broadband and Liberty Interactive has exchanged, on a tax-free basis, its shares of TWC common stock for shares of New Charter Class A common stock on a one-for-one basis, and Liberty Interactive has granted to Liberty Broadband a proxy and a right of first refusal with respect to the shares of New Charter Class A common stock received by Liberty Interactive in the exchange.

Also as previously announced, Advance Newhouse Partnership (“A/N”) and Liberty Broadband have entered into a proxy agreement, pursuant to which A/N granted Liberty Broadband a five-year proxy to vote shares of New Charter stock held by A/N, capped at 7% of New Charter’s outstanding voting power.

Also a result of the foregoing, Liberty Broadband owns 54,072,263 shares of New Charter Class A common stock, is expected to control approximately 25.01% of the aggregate voting power of New Charter immediately following the completion of today’s transactions, and has approximately 181.6 million shares of common stock outstanding.

Forward-Looking Statements

This press release includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about the voting power in New Charter expected to be held by Liberty Broadband and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These forward looking statements speak only as of the date of this press release, and Liberty Broadband expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Broadband’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Broadband, including the most recent Forms 10-K and 10-Q, for additional information about Liberty Broadband and about the risks and uncertainties related to Liberty Broadband’s business which may affect the statements made in this press release.

About Liberty Broadband Corporation

Liberty Broadband Corporation (Nasdaq: LBRDA, LBRDK) is comprised of, among other things, its interest in New Charter and its subsidiary, TruePosition.

Liberty Broadband Corporation
Courtnee Chun, 720-875-5420

Source: Liberty Broadband Corporation

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

	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,278	\$ 5
Accounts receivable, less allowance for doubtful accounts of \$17 and \$21, respectively	253	279
Prepaid expenses and other current assets	81	61
Total current assets	<u>1,612</u>	<u>345</u>
RESTRICTED CASH AND CASH EQUIVALENTS	<u>22,313</u>	<u>22,264</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$6,928 and \$6,518, respectively	8,294	8,345
Franchises	6,006	6,006
Customer relationships, net	800	856
Goodwill	1,168	1,168
Total investment in cable properties, net	<u>16,268</u>	<u>16,375</u>
OTHER NONCURRENT ASSETS	<u>331</u>	<u>332</u>
Total assets	<u>\$ 40,524</u>	<u>\$ 39,316</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,925	\$ 1,972
Total current liabilities	<u>1,925</u>	<u>1,972</u>
LONG-TERM DEBT	<u>37,124</u>	<u>35,723</u>
DEFERRED INCOME TAXES	<u>1,618</u>	<u>1,590</u>
OTHER LONG-TERM LIABILITIES	<u>76</u>	<u>77</u>
SHAREHOLDERS' DEFICIT:		
Class A common stock; \$.001 par value; 900 million shares authorized; 112,581,405 and 112,438,828 shares issued, respectively	—	—
Class B common stock; \$.001 par value; 25 million shares authorized; no shares issued and outstanding	—	—
Preferred stock; \$.001 par value; 250 million shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	2,057	2,028
Accumulated deficit	(2,249)	(2,061)
Treasury stock at cost; 113,309 and no shares, respectively	(16)	—
Accumulated other comprehensive loss	(11)	(13)
Total shareholders' deficit	<u>(219)</u>	<u>(46)</u>
Total liabilities and shareholders' deficit	<u>\$ 40,524</u>	<u>\$ 39,316</u>

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in millions, except per share and share data)
Unaudited

	Three Months Ended March 31, 2016	2015
REVENUES	<u>\$ 2,530</u>	<u>\$ 2,362</u>
COSTS AND EXPENSES:		
Operating costs and expenses (exclusive of items shown separately below)	1,671	1,581
Depreciation and amortization	539	514
Other operating expenses, net	18	18
	<u>2,228</u>	<u>2,113</u>
Income from operations	<u>302</u>	<u>249</u>
OTHER EXPENSES:		
Interest expense, net	(454)	(289)
Loss on derivative instruments, net	(5)	(6)
Other expense, net	(3)	—

	(462)	(295)
Loss before income taxes	(160)	(46)
Income tax expense	(28)	(35)
Net loss	<u>\$ (188)</u>	<u>\$ (81)</u>
LOSS PER COMMON SHARE, BASIC AND DILUTED:	<u>\$ (1.68)</u>	<u>\$ (0.73)</u>
Weighted average common shares outstanding, basic and diluted	<u>112,311,539</u>	<u>111,655,617</u>

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(dollars in millions)
Unaudited

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
Net loss	\$ (188)	\$ (81)
Net impact of interest rate derivative instruments, net of tax	<u>2</u>	<u>3</u>
Comprehensive loss	<u>\$ (186)</u>	<u>\$ (78)</u>

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

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

	<u>Three Months Ended March 31,</u>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (188)	\$ (81)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	539	514
Noncash interest expense	7	8
Loss on derivative instruments, net	5	6
Deferred income taxes	28	34
Other, net	27	22
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable	24	21
Prepaid expenses and other assets	(21)	(26)
Accounts payable, accrued liabilities and other	3	30
Net cash flows from operating activities	<u>424</u>	<u>528</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(429)	(351)
Change in accrued expenses related to capital expenditures	(56)	(76)
Change in restricted cash and cash equivalents	(49)	(1)
Other, net	(2)	(13)
Net cash flows from investing activities	<u>(536)</u>	<u>(441)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	2,139	332
Repayments of long-term debt	(727)	(392)
Payments for debt issuance costs	(17)	—
Purchase of treasury stock	(16)	(16)
Proceeds from exercise of options	5	6
Other, net	1	—
Net cash flows from financing activities	<u>1,385</u>	<u>(70)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,273	17
CASH AND CASH EQUIVALENTS, beginning of period	5	3
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,278</u>	<u>\$ 20</u>
CASH PAID FOR INTEREST, NET	<u>\$ 448</u>	<u>\$ 255</u>

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

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

1. Organization and Basis of Presentation

Organization

Charter Communications, Inc. ("Charter") is a holding company whose principal asset is a 100% common equity interest in Charter Communications Holding Company, LLC ("Charter Holdco"). Charter owns cable systems through its subsidiaries, which are collectively, with Charter, referred to herein as the "Company." All significant intercompany accounts and transactions among consolidated entities have been eliminated.

The Company is a cable operator providing services in the United States. The Company offers to residential and commercial customers traditional cable video programming, Internet services, and voice services, as well as advanced video services such as video on demand, high definition television, and digital video recorder ("DVR") service. The Company sells its cable video programming, Internet, voice, and advanced video services primarily on a subscription basis. The Company also sells local advertising on cable networks and provides fiber connectivity to cellular towers and office buildings.

Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures typically included in Charter's Annual Report on Form 10-K have been condensed or omitted for this quarterly report. The accompanying condensed consolidated financial statements are unaudited and are subject to review by regulatory authorities. However, in the opinion of management, such financial statements include all adjustments, which consist of only normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. Interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include capitalization of labor and overhead costs; depreciation and amortization costs; valuations and impairments of property, plant and equipment, intangibles and goodwill; income taxes; contingencies and programming expense. Actual results could differ from those estimates.

2. Mergers and Acquisitions

TWC Transaction

On May 23, 2015, the Company entered into an Agreement and Plan of Mergers (the "Merger Agreement") with Time Warner Cable Inc. ("TWC"), CCH I, LLC ("New Charter"), a wholly owned subsidiary of the Company; Nina Corporation I, Inc., Nina Company II, LLC, a wholly owned subsidiary of New Charter; and Nina Company III, LLC, a wholly owned subsidiary of New Charter, pursuant to which the parties will engage in a series of transactions that will result in Charter and TWC becoming wholly owned subsidiaries of New Charter (the "TWC Transaction"), on the terms and subject to the conditions set forth in the Merger Agreement. After giving effect to the TWC Transaction, New Charter will be the new public company parent that will hold the operations of the combined companies. Upon consummation of the TWC Transaction, each outstanding share of TWC common stock (other than TWC stock held by Liberty Broadband Corporation ("Liberty Broadband") and Liberty Interactive Corporation (collectively, the "Liberty Parties")), will be converted into the right to receive \$100 in cash and shares of New Charter Class A common stock ("New Charter common stock") equivalent to 0.5409 shares of Charter Class A common stock.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

Each stockholder of TWC will also have the option to elect to receive for each outstanding share of TWC common stock (other than TWC stock held by the Liberty Parties) \$115 in cash and shares of New Charter common stock equivalent to 0.4562 shares of Charter common stock. Upon consummation of the TWC Transaction, each share of TWC common stock held by the Liberty Parties will be converted into New Charter common stock. The total enterprise value of TWC based on the current estimated value of purchase price consideration is approximately \$82 billion, including cash, equity and TWC debt to be assumed. The value of the consideration will fluctuate based on the number of shares outstanding and the market value of Charter's Class A common stock on the acquisition date, among other factors. In certain circumstances a termination fee may be payable by Charter upon termination of the TWC Transaction as more fully described in the Merger Agreement.

Bright House Transaction

On March 31, 2015, the Company entered into a definitive Contribution Agreement (the "Contribution Agreement"), which was amended on May 23, 2015 in connection with the execution of the Merger Agreement, with Advance/Newhouse Partnership ("A/N"), A/NPC Holdings LLC, New Charter and Charter Communications Holdings, LLC ("Charter Holdings"), the Company's wholly owned subsidiary, pursuant to which Charter would become the owner of the membership interests in Bright House Networks, LLC ("Bright House") and any other assets (other than certain excluded assets and liabilities and non-operating cash) primarily related to Bright House (the "Bright House Transaction"). At closing, Charter Holdings will pay to A/N approximately \$2 billion in cash and issue to A/N convertible preferred units of Charter Holdings with a face amount of \$2.5 billion which will pay a 6% coupon, and approximately 34.3 million common units of Charter Holdings that are exchangeable into New Charter common stock on a one-for-one basis with a current value of approximately \$7 billion.

Liberty Transaction and Debt Financing for the TWC Transaction and Bright House Transaction

Assuming that all TWC stockholders (excluding the Liberty Parties) elect the \$100 per share cash option, the cash portion of the consideration for the TWC Transaction is expected to be approximately \$28 billion and the cash portion of the Bright House Transaction is approximately \$2 billion. In connection with the TWC Transaction, Charter and Liberty Broadband entered into an investment agreement, pursuant to which Liberty Broadband agreed to invest \$4.3 billion in New Charter at the closing of the TWC transactions to partially finance the cash portion of the TWC Transaction consideration. In connection with the Bright House Transaction, Liberty Broadband agreed to purchase at the closing of the Bright House Transaction \$700 million of New Charter Class A common stock (or, if the TWC Transaction is not consummated prior to the completion of the Bright House Transaction, Charter Class A common stock).

Charter expects to finance the remaining cash portion of the purchase price of the TWC Transaction and Bright House Transaction with additional indebtedness and cash on the companies' balance sheets. In 2015, the Company issued \$15.5 billion CCO Safari II, LLC ("CCO Safari II") senior secured notes, \$3.8 billion CCO Safari III, LLC ("CCO Safari III") senior secured bank loans and \$2.5 billion CCOH Safari, LLC ("CCOH Safari") senior unsecured notes. Charter has remaining commitments of approximately \$2.7 billion from banks to provide incremental senior secured term loan facilities and senior unsecured notes, as well as an incremental \$1.7 billion revolving facility. In addition, the bank commitments provide for a \$4.3 billion bridge facility if all TWC stockholders (other than the Liberty Parties) elect the \$115 per share cash option, in the event Charter is unable to issue senior unsecured notes in advance of the closing of the TWC Transaction.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

3. Franchises, Goodwill and Other Intangible Assets

As of March 31, 2016 and December 31, 2015, indefinite lived and finite-lived intangible assets are presented in the following table:

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises	\$ 6,006	\$ —	\$ 6,006	\$ 6,006	\$ —	\$ 6,006
Goodwill	1,168	—	1,168	1,168	—	1,168
Trademarks	159	—	159	159	—	159
Other intangible assets	4	—	4	4	—	4
	<u>\$ 7,337</u>	<u>\$ —</u>	<u>\$ 7,337</u>	<u>\$ 7,337</u>	<u>\$ —</u>	<u>\$ 7,337</u>
Finite-lived intangible assets:						
Customer relationships	\$ 2,616	\$ 1,816	\$ 800	\$ 2,616	\$ 1,760	\$ 856
Other intangible assets	176	86	90	173	82	91
	<u>\$ 2,792</u>	<u>\$ 1,902</u>	<u>\$ 890</u>	<u>\$ 2,789</u>	<u>\$ 1,842</u>	<u>\$ 947</u>

Amortization expense related to customer relationships and other intangible assets for the three months ended March 31, 2016 and 2015 was \$60 million and \$69 million, respectively.

The Company expects amortization expense on its finite-lived intangible assets will be as follows:

Nine months ended December 31, 2016	\$ 177
2017	204
2018	169
2019	134
2020	96
Thereafter	110
	<u>\$ 890</u>

Actual amortization expense in future periods will differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives, impairments and other relevant factors.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016	December 31, 2015
Accounts payable – trade	\$ 140	\$ 134
Accrued capital expenditures	240	296
Deferred revenue	100	96
Accrued liabilities:		
Interest	443	445
Programming costs	468	451
Franchise related fees	57	65
Compensation	174	186
Other	303	299

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

5. Long-Term Debt

Long-term debt consists of the following as of March 31, 2016 and December 31, 2015:

	March 31, 2016		December 31, 2015	
	Principal Amount	Accreted Value	Principal Amount	Accreted Value
CCOH Safari, LLC				
5.750% senior notes due February 15, 2026	\$ 2,500	\$ 2,499	\$ 2,500	\$ 2,499
CCO Safari II, LLC				
3.579% senior notes due July 23, 2020	2,000	1,999	2,000	1,999
4.464% senior notes due July 23, 2022	3,000	2,998	3,000	2,998
4.908% senior notes due July 23, 2025	4,500	4,497	4,500	4,497
6.384% senior notes due October 23, 2035	2,000	1,999	2,000	1,999
6.484% senior notes due October 23, 2045	3,500	3,498	3,500	3,498
6.834% senior notes due October 23, 2055	500	500	500	500
CCO Safari III, LLC				
Credit facilities	3,800	3,788	3,800	3,788
CCO Holdings, LLC:				
7.000% senior notes due January 15, 2019	600	594	600	594
7.375% senior notes due June 1, 2020	750	744	750	744
5.250% senior notes due March 15, 2021	500	496	500	496
6.500% senior notes due April 30, 2021	1,500	1,488	1,500	1,487
6.625% senior notes due January 31, 2022	750	740	750	740
5.250% senior notes due September 30, 2022	1,250	1,230	1,250	1,229
5.125% senior notes due February 15, 2023	1,000	991	1,000	990
5.125% senior notes due May 1, 2023	1,150	1,141	1,150	1,140
5.750% senior notes due September 1, 2023	500	495	500	495
5.750% senior notes due January 15, 2024	1,000	990	1,000	990
5.875% senior notes due April 1, 2024	1,700	1,683	—	—
5.375% senior notes due May 1, 2025	750	744	750	744
5.875% senior notes due May 1, 2027	800	794	800	794
Charter Communications Operating, LLC:				
Credit facilities	3,263	3,216	3,552	3,502
Long-Term Debt	\$ 37,313	\$ 37,124	\$ 35,902	\$ 35,723

The accreted values presented above represent the principal amount of the debt less the original issue discount at the time of sale and deferred financing costs, plus the accretion of both amounts to the balance sheet date. However, the amount that is currently payable if the debt becomes immediately due is equal to the principal amount of the debt. The Company has availability under its credit facilities of approximately \$1.2 billion as of March 31, 2016 and as such, debt maturing in the next twelve months is classified as long-term.

In February 2016, CCO Holdings, LLC (“CCO Holdings”) and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.7 billion aggregate principal amount of 5.875% senior notes due 2024 (the “2024 Notes”). The net proceeds, along with the net proceeds from the issuance of the 2026 Notes (see Note 17), will be used to (i) repurchase CCO Holdings’ 7.000% senior notes due 2019 and 7.375% senior notes due 2020 and pay related fees and expenses and (ii) will be used to

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

repurchase or redeem all or a portion of CCO Holdings’ 6.500% senior notes due 2021 and (iii) for general corporate purposes. Any redemption or repurchase of the 6.500% senior notes due 2021 will not take place until after the Company determines the amount, if any, of the incremental cash proceeds to TWC stockholders if they were to elect \$115 per share in cash rather than \$100 per share. See Note 2.

The payment obligations under the 2024 Notes are guaranteed on a senior unsecured basis by Charter, which guarantee will be released upon completion of the TWC Transaction. They are senior debt obligations of CCO Holdings and CCO Holdings Capital Corp. and rank equally with all other current and future unsecured, unsubordinated obligations of CCO Holdings and CCO Holdings Capital Corp. The 2024 Notes are structurally subordinated to all obligations of subsidiaries of CCO Holdings, including the Charter Communications Operating, LLC (“Charter Operating”) credit facilities.

CCO Holdings may redeem some or all of the 2024 Notes at any time at a premium. The optional redemption price declines to 100% of the respective series’ principal amount, plus accrued and unpaid interest, if any, on or after varying dates in 2019 through 2022.

In addition, at any time prior to April 1, 2019, CCO Holdings may redeem up to 40% of the aggregate principal amount of the 2024 Notes at a premium plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more equity offerings (as defined in the indenture); provided that certain conditions are met. In the

event of specified change of control events, CCO Holdings must offer to purchase the outstanding CCO Holdings notes from the holders at a purchase price equal to 101% of the total principal amount of the notes, plus any accrued and unpaid interest.

6. Common Stock

During the three months ended March 31, 2016 and 2015, the Company withheld 94,392 and 76,670 shares, respectively, of its common stock in payment of \$16 million and \$16 million, respectively, income tax withholding owed by employees upon vesting of restricted shares and restricted stock units. As of March 31, 2016, the Company also withheld 18,917 shares of common stock representing the exercise costs owed by employees upon exercise of stock options.

In December 2015, Charter's board of directors approved the retirement of the then currently held treasury stock and those shares were retired as of December 31, 2015. The Company accounts for treasury stock using the cost method and includes treasury stock as a component of total shareholders' deficit.

7. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate derivative instruments to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. The Company manages its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt. Using interest rate derivative instruments, the Company agrees to exchange, at specified intervals through 2017, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts. The Company does not hold or issue derivative instruments for speculative trading purposes.

9

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

The effect of interest rate derivatives on the Company's condensed consolidated balance sheets is presented in the table below:

	March 31, 2016	December 31, 2015
Accrued interest	\$ 2	\$ 3
Other long-term liabilities	\$ 14	\$ 10
Accumulated other comprehensive loss	\$ (11)	\$ (13)

The Company holds interest rate derivative instruments not designated as hedges which are marked to fair value, with the impact recorded as a gain or loss on derivative instruments, net in the Company's condensed consolidated statements of operations. While these interest rate derivative instruments are not designated as cash flow hedges for accounting purposes, management continues to believe such instruments are closely correlated with the respective debt, thus managing associated risk. These interest rate derivative instruments were de-designated in 2013 and the balance that remains in accumulated other comprehensive loss for these interest rate derivative instruments is being amortized over the respective lives of the contracts and recorded as a loss within loss on derivative instruments, net in the Company's condensed consolidated statements of operations. The estimated net amount of existing losses that are reported in accumulated other comprehensive loss as of March 31, 2016 that is expected to be reclassified into earnings within the next twelve months is approximately \$7 million.

The effects of interest rate derivative instruments on the Company's condensed consolidated statements of operations is presented in the table below.

	Three Months Ended March 31, 2016	2015
Loss on derivative instruments, net:		
Change in fair value of interest rate derivative instruments not designated as cash flow hedges	\$ (3)	\$ (3)
Loss reclassified from accumulated other comprehensive loss into earnings as a result of cash flow hedge discontinuance	(2)	(3)
	\$ (5)	\$ (6)

As of March 31, 2016 and December 31, 2015, the Company had \$1.1 billion in notional amounts of interest rate derivative instruments outstanding. In December 2016, \$250 million of currently effective swaps expire and therefore the notional amount of currently effective interest rate swaps will decrease. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged were determined by reference to the notional amount and the other terms of the contracts.

8. Fair Value Measurements

The accounting 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 or liability, either directly or indirectly, for substantially the full term of the financial instrument.

10

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial Assets and Liabilities

The Company has estimated the fair value of its financial instruments as of March 31, 2016 and December 31, 2015 using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented in the accompanying condensed consolidated financial statements are not necessarily indicative of the amounts the Company would realize in a current market exchange.

The carrying amounts of cash and cash equivalents, receivables, payables and other current assets and liabilities approximate fair value because of the short maturity of those instruments.

The Company's restricted cash and cash equivalents are primarily invested in money market funds and 90-day or less commercial paper. The money market funds are valued at the closing price reported by the fund sponsor from an actively traded exchange and commercial paper is valued at cost plus the accretion of the discount on a yield to maturity basis, which approximates fair value. The money market funds and commercial paper potentially subject us to concentration of credit risk. The amount invested within any one financial instrument did not exceed \$1.5 billion during each of the three months ended March 31, 2016 and year ended December 31, 2015. As of March 31, 2016 and December 31, 2015, there were no significant concentrations of financial instruments in a single investee, industry or geographic location. The Company received approximately \$22 million of cash interest from these financial instruments during the three months ended March 31, 2016.

The interest rate derivative instruments are valued using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating's or counterparties' credit risk). The weighted average pay rate for the Company's currently effective interest rate derivative instruments was 1.61% at March 31, 2016 and December 31, 2015 (exclusive of applicable spreads).

The Company's financial instruments that are accounted for at fair value on a recurring basis are presented in the table below.

	March 31, 2016			December 31, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Money market funds	\$ 15,829	\$ —	\$ —	\$ 14,330	\$ —	\$ —
Commercial paper	\$ —	\$ 6,484	\$ —	\$ —	\$ 7,934	\$ —
Liabilities						
Interest rate derivatives	\$ —	\$ 16	\$ —	\$ —	\$ 13	\$ —

11

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(dollars in millions, except per share amounts and where indicated)

A summary of the carrying value and fair value of the Company's debt at March 31, 2016 and December 31, 2015 is as follows:

	March 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt				
Senior notes	\$ 30,120	\$ 31,678	\$ 28,433	\$ 28,744
Credit facilities	\$ 7,004	\$ 7,037	\$ 7,290	\$ 7,274

The estimated fair value of the Company's senior notes at March 31, 2016 and December 31, 2015 is based on quoted market prices in active markets and is classified within Level 1 of the valuation hierarchy, while the estimated fair value of the Company's credit facilities is based on quoted market prices in inactive markets and is classified within Level 2.

Nonfinancial Assets and Liabilities

The Company's nonfinancial assets such as franchises, property, plant, and equipment, and other intangible assets are not measured at fair value on a recurring basis; however they are subject to fair value adjustments in certain circumstances, such as when there is evidence that an impairment may exist. No impairments were recorded during the three months ended March 31, 2016 and 2015.

9. Operating Costs and Expenses

Operating costs and expenses, exclusive of items shown separately in the condensed consolidated statements of operations, consist of the following for the periods presented:

	Three Months Ended March 31,	
	2016	2015
Programming	\$ 703	\$ 666
Franchise, regulatory and connectivity	112	107
Costs to service customers	421	423
Marketing	162	151
Transition costs	21	21
Other	252	213
	<u>\$ 1,671</u>	<u>\$ 1,581</u>

Programming costs consist primarily of costs paid to programmers for basic, premium, digital, video on demand, and pay-per-view programming. Franchise, regulatory and connectivity costs represent payments to franchise and regulatory authorities and costs directly related to providing video, Internet and voice services. Costs to service customers include costs related to field operations, network operations and customer care for the Company's residential and small and medium business customers including internal and third party labor for installations, service and repairs, maintenance, billing and collection, occupancy and vehicle costs. Marketing costs represents the costs of marketing to our current and potential commercial and residential customers including labor costs. Transition costs represent incremental costs incurred to increase the scale of the Company's business as a result of the TWC Transaction and Bright House Transaction. See Note 2 for additional information. Other includes bad debt expense, corporate

overhead, advertising sales expenses, costs associated with the Company's enterprise business customers, property tax and insurance and stock compensation expense, among others.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

10. Other Operating Expenses, Net

Other operating expenses, net consist of the following for the periods presented:

	Three Months Ended March 31,	
	2016	2015
Merger and acquisition costs	\$ 14	\$ 13
Special charges, net	4	2
Loss on sale of assets, net	\$ —	\$ 3
	<u>\$ 18</u>	<u>\$ 18</u>

Merger and acquisition costs

Merger and acquisition costs represents costs incurred in connection with merger and acquisition transactions, such as advisory, legal and accounting fees, among others.

Special charges, net

Special charges, net, primarily includes severance charges and net amounts of litigation settlements.

Loss on sale of assets, net

Loss on sale of assets, net, represents the net loss recognized on the sales and disposals of fixed assets and cable systems.

11. Income Taxes

For the three months ended March 31, 2016 and 2015, the Company recorded \$28 million and \$35 million of income tax expense, respectively. Income tax expense is generally recognized primarily through increases in deferred tax liabilities related to Charter's franchises which are characterized as indefinite-lived for book financial reporting purposes, as well as to a lesser extent through current federal and state income tax expense.

In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless such positions are determined to be "more likely than not" of being sustained upon examination, based on their technical merits. There is considerable judgment involved in making such a determination. The Company has recorded unrecognized tax benefits totaling approximately \$5 million as of March 31, 2016 and December 31, 2015, presented net of deferred taxes.

No tax years for Charter or Charter Holdco, for income tax purposes, are currently under examination by the IRS. Tax years ending 2012 through 2015 remain subject to examination and assessment. Years prior to 2012 remain open solely for purposes of examination of Charter's loss and credit carryforwards.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

12. Related Party Transactions

Equity Investments

On May 1, 2015, the Company acquired a 35% equity interest in ActiveVideo Networks ("AVN") for \$55 million in cash representing the initial investment, a capital call and associated transaction fees. AVN is the developer of CloudTV, a cloud-based software platform enabling service providers, content aggregators, and consumer electronic manufacturers to deploy new services by virtualizing consumer premise equipment functions in the cloud. AVN's software platform is one of the key technologies enabling the development and deployment of the Company's cloud-based user interface, Spectrum Guide®. The Company applies the equity method of accounting to this investment which is recorded in other noncurrent assets in the condensed consolidated balance sheet as of March 31, 2016 and December 31, 2015. For the three months ended March 31, 2016, the Company recorded equity losses for AVN and other investments of \$3 million in other expense, net. The Company has agreements with AVN and other equity investments pursuant to which the Company made related party transaction payments to investees totaling approximately \$4 million during the three months ended March 31, 2016.

Liberty Broadband

On May 23, 2015, in connection with the execution of the Merger Agreement and the amendment of the Contribution Agreement, Charter entered into the Amended and Restated Stockholders Agreement with Liberty Broadband, A/N and New Charter (the "Stockholders Agreement"). The Stockholders Agreement will replace Charter's existing stockholders agreement with Liberty Broadband, dated September 29, 2014, and supersede the amended and restated stockholders agreement among Charter, New Charter, Liberty Broadband and A/N, dated March 31, 2015. Charter's existing stockholders agreement with Liberty Broadband (as amended by an investment agreement between Liberty Broadband, Charter and New Charter, dated as of May 23, 2015) will remain in effect until the closing of the TWC Transaction or the Bright House Transaction, whichever occurs earlier, and, in the event the Stockholders Agreement is terminated, will revive and continue in full force and effect. Certain provisions of the Stockholders Agreement became effective upon its execution. See Note 2 for additional information.

Under the terms of the Stockholders Agreement, the number of New Charter directors will be fixed at 13, and will include New Charter's chief executive officer. Upon the closing of the Bright House Transaction, two designees selected by A/N and three designees selected by Liberty Broadband will become members of the board of directors of New Charter. The remaining eight directors (other than the chief executive officer, who is expected to become chairman of the board) will be independent directors selected by the nominating committee of the New Charter board by the approval of both a majority of the nominating committee and a majority of the directors that were not appointed by either A/N or Liberty Broadband. Thereafter, Liberty Broadband will be entitled to designate three nominees to be elected as directors and A/N will be entitled to designate two nominees to be elected as directors, in each case provided that each maintains certain specified voting or equity ownership thresholds, provided that each nominee must meet any applicable requirements or qualifications. Each of A/N and Liberty Broadband will be entitled to nominate at least one director to each of the committees of the Charter board of directors, subject to applicable stock exchange listing rules and certain specified voting or equity ownership thresholds for each of A/N and Liberty Broadband, and provided that the nominating and compensation committees will have at least a majority of directors independent from A/N, Liberty Broadband and New Charter (referred to as the "unaffiliated directors"). The nominating committee will be comprised of three unaffiliated directors, and one designee of each of A/N and Liberty Broadband. A/N and Liberty Broadband also will have certain other committee designation and other governance rights. Mr. Thomas Rutledge, the Company's Chief Executive Officer ("CEO"), will be offered the positions of CEO and chairman of New Charter.

The Company is aware that Dr. John Malone may be deemed to have a 36.8% voting interest in Liberty Interactive Corp. ("Liberty Interactive") and is Chairman of the board of directors, an executive officer position, of Liberty Interactive. Liberty Interactive owns 38.0% of the common stock of HSN, Inc. ("HSN") and has the right to elect 20% of the board members of

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

HSN. Liberty Interactive wholly owns QVC, Inc. ("QVC"). The Company has programming relationships with HSN and QVC which pre-date the transaction with Liberty Media. For the each of three months ended March 31, 2016 and 2015, the Company recorded payments in aggregate of approximately \$4 million and \$3 million, respectively, from HSN and QVC as part of channel carriage fees and revenue sharing arrangements for home shopping sales made to customers in the Company's footprint.

Dr. Malone also serves on the board of directors of Discovery Communications, Inc., ("Discovery") and the Company is aware that Dr. Malone owns 4.9% in the aggregate of the common stock of Discovery and has a 28.6% voting interest in Discovery for the election of directors. In addition, Dr. Malone owns approximately 10.8% in the aggregate of the common stock of Starz and has 47.2% of the voting power. Mr. Gregory Maffei, a member of Charter's board of directors, is a non-executive Chairman of the board of Starz. The Company purchases programming from both Discovery and Starz pursuant to agreements entered into prior to Dr. Malone and Mr. Maffei joining Charter's board of directors. Based on publicly available information, the Company does not believe that either Discovery or Starz would currently be considered related parties. The amounts paid in aggregate to Discovery and Starz represent less than 3% of total operating costs and expenses for the three months ended March 31, 2016 and 2015.

13. Contingencies

In 2014, following an announcement by Comcast Corporation ("Comcast") and TWC of their intent to merge, Breffni Barrett and others filed suit in the Supreme Court of the State of New York for the County of New York against Comcast, TWC and their respective officers and directors. Later five similar class actions were consolidated with this matter (the "NY Actions"). The NY Actions were settled in July 2014, however, such settlement was terminated following the termination of the Comcast and TWC merger in April 2015. In May 2015, Charter and TWC announced their intent to merge. Subsequently, the parties in the NY Actions filed a Second Consolidated Class Action Complaint (the "Second Amended Complaint"), removing Comcast and Tango Acquisition Sub, Inc. as defendants and naming TWC, the members of the TWC board of directors, Charter and the merger subsidiaries as defendants. The Second Amended Complaint generally alleges, among other things, that the members of the TWC board of directors breached their fiduciary duties to TWC stockholders during the Charter merger negotiations and by entering into the merger agreement and approving the mergers, and that Charter and its subsidiaries aided and abetted such breaches of fiduciary duties. The complaint sought, among other relief, injunctive relief enjoining the stockholder vote on the mergers, unspecified declaratory and equitable relief, compensatory damages in an unspecified amount, and costs and attorneys' fees.

In September 2015, the parties entered into a memorandum of understanding ("MOU") to settle the action. Pursuant to the MOU, the defendants issued certain supplemental disclosures relating to the mergers on a Form 8-K, and plaintiffs agreed to release with prejudice all claims that could have been asserted against defendants in connection with the mergers. The settlement is conditioned on, among other things, consummation of the transactions between TWC and Charter, and must be approved by the New York Supreme Court. In the event that the New York Supreme Court does not approve the settlement, the defendants intend to vigorously defend against any further litigation.

In August 2015, a purported stockholder of Charter filed a lawsuit in the Delaware Court of Chancery, on behalf of a putative class of Charter stockholders, challenging the transactions between Charter, TWC, A/N, and Liberty Broadband announced by Charter on May 26, 2015 (collectively, the "Transactions"). The lawsuit names as defendants Liberty Broadband, Charter, the board of directors of Charter, and New Charter. Plaintiff alleged that the Transactions improperly benefit Liberty Broadband at the expense of other Charter shareholders, and that Charter issued a false and misleading proxy statement in connection with the Transactions. Plaintiff requested, among other things, that the Delaware Court of Chancery enjoin the September 21, 2015 special meeting of Charter stockholders at which Charter stockholders were asked to vote on the Transactions until the defendants disclosed certain information relating to Charter and the Transactions. The disclosures demanded by the plaintiff

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

included (i) certain unlevered free cash flow projections for Charter and (ii) a Form of Proxy and Right of First Refusal Agreement ("Proxy") by and among Liberty Broadband, A/N, Charter and New Charter, which was referenced in the description of the Second Amended and Restated Stockholders Agreement, dated May 23, 2015, among Charter, New Charter, Liberty Broadband and A/N. On September 9, 2015, Charter issued supplemental disclosures containing unlevered free cash flow projections for Charter. In return, the plaintiff agreed its disclosure claims were moot and withdrew its application to enjoin the Charter stockholder vote on the Transactions. Charter has not yet responded to this suit but intends to deny any liability, believes that it has substantial defenses, and intends to vigorously defend this suit.

The Company is a defendant or co-defendant in several lawsuits involving alleged infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases. In the event that a court ultimately determines that the Company infringes on any intellectual property rights, the

Company may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers, as well as negotiate royalty or license agreements with respect to the patents at issue. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity. The Company cannot predict the outcome of any such claims nor can it reasonably estimate a range of possible loss.

The Company is party to lawsuits and claims that arise in the ordinary course of conducting its business, including lawsuits claiming violation of wage and hour laws. The ultimate outcome of these other legal matters pending against the Company cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity. Whether or not the Company ultimately prevails in any particular lawsuit or claim, litigation can be time consuming and costly and injure the Company's reputation.

14. Stock Compensation Plans

Charter's 2009 Stock Incentive Plan provides for grants of nonqualified stock options, incentive stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock, restricted stock units and restricted stock. Directors, officers and other employees of the Company and its subsidiaries, as well as others performing consulting services for the Company, are eligible for grants under the 2009 Stock Incentive Plan.

The Company granted the following equity awards for the periods presented.

	Three Months Ended March 31,	
	2016	2015
Stock options	972,800	1,238,900
Restricted stock	—	—
Restricted stock units	274,700	145,500

Stock options granted prior to 2014 generally vest annually over three or four years from either the grant date or delayed vesting commencement dates. Stock options generally expire ten years from the grant date. Restricted stock vests annually over a one to four-year period beginning from the date of grant. Certain stock options and restricted stock vest based on achievement of stock price hurdles. Restricted stock units have no voting rights, and restricted stock units granted prior to 2014

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

vest ratably over three or four years from either the grant date or delayed vesting commencement dates. Beginning in 2014, stock options and restricted stock units granted cliff vest over three years.

As of March 31, 2016, total unrecognized compensation remaining to be recognized in future periods totaled \$119 million for stock options, \$0.3 million for restricted stock and \$70 million for restricted stock units and the weighted average period over which they are expected to be recognized is 2 years for stock options, 1 month for restricted stock and 2 years for restricted stock units.

The Company recorded \$24 million and \$19 million of stock compensation expense for the three months ended March 31, 2016 and 2015, respectively, which is included in operating costs and expenses.

15. Consolidating Schedules

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Affiliates Whose Securities Collateralize an Issue Registered or Being Registered*. This information is not intended to present the financial position, results of operations and cash flows of the individual companies or groups of companies in accordance with generally accepted accounting principles.

The Safari Escrow Entities column consists of CCOH Safari, CCO Safari II and CCO Safari III. CCOH Safari, CCO Safari II and CCO Safari III hold the CCOH Safari notes, CCO Safari II notes and the CCO Safari III credit facilities, respectively.

The CCO Holdings notes are obligations of CCO Holdings. However, the CCO Holdings notes are also jointly, severally, fully and unconditionally guaranteed on an unsecured senior basis by Charter.

The Charter Operating and Restricted Subsidiaries column is presented as a requirement pursuant to the terms of Charter Operating's Amended and Restated Credit Agreement dated April 11, 2012 (the "Credit Agreement"). The Unrestricted Subsidiary column consisted of CCO Safari which was a Non-Recourse Subsidiary under the Credit Agreement and that held the CCO Safari Term G Loans which were repaid in April 2015.

Condensed consolidating financial statements as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015 follow.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Balance Sheets
As of March 31, 2016

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	Charter Consolidated
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 4	\$ 2	\$ —	\$ 1,211	\$ 61	\$ —	\$ 1,278
Accounts receivable, net	8	6	—	—	239	—	253
Receivables from related party	68	270	—	6	—	(344)	—
Prepaid expenses and other current assets	—	8	—	—	73	—	81
Total current assets	80	286	—	1,217	373	(344)	1,612
RESTRICTED CASH AND CASH EQUIVALENTS							
	—	—	22,313	—	—	—	22,313
INVESTMENT IN CABLE PROPERTIES:							
Property, plant and equipment, net	—	27	—	—	8,267	—	8,294
Franchises	—	—	—	—	6,006	—	6,006
Customer relationships, net	—	—	—	—	800	—	800
Goodwill	—	—	—	—	1,168	—	1,168
Total investment in cable properties, net	—	27	—	—	16,241	—	16,268
INVESTMENT IN SUBSIDIARIES	1,295	644	—	11,320	—	(13,259)	—
LOANS RECEIVABLE — RELATED PARTY	—	341	—	1,172	804	(2,317)	—
OTHER NONCURRENT ASSETS	—	218	—	—	113	—	331
Total assets	\$ 1,375	\$ 1,516	\$ 22,313	\$ 13,709	\$ 17,531	\$ (15,920)	\$ 40,524

LIABILITIES AND SHAREHOLDERS'/MEMBERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:							
Accounts payable and accrued liabilities	\$ 4	\$ 194	\$ 274	\$ 172	\$ 1,281	\$ —	\$ 1,925
Payables to related party	—	—	16	—	328	(344)	—
Total current liabilities	4	194	290	172	1,609	(344)	1,925
LONG-TERM DEBT							
	—	—	21,778	12,130	3,216	—	37,124
LOANS PAYABLE — RELATED PARTY	—	—	1,008	—	1,309	(2,317)	—
DEFERRED INCOME TAXES	1,590	—	—	—	28	—	1,618
OTHER LONG-TERM LIABILITIES	—	27	—	—	49	—	76
SHAREHOLDERS'/MEMBER'S EQUITY (DEFICIT)	(219)	1,295	(763)	1,407	11,320	(13,259)	(219)
Total liabilities and shareholders'/members' equity (deficit)	\$ 1,375	\$ 1,516	\$ 22,313	\$ 13,709	\$ 17,531	\$ (15,920)	\$ 40,524

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Balance Sheets
As of December 31, 2015

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	Charter Consolidated
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 5	\$ —	\$ 5
Accounts receivable, net	8	7	—	—	264	—	279
Receivables from related party	51	297	—	14	—	(362)	—
Prepaid expenses and other current assets	—	6	—	—	55	—	61
Total current assets	59	310	—	14	324	(362)	345
RESTRICTED CASH AND CASH EQUIVALENTS							
	—	—	22,264	—	—	—	22,264
INVESTMENT IN CABLE PROPERTIES:							
Property, plant and equipment, net	—	28	—	—	8,317	—	8,345

Franchises	—	—	—	—	6,006	—	6,006
Customer relationships, net	—	—	—	—	856	—	856
Goodwill	—	—	—	—	1,168	—	1,168
Total investment in cable properties, net	—	28	—	—	16,347	—	16,375
INVESTMENT IN SUBSIDIARIES	1,468	816	—	11,303	—	(13,587)	—
LOANS RECEIVABLE — RELATED PARTY	—	333	—	613	563	(1,509)	—
OTHER NONCURRENT ASSETS	—	216	—	—	116	—	332
Total assets	\$ 1,527	\$ 1,703	\$ 22,264	\$ 11,930	\$ 17,350	\$ (15,458)	\$ 39,316

LIABILITIES AND SHAREHOLDERS'/MEMBERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 11	\$ 203	\$ 282	\$ 165	\$ 1,311	\$ —	\$ 1,972
Payables to related party	—	—	17	—	345	(362)	—
Total current liabilities	11	203	299	165	1,656	(362)	1,972

LONG-TERM DEBT

LOANS PAYABLE — RELATED PARTY	—	—	21,778	10,443	3,502	—	35,723
DEFERRED INCOME TAXES	1,562	—	693	—	816	(1,509)	—
OTHER LONG-TERM LIABILITIES	—	32	—	—	28	—	1,590
SHAREHOLDERS'/MEMBER'S EQUITY (DEFICIT)	(46)	1,468	—	—	45	—	77
Total liabilities and shareholders'/members' equity (deficit)	\$ (46)	\$ 1,468	\$ (506)	\$ 1,322	\$ 11,303	\$ (13,587)	\$ (46)

19

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries Condensed Consolidating Statements of Operations For the three months ended March 31, 2016

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	Charter Consolidated
REVENUES	\$ 7	\$ 96	\$ —	\$ —	\$ 2,530	\$ (103)	\$ 2,530
COSTS AND EXPENSES:							
Operating costs and expenses (exclusive of items shown separately below)	7	96	—	—	1,671	(103)	1,671
Depreciation and amortization	—	—	—	—	539	—	539
Other operating expenses, net	—	—	—	—	18	—	18
	7	96	—	—	2,228	(103)	2,228
Income from operations	—	—	—	—	302	—	302
OTHER INCOME (EXPENSES):							
Interest expense, net	—	3	(257)	(165)	(35)	—	(454)
Loss on derivative instruments, net	—	—	—	—	(5)	—	(5)
Other expense, net	—	(3)	—	—	—	—	(3)
Equity in income (loss) of subsidiaries	(160)	(160)	—	262	—	58	—
	(160)	(160)	(257)	97	(40)	58	(462)
Income (loss) before income taxes	(160)	(160)	(257)	97	262	58	(160)
INCOME TAX EXPENSE	(28)	—	—	—	—	—	(28)
Net income (loss)	\$ (188)	\$ (160)	\$ (257)	\$ 97	\$ 262	\$ 58	\$ (188)

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Statements of Operations
For the three months ended March 31, 2015

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	Charter Consolidated
REVENUES	\$ 6	\$ 71	\$ —	\$ —	\$ 2,362	\$ —	\$ (77)	\$ 2,362
COSTS AND EXPENSES:								
Operating costs and expenses (exclusive of items shown separately below)	6	71	—	—	1,581	—	(77)	1,581
Depreciation and amortization	—	—	—	—	514	—	—	514
Other operating expenses, net	—	—	—	—	18	—	—	18
	6	71	—	—	2,113	—	(77)	2,113
Income from operations	—	—	—	—	249	—	—	249
OTHER INCOME (EXPENSES):								
Interest expense, net	—	2	(49)	(166)	(40)	(36)	—	(289)
Loss on derivative instruments, net	—	—	—	—	(6)	—	—	(6)
Equity in income (loss) of subsidiaries	(47)	(59)	—	156	(36)	—	(14)	—
	(47)	(57)	(49)	(10)	(82)	(36)	(14)	(295)
Income (loss) before income taxes	(47)	(57)	(49)	(10)	167	(36)	(14)	(46)
INCOME TAX EXPENSE	(34)	—	—	—	(1)	—	—	(35)
Consolidated net income (loss)	(81)	(57)	(49)	(10)	166	(36)	(14)	(81)
Less: Noncontrolling interest	—	10	—	—	(10)	—	—	—
Net income (loss)	\$ (81)	\$ (47)	\$ (49)	\$ (10)	\$ 156	\$ (36)	\$ (14)	\$ (81)

21

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2016

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Eliminations	Charter Consolidated
Net income (loss)	\$ (188)	\$ (160)	\$ (257)	\$ 97	\$ 262	\$ 58	\$ (188)
Net impact of interest rate derivative instruments, net of tax	2	2	2	2	2	(8)	2
Comprehensive income (loss)	\$ (186)	\$ (158)	\$ (255)	\$ 99	\$ 264	\$ 50	\$ (186)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2015

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	Charter Consolidated
Consolidated net income (loss)	\$ (81)	\$ (57)	\$ (49)	\$ (10)	\$ 166	\$ (36)	\$ (14)	\$ (81)

Net impact of interest rate derivative instruments, net of tax	3	3	3	3	3	—	(12)	3
Comprehensive income (loss)	<u>\$ (78)</u>	<u>\$ (54)</u>	<u>\$ (46)</u>	<u>\$ (7)</u>	<u>\$ 169</u>	<u>\$ (36)</u>	<u>\$ (26)</u>	<u>\$ (78)</u>
	22							

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Statements of Cash Flows
For the three months ended March 31, 2016

	<u>Charter</u>	<u>Intermediate Holding Companies</u>	<u>Safari Escrow Entities</u>	<u>CCO Holdings</u>	<u>Charter Operating and Restricted Subsidiaries</u>	<u>Eliminations</u>	<u>Charter Consolidated</u>
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income (loss)	\$ (188)	\$ (160)	\$ (257)	\$ 97	\$ 262	\$ 58	\$ (188)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:							
Depreciation and amortization	—	—	—	—	539	—	539
Noncash interest expense	—	—	—	4	3	—	7
Loss on derivative instruments, net	—	—	—	—	5	—	5
Deferred income taxes	28	—	—	—	—	—	28
Equity in (income) loss of subsidiaries	160	160	—	(262)	—	(58)	—
Other, net	—	3	—	—	24	—	27
Changes in operating assets and liabilities, net of effects from acquisitions:							
Accounts receivable	—	(2)	—	—	26	—	24
Prepaid expenses and other assets	—	(3)	—	—	(18)	—	(21)
Accounts payable, accrued liabilities and other	(6)	(17)	(8)	9	25	—	3
Receivables from and payables to related party	7	20	6	(6)	(27)	—	—
Net cash flows from operating activities	<u>1</u>	<u>1</u>	<u>(259)</u>	<u>(158)</u>	<u>839</u>	<u>—</u>	<u>424</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of property, plant and equipment	—	—	—	—	(429)	—	(429)
Change in accrued expenses related to capital expenditures	—	—	—	—	(56)	—	(56)
Distributions from subsidiaries	14	84	—	246	—	(344)	—
Change in restricted cash and cash equivalents	—	—	(49)	—	—	—	(49)
Other, net	—	—	—	—	(2)	—	(2)
Net cash flows from investing activities	<u>14</u>	<u>84</u>	<u>(49)</u>	<u>246</u>	<u>(487)</u>	<u>(344)</u>	<u>(536)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:							
Borrowings of long-term debt	—	—	—	1,700	439	—	2,139
Repayments of long-term debt	—	—	—	—	(727)	—	(727)
Borrowings (repayments) loans payable - related parties	—	—	308	(546)	238	—	—
Payments for debt issuance costs	—	—	—	(17)	—	—	(17)
Purchase of treasury stock	(16)	—	—	—	—	—	(16)
Proceeds from exercise of options	5	—	—	—	—	—	5
Distributions to parent	—	(84)	—	(14)	(246)	344	—
Other, net	—	1	—	—	—	—	1
Net cash flows from financing activities	<u>(11)</u>	<u>(83)</u>	<u>308</u>	<u>1,123</u>	<u>(296)</u>	<u>344</u>	<u>1,385</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	4	2	—	1,211	56	—	1,273
CASH AND CASH EQUIVALENTS, beginning of period	—	—	—	—	5	—	5
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 1,211</u>	<u>\$ 61</u>	<u>\$ —</u>	<u>\$ 1,278</u>

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

Charter Communications, Inc. and Subsidiaries
Condensed Consolidating Statements of Cash Flows
For the three months ended March 31, 2015

	Charter	Intermediate Holding Companies	Safari Escrow Entities	CCO Holdings	Charter Operating and Restricted Subsidiaries	Unrestricted Subsidiary - CCO Safari	Eliminations	Charter Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES:								
Consolidated net income (loss)	\$ (81)	\$ (57)	\$ (49)	\$ (10)	\$ 166	\$ (36)	\$ (14)	\$ (81)
Adjustments to reconcile consolidated net income (loss) to net cash flows from operating activities:								
Depreciation and amortization	—	—	—	—	514	—	—	514
Noncash interest expense	—	—	—	4	4	—	—	8
Loss on derivative instruments, net	—	—	—	—	6	—	—	6
Deferred income taxes	34	—	—	—	—	—	—	34
Equity in (income) loss of subsidiaries	47	59	—	(156)	36	—	14	—
Other, net	—	1	—	—	21	—	—	22
Changes in operating assets and liabilities, net of effects from acquisitions:								
Accounts receivable	(6)	(1)	—	—	28	—	—	21
Prepaid expenses and other assets	—	—	—	—	(26)	—	—	(26)
Accounts payable, accrued liabilities and other	(8)	5	48	(23)	8	—	—	30
Receivables from and payables to related party	14	(8)	—	(3)	(3)	—	—	—
Net cash flows from operating activities	<u>—</u>	<u>(1)</u>	<u>(1)</u>	<u>(188)</u>	<u>754</u>	<u>(36)</u>	<u>—</u>	<u>528</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of property, plant and equipment	—	—	—	—	(351)	—	—	(351)
Change in accrued expenses related to capital expenditures	—	—	—	—	(76)	—	—	(76)
Contribution to subsidiary	(2)	—	—	—	(36)	—	38	—
Distributions from subsidiaries	12	72	—	202	—	—	(286)	—
Change in restricted cash and cash equivalents	—	—	(1)	—	—	—	—	(1)
Other, net	—	—	—	—	(13)	—	—	(13)
Net cash flows from investing activities	<u>10</u>	<u>72</u>	<u>(1)</u>	<u>202</u>	<u>(476)</u>	<u>—</u>	<u>(248)</u>	<u>(441)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:								
Borrowings of long-term debt	—	—	—	—	332	—	—	332
Repayments of long-term debt	—	—	—	—	(392)	—	—	(392)
Borrowings (payments) loans payable - related parties	—	—	2	(2)	—	—	—	—
Purchase of treasury stock	(16)	—	—	—	—	—	—	(16)
Proceeds from exercise of options	6	—	—	—	—	—	—	6
Contributions from parent	—	2	—	—	—	36	(38)	—
Distributions to parent	—	(72)	—	(12)	(202)	—	286	—

Net cash flows from financing activities	(10)	(70)	2	(14)	(262)	36	248	(70)
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	1	—	—	16	—	—	17
CASH AND CASH EQUIVALENTS, beginning of period	3	—	—	—	—	—	—	3
CASH AND CASH EQUIVALENTS, end of period	\$ 3	\$ 1	\$ —	\$ —	\$ 16	\$ —	\$ —	\$ 20

24

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

16. Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers, which steps are to (1) identify the contract(s) with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. More specifically, revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. ASU 2014-09 will be effective, reflecting the one-year deferral, for interim and annual periods beginning after December 15, 2017 (January 1, 2018 for the Company). Early adoption of the standard is permitted but not before the original effective date. Companies can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is currently in the process of evaluating the impact that the adoption of ASU 2014-09 will have on its consolidated financial statements and the selected method of transition to the new standard.

In April 2015, the FASB issued ASU No. 2015-05, *Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* (“ASU 2015-05”), which provides guidance in determining whether fees for purchasing cloud computing services (or hosted software solutions) are considered internal-use software or should be considered a service contract. The cloud computing agreement that includes a software license should be accounted for in the same manner as internal-use software if customer has contractual right to take possession of the software during the hosting period without significant penalty and it is feasible to either run the software on customer’s hardware or contract with another vendor to host the software. Arrangements that don’t meet the requirements for internal-use software should be accounted for as a service contract. ASU 2015-05 was effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company). The adoption of ASU 2015-05 did not have a material impact on the Company’s financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”), which requires lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. Lessees are allowed to account for short-term leases (i.e., leases with a term of 12 months or less) off-balance sheet, consistent with current operating lease accounting. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. ASU 2016-02 will be effective for interim and annual periods beginning after December 15, 2018 (January 1, 2019 for the Company). Early adoption is permitted. The new standard requires a modified retrospective transition through a cumulative-effect adjustment as of the beginning of the earliest period presented in the financial statements. The Company is currently in the process of evaluating the impact that the adoption of ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”), which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments. The new standard (1) requires all excess tax benefits and deficiencies to be recognized as income tax expense or benefit in the income statement in the period in which they occur regardless of whether the benefit reduces taxes payable in the current period, (2) requires classification of excess tax benefits cash flows as an operating activity, (3) allows an entity to make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest or account for forfeitures when they occur and (4) causes the threshold under which employee share-based awards partially settled in cash can qualify for equity classification to increase to the maximum statutory tax rates in the applicable jurisdiction. ASU 2016-09 will be effective for interim and annual periods after December 15, 2016 (January 1, 2017 for the Company). Early adoption of the standard is permitted but requires adoption of all provisions included in the amendment in the same period. The new standard

25

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

generally requires a modified retrospective transition through a cumulative-effect adjustment as of the beginning of the period of adoption, with certain provisions requiring either a prospective or retrospective transition. The Company is currently in the process of evaluating the impact that the adoption of ASU 2016-09 will have on its consolidated financial statements.

26

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

17. Subsequent Events

In April 2016, CCO Holdings and CCO Holdings Capital Corp. closed on transactions in which they issued \$1.5 billion aggregate principal amount of 5.50% senior notes due 2026 (the “2026 Notes”) at a price of 100.075% of the aggregate principal amount. The net proceeds, along with the net proceeds from the issuance of the 2024 Notes (see Note 5), will be used to (i) redeem CCO Holdings’ 7.000% senior notes due 2019 and 7.375% senior notes due 2020 and pay related fees and expenses and (ii) to repurchase or redeem all or a portion of CCO Holdings’ 6.500% senior notes due 2021 and (iii) for general corporate purposes. Any redemption or repurchase of the 6.500% senior notes due 2021 would not take place until after the Company determines the amount, if any, of the incremental cash proceeds to TWC stockholders if they were to elect \$115 per share in cash rather than \$100 per share. See Note 2.